

**REBUILDING THE MIDDLE CLASS:
WHAT WASHINGTON CAN LEARN FROM IOWA**

FIELD HEARING
OF THE
**COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS**
UNITED STATES SENATE
ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

ON

EXAMINING REBUILDING THE MIDDLE CLASS FOCUSING ON WHAT
WASHINGTON CAN LEARN FROM IOWA

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JANUARY 27, 2012 (Davenport, IA)
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FRIDAY, JANUARY 27, 2012

U.S. SENATE,
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,
Davenport, IA.

The committee met, pursuant to notice, at 1:22 p.m. in the John T. Belong Technology Center, 8500 Hillsdale Road, Hon. Tom Harkin, chairman of the committee, presiding.

Present: Senator Harkin.

Also present: Representative Loeb sack.

OPENING STATEMENT OF SENATOR HARKIN

The CHAIRMAN. The Senate Committee on Health, Education, Labor, and Pensions will come to order.

First of all, I want to thank you all for being here today, and I also want to thank Eastern Iowa Community College for hosting us. Particularly, I want to thank Bob Gallagher, the chair of the College Board. Board members, Milton Shaw and Mary Lou Angler; Dan Martin, the director of operations of the Belong Center, who took me around here today, Dan is here; and Gary Mother, our executive director of External Affairs. Teresa Paper, interim president of Scott Community College. Thank you all very much for your help and hosting us here today.

I will recognize two of our officials who are here, elected officials. Sheriff Deny Canard is here. I saw him earlier back here, just saw him in Washington not too long ago; and our Davenport Mayor, Bill Gluba—Mayor Lube. Thank you very much for being here.

Again, thank you all. This is indeed a formal meeting of the Senate Committee on Health, Education, Labor, and Pensions, which I'm privileged to chair.

Last May, this committee held the first in a series of hearings to examine the state of America's middle class. In addition, last summer my State staff visited all of Iowa's 99 counties to hear directly from Iowans about what's happening to the middle class.

As recent events have made clear, our once-great middle class has been severely shaken. A strong America is built on a strong middle class, which means a good job, steadily improving wages and benefits, economic security in our retirement years, education that is excellent and affordable, and hope for the future. Yet today, more and more people are struggling just to make ends meet. Jobs are insecure. Savings and pensions have shrunk. People are profoundly worried about their future. At the same time, income and

wealth inequality are at extremes not seen since immediately before the Great Depression.

For this reason, it's clear to me that the foremost challenge we face today is fostering the recovery of our middle class. I was very pleased to hear President Baa echo this view in his State of the Union address this week, during his recent visit also to Cedar Rapids. As the President made clear, the basic bargain that built the middle class—that is, if you work hard and play by the rules, you will be able to get ahead and give your children a better life—has broken down for too many people.

For this reason, I'm pleased to be here at the Belong Technology Center today to learn about how the Quad Cities is confronting these challenges head on. The Quad Cities and Eastern Iowa more broadly have experienced tremendous economic changes in recent decades. In response, these communities have pursued smart, creative economic development strategies to attract businesses that will help grow the middle class.

I hope to learn more today about the public-private partnerships like those at Eastern Iowa Community College that bring together local government, education, job training programs, workers, private-sector employers to create the good jobs in the community, and that's really the essence of what this hearing is about.

I also look forward to hearing more about the role that manufacturing has played in this local economy here. This community knows very well that much of our manufacturing base has been sent overseas, while improvements in technology have made it possible for companies to produce more and more with fewer and fewer employees. Manufacturing, however, remains vitally important to this region. Indeed, I believe as a nation we cannot rebuild our economy and our middle class without rebuilding our manufacturing base.

Washington needs to hear from communities like yours, those that are preserving and growing their manufacturing sectors, about how to encourage companies to keep and create these good manufacturing jobs in America.

Last June, I invited Amanda Grebe from up the road in DeWitt to testify before the Senate Health, Education, Labor, and Pensions Committee in Washington. Amanda, who I'm pleased is able to join us today with her new daughter—the last time I saw you, you were very pregnant—Amanda was just so eloquent. In fact, she was so eloquent that Bill Moyers had her on his show recently, and here's what she said to the HELP committee.

She said,

“Quite honestly, it's exhausting physically and emotionally to live this way. My husband and I didn't have dreams of great wealth. We never expected to have summer homes or expensive cars or vacations on the Riviera. We chose careers that inspire us, knowing that we would never make six-figure salaries. All we've ever wanted is security and a little comfort, to know that our bills are paid, our needs are met, that we can have a real getaway every now and then, that our children can pursue higher education without the burden of student loan debt, and that someday we can retire and enjoy our final years together in the way we choose.”

And then she ended up by saying,

“I hold out great hope that this is not the end of the discussion, that you will return to your offices and your States and continue to ask everyday Americans like me what they really need.”

Well, Amanda, that’s why we’re here today, and that’s why in the year ahead the committee intends to put rebuilding the middle class in the center of our committee agenda. We’ll have some more hearings in Washington, but we are preparing legislation right now that will hopefully strengthen the economy, create jobs, and give more opportunity to help rebuild the middle class.

Simply put, there can be no real economic recovery without the recovery of the middle class. So I look forward to hearing from our panelists today about how we can move forward and aggressively on this front.

We have two panels. On the first panel, we’re honored to have Representative Dave Loebsack. Representative Loebsack represents Iowa’s 2d congressional district, but it’s being changed and altered because of the new district lines. It covers most of eastern and southeastern Iowa.

Since being elected by the residents of the 2d district, Dave has been a relentless advocate for Iowans, addressing critical issues facing our Iowa families. And again, the counterpart to our committee in the Senate is the House Education and Workforce Committee, and Dave sits on that committee. As you can see, we work together a lot between the Senate and the House being on the same committees.

As a member of that committee, he has fought to protect the rights, wages and benefits of hard-working Iowans and Americans. He’s committed to creating jobs and growing the middle class by ensuring our children receive a first-class education and providing access to higher education for all those who wish to pursue it, and expanding training for Iowa workers.

In addition to being on the Education Workforce Committee, he’s also a member of the Armed Services Committee, and I think he’s been to Iraq and Afghanistan more than just about any Congressman I’ve ever met. He’s a great supporter of our troops and of our National Guard.

I will say to Congressman Loebsack, and I’ll say it to other panelists, your statements, your written statements, which I went over last evening, will all be made a part of the record in their entirety.

I’m going to ask Congressman Loebsack and our other panelists if they could sum up their written statement in 5 to 10 minutes.

But again, Dave, thank you very much. Thanks for all your great leadership in the House. Please proceed as you so desire.

STATEMENT OF THE HON. DAVE LOEBSACK, U.S. REPRESENTATIVE, SECOND CONGRESSIONAL DISTRICT, IOWA

Representative LOEBSACK. Thank you, Senator Harkin. I do want to thank the Eastern Iowa Community College, too, for providing the venue for this. I had not been here to the Blong Center before today, and it’s great to be here. I look forward to coming back many more times in the future, hopefully. And I do appreciate, I guess, the leeway that is granted to the folks who are testifying

today, because in the House we have lights in front of us that would start going off. There'd be a yellow light with a minute to go, and five you'd have to stop. I'm not going to go much more than that, but I do appreciate it.

I just want to make my statement, my opening statement, and then I'll be happy also to listen to the other folks after I'm finished. I really look forward to hearing from other folks today, and I do want to provide a few thoughts of my own about the state of the middle class and how we can get back to an economy really that works for everyone, because we're not there at this point, either here or across the country.

As someone who has lived, worked, and raised a family in Iowa for nearly all my life, I am proud to call this State home. I grew up in Sioux City and not very many means. I'd say it was really a state of poverty, and I was raised by a single parent myself, and we often had to make difficult choices around the kitchen table that many families are facing today, far too many families. If one family has to do it, that's too many families as far as I'm concerned.

However, with hard work and help from teachers and educators and social safety net programs that seem to be frayed as we speak, or under heavy pressure, I was able to achieve. I've dedicated my adult life to helping Iowans make sure that they find the opportunity through hard work and community support, the opportunity that I found, the opportunity that Senator Harkin has worked his whole time since he's been in Congress making sure that people have.

As he likes to say, "It's not about a hand out, it's about a hand up, and it's about ladders of opportunity." I've heard you talk about that a lot, and I appreciate that so much.

As you mentioned, I am a member of the Education and Workforce Committee, and that's allowed me to continue to work and fight for hard-working Iowans; and Senator Harkin, I know, has been able to do the same, as I said, during his time in the Congress. And the State, I think we need to remember, truly has a leader in Senator Harkin. I don't think we give him enough credit sometimes for all the great work that he's done on behalf of working families in Iowa, and around the country for that matter.

And we have proof of this dedication right here because he's holding this hearing, and really I should say that he's one of the leaders in terms of finding relationships that are productive also between labor, business and manufacturing here in Iowa and across the country.

In this area itself, the Quad Cities, as we know, is home to many of the economic drivers that we're going to hear from and talk about today as well, and the entire region has a strong manufacturing and industrial base, something I'm learning about now that this area is part of my congressional district. I'm learning all the time.

The good-paying jobs at the Rock Island Arsenal I think are emblematic of the manufacturing jobs that have long helped to make our country a leader in innovation and manufacturing. That's why I worked with the chairman of this committee and our colleagues

from the Quad Cities congressional district to allow the Arsenal to enter into public-private partnerships with area employers.

It's interesting. At no cost to the taxpayers, the Quad Cities economy will benefit from this legislation that I helped pass. Area businesses will advance their products, and good middle-class jobs will be supported by making sure that the Arsenal can engage in unlimited public-private partnerships.

But, as we know, Iowa is still trying to recover from the worst economic recession since the Great Depression. We know that the unemployment rate, while it's improved some, Iowa still sits at 5.6 percent, and I would argue it's more unacceptable than ever. According to a study released last week by the U.S. Conference of Mayors—and I know that Mayor Gluba was part of that conference. He was in DC, as a matter of fact, at their meetings. By 2013, the Quad Cities will have regained only about half the jobs it lost from its pre-recession peak. The mayors who see these problems firsthand are also disappointed in Congress—lack of action on job creation and economic development, and I heard loud and clear from the mayors when they were in Washington, DC about that lack of action.

Making the situation worse, the wealth and income gap in America keeps growing. We need to focus first and foremost on job creation. That is the bottom line. The middle class has been eroded for years, and I hear from people when I'm home working every weekend that the opportunities and the quality of life that we enjoyed are slipping away for far too many families. I share Iowans' very real concerns, not just about what the future holds for our children and our grandchildren, but about what the day-to-day holds today for middle-class families that just can't catch a break in this economy.

We need to start building things in America again. I think that's really critical, as was mentioned and as the President mentioned when he was in Iowa just recently, and we have to support our country's students, our workers and our businesses.

We need to make investments in key areas of our economy to lay the groundwork for growth by ensuring that we have the best education, research and innovation, and infrastructure and manufacturing systems in the world, because we have competitors from all over the world, as we know all too well.

Over the past few years I have helped develop and push forward a "Make it in America" agenda. It would require the creation of a national manufacturing strategy that would require that we address China's currency manipulation and that we improve our infrastructure, and that we also reauthorize the Workforce Investment Act, something I know that Senator Harkin is working hard on as chair of the HELP Committee. I'm proud that the first bill that was passed as that agenda in the House of Representatives over a year ago now, by the way, was my SECTORS Act, and that passed with unanimous bipartisan support, something that is awfully rare in the Congress today, as you know, unless we're voting on renaming a post office or something like that, right?

I've reintroduced my bipartisan SECTORS Act, which will revamp our workforce development system by bringing together businesses, unions, educators like this community college, and the pub-

lic workforce development system to improve job training and help workers get jobs in the industries hiring or growing in their areas, and help grow and create new industries as well. So it's not just for existing industries but it's for communities that identify new industries that they want to create.

The SECTORS Act will essentially coordinate the training needs of multiple businesses and help community colleges and other colleges, training institutions, apprenticeship programs, and others align their programs to industry and employee need. It will also help industries re-train and recruit new workers. It will enable workers to improve their skills and advance to higher-wage jobs, and improve quality through better wages and benefits, and strengthen the connections among businesses, ultimately restore the middle class and expand the middle class, what Senator Harkin started out with. That's what this is about, folks.

The SECTORS Act is really supported by a wide range of groups. I've got a handout if you want to look and see the groups that support it, both in business and labor alike. The Administration supports this approach. The President featured similar training programs in his State of the Union address. And again, I should say I'm not creating something new. In many ways, I'm building on what I have learned, places like Eastern Iowa Community College and Kirkwood Community College and others around the country do.

I think it's fair to say without taking too much away from Congress, although I think we can take a lot away from Congress at the moment, I think it's fair to say that when we do things in Congress, often we do things that are already happening around the country, and we want the rest of the country to benefit from what's already happening in those places, and that's a big part of what SECTORS is.

The Department of Labor also recently released criteria for the Workforce Innovation Fund grant program, which I encourage the workforce folks in Iowa to apply for, and sector-based strategies will be a strong focus of that fund. And the SECTORS Act, as I already mentioned, fits in perfectly with the types of collaborations and innovative programs taking place here in the Quad Cities and across Iowa. Places like Eastern Iowa and Kirkwood Community Colleges and others, as I mentioned, they've already been on the front lines in many ways of the intersection of work and learning, and I have my own saying. I think it's my own saying, that while other colleges do a great job, private colleges and universities, to me community colleges are the principal intersection between workforce development and education, and I don't think I'm over-estimating what community colleges do when I say that.

I know that workforce and economic development are a major focus of this committee, of the Senator's committee, and I applaud you, of course, for bringing the State of the middle class and our economy into focus, and I also want to thank you for your work moving forward a bipartisan reauthorization of the Workforce Investment Act.

There is also a movement in the House on reauthorizing what's known as WIA, and I urge the Republican majority in the House of Representatives to ensure that the process is bipartisan. I've at-

tempted to do that as best I can by having a private meeting with the subcommittee chair who is in charge of moving that forward, and to ensure that all good ideas are considered.

It's clear that job 1 needs to be creating an environment for new and existing industries to flourish in Iowa and across America, and for workers to get the training they need to compete in the global economy. I think, as we all know, unfortunately, there are too many politicians in Washington, DC who are focused on political food fights, on partisan games, and they're not moving the ball forward.

I think we can do it. I'm not a Pollyanna about this. I've been in Congress since 2007. I know what we're up against to try to move the country forward, to try to cross the aisle politically. I know that Senator Harkin has been working with his Ranking Member on that committee to do just that, to move us forward, to reauthorize the Workforce Investment Act, to get other good pieces of legislation through to create jobs, to move the country forward. But I, at every opportunity I have, I put in a plea for bipartisan cooperation, and I will tell you, in large measure I do that not only because it's the right thing to do, but it's because it's what I'm hearing people in my district tell me every single weekend on extended district work periods when I'm back. They want us to essentially put down our political arms and work together to move the country forward to get the middle class back, to expand the middle class and create jobs and get this economy back on its feet.

Thank you, Senator. I appreciate it.

[The prepared statement of Mr. Loeb sack follows:]

PREPARED STATEMENT OF U.S. REPRESENTATIVE DAVE LOEBSACK

Good afternoon, I'm happy to be here today to provide my thoughts on the state of the middle class and how we can get back to an economy that works for everyone.

I am Representative Dave Loeb sack and I represent the eastern and southeastern portion of our State. I have lived, worked, and raised a family in Iowa for nearly all my life and am proud to call this State home.

I grew up in poverty in Sioux City and was raised by a single parent. We often had to make the same difficult choices around the kitchen table that many families are faced with today. I am living proof of how hard work and community support can make a difference in people's lives and how the community in Iowa is strong.

I faced many challenges growing up but with hard work and help from teachers, friends and education and social safety net programs I was able to achieve and as a result, I've dedicated my adult life to helping other Iowans find opportunity through hard work and community support. I'm proud to be a member of the Education and the Workforce Committee as it has allowed me to fight for the rights, wages, and benefits of hard-working Iowans.

I know Senator Harkin has been able to do the same during his time serving Iowa in the Senate and the State truly has a leader in him. We have proof of this dedication right here today with the Chairman holding this hearing in one of the hubs of labor, business, and manufacturing in Iowa.

The Quad Cities, comprised of Davenport and Bettendorf in Iowa, and Moline and Rock Island in Illinois, is home to many economic drivers like the Rock Island Arsenal, Alcoa, and John Deere, for example. It is also surrounded by two other cities that contribute to the regional economy, the cities of Clinton to the north and Muscatine to the south—both of which have strong manufacturing and industrial bases.

The Rock Island Arsenal is the largest employer in the Quad Cities. It is not only a National Historic Landmark that has contributed to our national security and helped to equip our troops for over a century, it is the Army's largest arsenal and the Army's only remaining foundry. It is also the only multi-purpose, vertically integrated metal manufacturer in the Department of Defense. Its highly skilled workforce at the Joint Manufacturing Technology Center have played a central role in equipping our troops fighting in Iraq and Afghanistan.

The good-paying jobs at the Arsenal are emblematic of the types of manufacturing jobs that have long helped to make our country a leader in innovation and manufacturing. Maintaining the Arsenal's workforce and the type of manufacturing jobs they hold is central not just to the Quad Cities, but to our national security. That is why I worked on a bipartisan, bicameral basis with the Chairman of this committee and the rest of the Iowa and Illinois congressional Delegations representing the Quad Cities to allow the Arsenal to enter into public-private partnerships with area employers.

At no cost to the taxpayer, the Quad Cities will benefit from the economic development for the region; area businesses will benefit from exciting opportunities to advance their products through collaboration with the Arsenal and access to its state-of-the-art equipment and workforce; and good, middle-class jobs will be supported. The Arsenal will benefit by bringing in revenue that can be used to reduce the price of its work for the taxpayer, making it more competitive for Army work. It will also benefit from advancing critical skill sets that only Rock Island Arsenal has, which will protect its future and the future economy of the Quad Cities.

Another one of the unique characteristics of the Quad Cities comes from the regional collaboration that occurs and the community is certainly proud of. I'm also proud that there is a strong labor presence here, and I think it's necessary to highlight the importance organized labor has played in building a strong community of highly skilled, highly dedicated workers.

That said, the State of Iowa is still trying to recover from the worst economic recession since the Great Depression. Iowa's unemployment rate sits at 5.6 percent and while that is lower than before, it is more unacceptable than ever. Iowa's unemployment rate does not tell the whole picture of our communities. One county I represent has a rate of 9.1 percent, the second highest in the State; many others are around 7–8 percent.

Even if every available job in the country were filled right now, there would still be around 10 million unemployed. Addressing these issues and getting back to an economy that works for all Iowans must be one of our highest priorities.

According to a study released last week by the U.S. Conference of Mayors, by the end of the year the Quad Cities will have regained only about half the jobs it lost from its pre-recession peak. The mayors, who see these problems firsthand, are also disappointed in Congress' lack of action on job creation and economic development initiatives for hard hit communities and folks out of work.

Making the situation worse, the wealth and income gap in America keeps growing. According to the non-partisan Congressional Budget Office, since 1979, the wealthiest 1 percent of Americans have more than tripled their income while the middle and working class have seen their incomes stagnate. Wage growth has been stagnant while productivity and executive pay have increased. It will be hard to get back to an economy that is growing, which requires that businesses have customers that can buy their products, when those customers can barely afford to keep up.

We need to focus on job creation. The middle class has been eroded for years and I know from talking to people when I am home working every weekend, there is a fear that the opportunities and quality of life we used to enjoy are slipping away for too many families. I share Iowans' very real concerns not just about what the future holds for our children and grandchildren, but about what the day to day holds for middle-class families that just can't catch a break in this economy.

They feel those who have done the right thing and worked hard are suffering because of the actions of those who did the wrong thing but continue to make financial gains as a result of a political and economic system badly in need of strong reform and oversight. Unfortunately, at the same time, our education and workforce development systems have not had the support needed to keep up with the changing nature of this new work and economic environment making this overall an extremely difficult problem to tackle, but one that we need to start working on immediately.

In order to get our country back on track, we need to start building things in America again and support our country's students, workers, and businesses. We need to make investments in key areas of our economy in order to lay the groundwork for growth like ensuring we have the best education system, the best research and innovation system, and the best infrastructure, transportation, and manufacturing systems in the world.

Over the past few years, I have helped push forward and develop a "Make it in America Agenda" with my colleagues that includes key pieces of legislation to move our economy forward for every Iowan. It includes bills that would require the creation of a national manufacturing strategy, address China's use of currency manipulation, improve our infrastructure and reauthorize the Workforce Investment Act—the Act that guides the workforce and economic development system in the United States.

I am proud the first bill passed as part of that "Make it in America Agenda" was my SECTORS Act. The bill passed with unanimous bipartisan support last Congress. I have reintroduced the bipartisan SECTORS Act which will revamp our workforce development system by bringing together businesses, unions, educators, and the public workforce development system to improve job train-

ing and help workers get jobs in the industries hiring or growing in their areas and help grow and even create new industries.

These types of sector-based approaches have proven highly effective in numerous States where they have been tried. According to a multi-year study conducted by Public/Private Ventures, participants in sector-based training programs earned an average of 18.3 percent more than a control group over the 24-month period of the study and were more likely to work in jobs with benefits and find consistent work.

Specifically, the SECTORS Act will spread sector partnerships nationwide in order to coordinate the training needs of multiple businesses, especially skill gaps critical to competitiveness; encourage creation and obtaining of portable, industry-recognized credentials for recruitment, screening, or hiring purposes; and help community colleges and other colleges, training institutions, apprenticeship, and all other training programs align their programs to industry and employee needs.

Additionally, sector partnerships will help businesses and industries recruit new workers and retrain dislocated and current workers; adopt new and more advanced technologies; develop and strengthen career ladders within and across companies to enable dislocated, existing and entry-level workers to improve skills and advance to higher-wage jobs; improve job quality through improving wages, benefits, and working conditions; and strengthen connections among businesses in the targeted industries.

The SECTORS Act is supported by groups such as the National Skills Coalition, the Aspen Institute, the Alliance for American Manufacturing, and the National Council for Advanced Manufacturing. The National Association of Manufacturers also said,

“The SECTORS Act represents a good, bipartisan effort to tackle one of the major issues affecting manufacturers, the shortage of skilled workers.”

We’ve also been seeing support from the President and his Administration on moving more toward sector-based approaches to workforce development. The Department of Labor recently released their criteria for the \$98 million Workforce Innovation Fund grant program—which I would encourage the workforce folks in Iowa and the Quad Cities to apply for—and I’m happy to say that sector-based strategies will be a strong focus.

The Secretary of Labor has also referenced the benefits of sector-based approaches in grants, in the department’s priorities for a Workforce Investment Act Reauthorization, and during testimony before the Education and Labor Committee on the department’s budget proposal.

I also know that the Chairman has heard testimony before his committee on the benefits of sector-based approaches to workforce and economic development as well. Sector strategies are also a priority for the AFL–CIO in Workforce Investment Act Reauthorization.

In addition, last year in the House, we had a hearing during which all of the workforce development professional witnesses, Republican and Democrat witnesses alike expressed their support for sector-based approaches to workforce and economic development.

The President is also pushing new ideas to ensure students and workers get the education and training they need to take on the jobs of today and tomorrow. During his State of the Union on Tuesday, this was one of the major themes and he featured sector-based training programs in his American Jobs Act proposal last year.

I know workforce and economic development have also been a major focus of this committee over the past year, Mr. Chairman, and I applaud you for bringing the state of the middle class and our economy into focus. I also want to thank you for your work in moving forward a reauthorization of the Workforce Investment Act in the Senate in a bipartisan fashion.

There is also movement in the House on reauthorizing WIA and I urge the Republican Majority to ensure the process is a bipartisan one to ensure all good ideas can be considered. I am happy to report the SECTORS Act will be included in the reauthorization bill Democrats are working on and hope that we will all be able to fully move forward this important reauthorization for the betterment of our workforce development system, the education system, and the millions of unemployed American workers.

The SECTORS Act and this type of workforce development initiative fit perfectly with the types of collaborations and innovative programs taking place here in the Quad Cities and also across Iowa. Places like the Eastern Iowa Community College, Kirkwood Community College, and other community colleges have been on the front lines of the intersection of work and learning and have led the way in connecting the often disparate dots between the two.

We need to look at how we can make the workforce system, employers, employees, teachers and schools talk more, collaborate more, and coalesce around making the system work better and be more in tune with the needs of the community at large. We must think about how to make it attractive for someone who has been working their whole life and probably has a family to go “back to school” or get the extra training they need to find jobs in growing industries. We really must demonstrate there is a future in these fields, there is a connection to these fields with the education they can receive, and these fields will grow and will be able to provide a good enough living to support a family and be part of the middle class.

It’s pretty clear that job one needs to be creating an environment for new and existing industries to flourish in the United States and here in the Quad Cities and for workers to get the training they need to compete. Of course this is just one part of the deep-rooted problems we need to start focusing on in order to get our economy working again and to grow the middle class.

Unfortunately too many in Washington are focused on political games and brinksmanship and not the best interest of the country, only their political party. We have a political, economic, and long-term deficit situation badly in need of strong reform and oversight. Iowans I talk to want Congress to get to work, to act on legislation that helps the country and work in a bipartisan nature to get things done.

I thank you for the opportunity to provide my thoughts on these vitally important issues and thank you for helping to bring these issues more to light. I look forward to working with you to make

sure that we have an economy that works for every Iowan so that we can start to rebuild the middle class in this country.

The CHAIRMAN. Congressman Loeb sack, thank you very much for a very eloquent statement. I think the SECTORS approach that you have championed for a long time is the right approach. The fact that you've gotten strong bipartisan support for it indicates that it's broadly supported, and hopefully we can incorporate the strategy in the Workforce Investment Act reauthorization.

I'd like to ask Congressman Loeb sack to join us up here. I invite you to come up and join us for the rest of the panels, and we'll get our second panel up here.

I'd like to call Mr. Bob Allbee, Mr. Skip McGill, and Mr. Robert Fox to the panel.

I'll start with Mr. Allbee. Robert Allbee is the interim president of Muscatine Community College. Prior to his tenure at Muscatine he served as the director of operations for the John T. Blong Technology Center. He's worked for the community college for more than 30 years as a faculty member and as a liaison with business and industry, designing customized training programs. He holds degrees or has taken course work from the University of Iowa, UNI, and Iowa State University.

Skip McGill for the past 10 years has served as president of United Steelworkers Local 105. Local 105 has over 1,000 members and represents the bargaining unit employees at Alcoa Aluminum facility in Bettendorf. Mr. McGill also serves on the executive boards of the Iowa Federation of Labor AFL-CIO, and the Quad Cities Federation of Labor AFL-CIO. Except for the 2½ years he served in the Air Force, he has lived and worked in the Quad Cities his entire life.

Mr. Fox is a lifelong resident of Davenport. He currently works as a systems administrator for Scott County and is a graduate of St. Ambrose University and the University of Iowa.

We thank you all for being here. As I said to Congressman Loeb sack, your statements will be made a part of the record in their entirety. I'll start with Mr. Allbee, then Mr. McGill and Mr. Fox.

**STATEMENT OF ROBERT ALLBEE, INTERIM PRESIDENT,
MUSCATINE COMMUNITY COLLEGE, MUSCATINE, IA**

Mr. ALLBEE. Thank you, Senator Harkin, for the opportunity to provide testimony today. I am obviously a big supporter of public education, as you can tell from my background. I'd also like to say that I'm a proud graduate of Eastern Iowa Community College, so I have walked through every public campus and university in this State at some point or another.

I'm going to provide a summary of my remarks that I submitted to you, basically tell you who we are, what we do, who we do it for, and how we do it. You've had the chance to tour this facility today, so maybe this will be just a little additional information or reinforcement for you.

The community colleges were established in 1965 by the Iowa legislature. They've been around for a long time. Our district has campuses in Clinton, here in Davenport, at Scott, and in Muscatine. In addition, there are other facilities such as this tech-

nical training facility. Our fall 2011 enrollment had more than 9,000 students, of which approximately 3,600 are in career technical education programs.

More than 30,000 folks annually take part in our continuing education programs, which include short-term training programs custom designed for business and industry. We're credited by the Higher Learning Commission, which means our programs meet or exceed the standards of excellence set for all public and private colleges in more than 19 States in this region.

Career technical education programs help folks move from unemployment or under-employment to highly skilled positions which would help move them to the middle class. As an example, we have a gentleman in his late 50s, returned to us in late 2010. He had been affected by a plant closure. He came back, took our CNC machining program, in less than a year earned his certificate and has since been hired at an area manufacturer with a starting wage of close to \$20. That is probably an exceptional circumstance. He was an excellent student. But it does show that a person can go from unemployment to a high standard of living in the sense of more permanence, more permanent employment, jobs with benefits, and also the ability then, as he's working for that company, to receive additional training paid for by his employer.

Individuals today require some form of credentialing beyond their high school diploma or GED. Whether that form of credentialing comes in terms of a short-term training certificate, as I've just described to you, a diploma, or even a 2-year degree, some sort of credentialing is required for individuals to have jobs in skilled trades areas. Those are extremely good jobs. Those folks are very intelligent folks, highly educated in technical fields. Those sorts of skills, as we've heard this week through President Obama's speech and in his visit to Iowa, especially in terms of welding and machinists, those positions are in demand and we're having a hard time finding enough folks to fill them.

In this facility, we help bridge that gap and meet that need. This facility and all of these career tech programs within the Eastern Iowa Community College district have a very close relationship with business and industry. Each program has an advisory committee made up of individuals who work in that field, whether it's machining or welding or whatever it happens to be. They provide us with accurate information on curriculum development, equipment purchases, and also future trends within that industry so we can anticipate and be more proactive rather than reactive to those needs.

This facility was created as a college for working learners. There are six programs in this facility. You've been made aware of them. They are welding, machining, logistics, electromechanical, mechanical design, and renewable energy. Those programs all have certificate or degree options to them.

We also in this facility provide support and training for apprenticeship programs. The one I would single out that happens in this building is for the area machinists and tool and dye makers. As of the fall, there were more than 40 apprentices working in that program, which was an increase from 28 employees or folks enrolled in that program in the 2010-11 academic year. That program is

continuing to grow. Again, that program also has an advisory committee made up of folks who work in that trade.

In this facility they use a modular approach. It is competency based. And by modular, you might think of it as steps on a ladder, moving from the more simple tasks within that area to more complex tasks, all competency based. Classes are 8 weeks in length and have multiple starting times throughout the year. If you sort of discount a little bit of the summer, 8 weeks is about the longest a person would have to wait to start a class. Again, we do have a summer break built into that.

Methodology, learning methodologies used within this building are Web-based, server-based. There is a learning lab, which I'm sure you toured when you were here in the facility, staffed by a mentor, and also a great deal of hands-on learning happens here. Faculty guide the students through the learning process. The learning lab mentor assists the students with what I would call the paperwork or the classroom portion of it, and all hands-on work is done under the supervision of full-time instructors, most of whom have a background within the discipline that they teach. They have worked in the field in the past.

We also do contract training for individuals. I know Representative Loeb sack mentioned this in his remarks. We do quite a bit of work with incumbent workers, training them on new technologies or upgrading their current skills.

And with that, I will stop and thank you for the opportunity to testify.

[The prepared statement of Mr. Allbee follows:]

PREPARED STATEMENT OF ROBERT ALLBEE

I would like to thank Senator Harkin for the opportunity to testify today at this hearing on the middle class in the Quad Cities. I am Robert Allbee from the Eastern Iowa Community Colleges. My current role is as Interim President of our campus in Muscatine. Prior to this assignment my role was as a Business and Industry liaison for the College working directly with area industry to create training programs for their current employees. That role also included the creation of certificate, diploma and degree programs which would provide trained employees for these industries.

The Eastern Iowa Community Colleges (EICC) was established in 1965 by the Iowa Legislature as 1 of 15 community college merged areas. This combined Clinton Junior College, Muscatine Junior College and the vocational-technical programs of the Davenport schools. In 1979 Palmer Junior College was acquired to make Scott Community College a comprehensive institution.

The Eastern Iowa Community College district consists of Clinton, Jackson, Muscatine and Scott counties and parts of Cedar and Louisa Counties. The district had a fall 2011 enrollment of more than 9,000 students of which approximately 3,600 enrolled in one of more than 40 career technology programs.

The Colleges are accredited by the *Higher Learning Commission*. This accreditation means that our programs meet or exceed the standards for academic excellence set for every private and public college in a 19-State region.

EICC also enrolls more than 30,000 students annually in continuing education, business and industry and adult education classes. These classes are designed to help individuals improve a job skill, upgrade general education skills or learn more about a topic of interest.

EICC Career programs support students as they move from unemployment or underemployment to professional technical careers in healthcare, manufacturing and other technical careers. The increase in knowledge and job skills earned by EICC students also brings enhanced job security, benefits as they enter their new career and skills that are desired by area industry.

An example of a student success story is a male in his late fifties who lost his job due to a plant closing. He returned to EICC in early 2010 and selected Computer

Numerical Control (CNC) as his program of study. In less than a year he completed his programming certificate and was hired at an area manufacturer with an approximate starting wage of \$20/hour.

Individuals seeking employment today need some form of credentialing beyond high school to compete for highly skilled technical jobs. This credentialing may be in the form of a short-term training program leading directly to employment, a program with specific certification such as welding or an Associate of Applied Science degree.

The Eastern Iowa Community Colleges work in direct cooperation with area industry building programs that teach students the job skills needed to successfully obtain employment and succeed in their chosen profession.

The Blong Technology Center provides support for Quad City area apprenticeship programs. This includes industry-sponsored programs in cooperation with the Department of Labor. The Machinist apprenticeship is housed at the BTC under the guidance of an advisory committee and in 2011/2012 enrolls more than 40 individuals from small- to medium-sized manufacturers. With the inclusion of the on-the-job-training program completers receive the Department of Labor Journey Workers card which provides credentialing of their knowledge and skills which may be taken anywhere in the country. This ensures employment potential for those individuals for many industries.

For certificate, diploma and degree programs in the Career/Technical field (CTE) the colleges establish advisory committees comprised of subject matter experts from area industry who assist the colleges with curriculum development, recommendations for equipment purchases and future trends in the industry. This allows the colleges to build and maintain relevancy within each program so that graduates can successfully establish their professional knowledge base in their skilled trade.

For contract training programs designed for specific companies the college uses account representatives who establish a relationship across many departments for their clients. This may include but not be limited to: Human Resources, Skilled Trades, Quality Control and Logistics.

The Colleges have also worked with area industry customizing pre-employment training programs, such as welding, providing a pool of potential employees for area manufacturers.

The site of today's hearing the John T. Blong Technology Center (BTC) was designed as a College for Working Learners. Students at the BTC include individuals who are unemployed, underemployed or taking coursework to upgrade their job skills or to remain current with technology.

The BTC offers certificate, diploma and degree programs in: Machining, Welding, Mechanical Design, Electromechanical Controls, Renewable Energy and Logistics. The Center also offers contract training for business and industry which is customized for their needs, continuing education courses and apprenticeship programs.

The Center uses a unique format designed for adult learners. The programs are self-paced using a competency based modular approach. Students may register for individual modules or entire courses based upon their needs. The courses are 8 weeks in length and begin at multiple times per year.

Program delivery encompasses different methodologies to accommodate individual learning styles. The traditional lecture format is used in some instances, however most classroom material is delivered using both web-based and server-based technology.

Web-based technology works well for adult learners who also work and have other personal obligations. This allows the students to watch the lectures via the web when their personal schedule permits.

To complete the hands on activities that are such an important aspect of technical programming the BTC has an open lab concept featuring both day and evening hours. Within the modular format the student works directly with their instructor to complete all hands on projects under close supervision. Most of the instructional staff at the BTC has real world experience in the subject matter they teach. This brings a valuable presence and level of knowledge that enhances the learning experience.

If a student needs extra help a "learning Lab" is available to them under the supervision of a mentor. The mentor assists the students with their server-based training and in many instances also provides tutoring/instructional support for those individuals needing extra help. Without this guidance and support many students who have been away from the classroom for many years would find it difficult to complete their course work.

The programs at the BTC are successful because of their multi-faceted approach including: close and direct contact with area industry designing programs that teach relevant skills necessary to obtain employment in a skilled trade, a flexible learner-

centered approach, support services in a learning lab environment and instructors with practical experience in their field.

This approach works for the many students served by the BTC: apprentices, laid off workers seeking to avoid poverty when faced with a job loss, those seeking a career, those looking to change careers and incumbent workers seeking to keep pace with ever-changing technology. The BTC provides the Quad City residents with the opportunity to learn the skills needed for the manufacturing workforce of today with an eye for their future stability.

I would like to thank Senator Harkin for the opportunity to testify about the programs and services of the Eastern Iowa Community Colleges that assist Quad City area individuals and business and industry.

The CHAIRMAN. Thank you very much, Mr. Allbee.
And now we'll turn to Mr. McGill, Skip McGill.

STATEMENT OF CHARLES "SKIP" MCGILL, PRESIDENT, UNITED STEELWORKERS LOCAL 105, BETTENDORF, IA

Mr. MCGILL. Senator Harkin, thank you for the opportunity to testify today and for all the work you do for all the people across this country. You've served Iowa well for many years.

My name is Skip McGill, and I'm president of United Steelworkers Local 105, and I have been for over 10 years. During that time, our union has been involved in many battles for social and economic justice on behalf of all workers, not just our workers.

The Quad Cities used to have a very big manufacturing base, much more than it has now, supplying good middle-class family jobs in this area. It began hurting around the time in the 1980s the Rock Island Railroad closed. After that, a lot of things followed in Quad Cities. This was followed by closure of Caterpillar plant here in Davenport, the world's biggest manufacturer of construction equipment, in 1988, and some of it was due to competition from a Japanese company, Komatsu. Thousands of jobs were lost and communities and the local economy were severely affected.

Between 1987 and 1988, JI Case company closed plants in Rock Island, IL and Bettendorf, IA. I had friends and family members who worked in Bettendorf. It was hard to see a relative who worked so long to build a seniority base and have to make a decision to move to Racine, WI so he could move where the jobs are. He's probably more fortunate than a lot of people because a lot of people don't get to follow their jobs to Mexico, China, or Bangladesh.

The loss of good manufacturing jobs has an impact not only on workers but on the local businesses those workers support. When Case New Holland closed, the city of East Moline suffered significant losses in annual revenues. They lost taxes and fees for things like water, sewer, drainage fees. The residents were faced with new costs also when they came up with an additional \$6 monthly garbage fee to help replace some of the revenue lost.

Loss of high-wage jobs in sectors such as manufacturing in Iowa have been replaced with increasingly lower paying jobs which fail to pull working families into the middle class and provide them with benefits like health insurance. Today, jobs in Iowa are 8.4 percent less likely to include health insurance than they were a decade ago. And since 2000, Iowa has lost nearly 50,000 jobs that provided health coverage, translating into a loss of coverage for over 96,000 Iowa workers and family members.

Unions build and strengthen the middle class by negotiating fair wages and benefits for workers. My written testimony includes a speech I hold near and dear to my heart, and it was given by John F. Kennedy in 1960. He began by saying,

“Those who would destroy or further limit the rights of organized labor, those who would cripple collective bargaining or prevent organization of the unorganized, do a disservice to the cause of democracy.”

In the last several decades, the wealthiest of Americans have fared well, while middle-class incomes have declined. I believe this directly relates to the decline in union density. And as we all know, middle-class incomes are tethered to union density, as the data shows. Anyone who cares about the middle class needs to also care about unions and the rights of workers that have come under attack in this country. This misconception of unions as a bunch of greedy workers that just want more for themselves is simply not true. We support our communities and want them to thrive, and provide time, money and resources to those in need.

It’s no coincidence that countries with a strong middle class have a strong union movement. In America today, States with higher concentration of union membership have a much stronger middle class. Unfortunately, every 23 minutes, a worker is fired or punished for supporting a union. The coordinated attacks on unions through right-to-work laws are designed to further weaken unions. Right-to-work allows nonunion-dues-paying employees of a company to reap the benefits of union representation. They’re free riders.

To rebuild the middle class, we must support the rights to form and join unions, roll back some of the current laws that weaken unions, put money in the pockets of the middle class through tax cuts, tax credits, pay for it by removing the tax breaks millionaires and investors have that allow them to pay less in taxes than struggling families, invest in our crumbling infrastructure. This creates jobs in many sectors and will sustain our economic growth and national security for years to come. Create more jobs with a real “Buy American” policy. There is overwhelming support for tax dollars to be used to buy American-made materials, among 91 percent Democrats and 87 percent of Tea Party supporters. Enforce the trade laws currently on the books and enact new ones to level the playing field for American workers and their employers that are committed to invest in America; close loopholes being used now to circumvent some of the trade laws.

A by-product of a stronger labor movement is a stronger middle class. A byproduct of a stronger middle class is a stronger, more stable economy.

Thank you, Senator.

[The prepared statement of Mr. McGill follows:]

PREPARED STATEMENT OF CHARLES “SKIP” MCGILL

Chairman Harkin, I thank you for the opportunity to testify today and for all the work you do for working people across this country. You have served Iowa well for many years and it is an honor to be able to testify before you today. I was proudly sitting in the gallery on May 4, 2004 when the Senate voted on your amendment to the Department of Labor proposed changes to the overtime pay rules; another

middle and lower income bracket battle you championed. As long as there are more out to save the middle class than there are to destroy it, we will find a way.

I am president of the United Steelworkers Local 105 and have been for over 10 years. During that time we, as a Union, have been involved in many battles for social and economic justice. Many of the battles do not affect the workers I represent but are waged because we are all in this together and we know what's right and wrong. I'm sure you are aware that Labor has been at the forefront of minimum wage increase efforts and none of the workers we represent make minimum wage.

THE MIDDLE CLASS IN THE QUAD CITIES

The Quad Cities used to have a very big manufacturing base with a lot of big name companies with factories located here. We had a lot of good middle class work here in the Quad Cities including the Rock Island Railroad. This area began hurting when the railroad closed up shop in 1980.

We had Caterpillar, the world's biggest manufacturer of construction equipment. Back in the mid-1980s Caterpillar was starting to see more competition in the construction equipment market from the Japanese company Komatsu. Caterpillar closed in 1988 costing thousands to lose their jobs and hurting the communities and local economy. I had friends that worked at that plant.

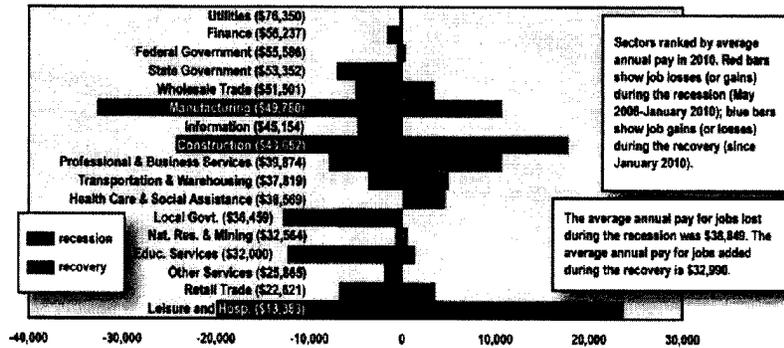
The Quad Cities had already been hit like this in 1985 when International Harvester sold off their farm equipment business and closed the plant in Rock Island, IL. This plant went through its share of occupants. That plant was Farmall, International Harvester, and Case New Holland and then they closed. This was a workforce that could produce up to 350 tractors a day. That closing sent a ripple effect throughout the Quad City economy.

Also in the 1987–88 timeframe JI Case company closed plants in Rock Island, IL and Bettendorf, IA. I had friends and family members that worked at the Bettendorf plant. It was hard to see a relative who had worked so long and hard at a plant and had built up seniority and what they thought was job security to get the rug pulled out from under them. He was faced with some tough choices and made the decision to continue his seniority, so he moved his family to Racine, WI where his job went. He is more fortunate than many of the people displaced by plant closings because at least he had the opportunity to go where the jobs went; most of the time the jobs can't be followed to Mexico, China or Bangladesh.

The loss of good manufacturing jobs has an impact not only on workers but also the local businesses those workers support. When Case New Holland closed, the city of East Moline suffered significant losses in annual revenues. They lost taxes, and fees for things like water, sewer, drainage fees, utility taxes and decreased property taxes. The city had to cut the budget due to the loss of revenue and even came up with a new \$6 monthly garbage fee that citizens did not have before.

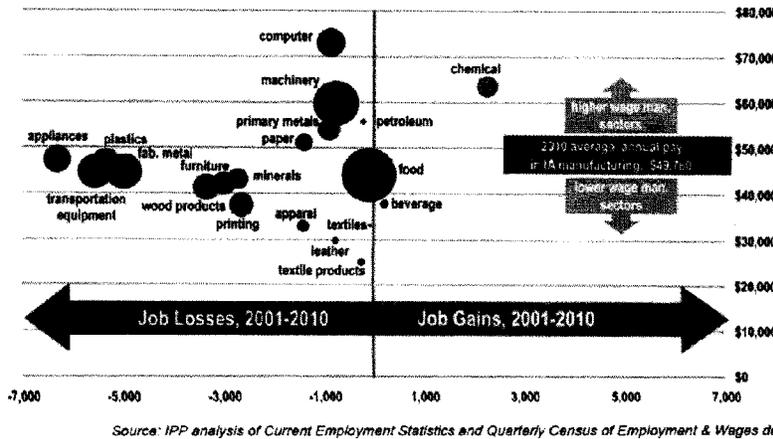
Iowa's job market in recent years has been defined by the loss of higher wage, middle-class jobs (particularly in manufacturing), and their replacement with increasingly lower paying jobs. The most recent recession exacerbated this trend. The Iowa Policy Project reported in 2011 that over the last 4 years, "the middle third of the occupations spectrum accounted for nearly two-thirds of all recessionary job losses. During the recovery, by contrast, low-wage occupations have accounted for almost all job growth—led by retail salespeople, clerks and food preparation workers. . . . The average annual pay for jobs lost during the recession was \$38,850. The average annual pay for jobs added during the recovery is almost \$6,000 lower—only \$32,990." (State of Working Iowa, 7–8).

Figure 9. Iowa Loses High-Paying Jobs, Gains Low-Paying Jobs



Moreover, job losses in Iowa manufacturing over the past decade have been particularly concentrated among sectors paying wages high enough to pull working families into the middle class. (State of Working Iowa, 8).

Figure 10. Iowa Manufacturing: Losing Jobs for a Decade



The disappearance of good jobs in Iowa means not only lower wages, but fewer workers and families with health insurance. Today, jobs in Iowa are 8.4 percent less likely to include health insurance than they were a decade ago. Since 2000, Iowa has lost nearly 50,000 jobs that provided health coverage, translating into loss of coverage for over 96,000 Iowa workers and family members. (State of Working Iowa, 10).

Table 1. Iowa Loses Jobs with High ESI Coverage Rates, Gains Jobs with Low ESI Coverage
Loss of Employer-Sponsored Coverage, Thousands of Jobs

	2001-02 numbers			2009-11 numbers			Loss of ESI attributable to		
	ESI		cov. jobs	ESI		cov. jobs	job losses	less coverage	total
	Jun-01	2002	Jun-01	Jul-11	2009	Jul-11			
Nat. Res. & Mining	2.2	78.4%	1.7	2	75.8%	1.5	-0.2	-0.1	-0.2
Construction	70.4	47.5%	33.4	63.7	44.0%	28.0	-3.2	-2.2	-5.4
Manufacturing	244.5	72.7%	177.8	206.2	69.6%	143.5	-27.6	-6.4	-34.2
Wholesale & Retail Trade	265.8	53.9%	137.9	241.6	50.5%	122.0	-7.7	-8.2	-15.9
Transp. & Utilities	57.4	66.9%	38.4	63.5	62.0%	39.4	4.1	-3.1	1.0
Information	37.8	73.0%	27.6	27.4	69.5%	19.0	-7.6	-1.0	-8.6
Financial Activities	93	65.8%	61.2	99.2	66.0%	65.5	4.1	0.2	4.3
Prof. & Bus. Services	109.1	57.4%	62.6	123.9	55.1%	68.3	8.5	-2.8	5.6
Educ. & Health Services	182	59.4%	108.1	216.1	57.1%	123.4	20.3	-5.0	15.3
Leisure & Hospitality	132.2	32.5%	43.0	137.6	26.3%	36.2	1.8	-8.5	-6.7
Other Services	57.4	40.1%	23.0	55.2	35.0%	19.3	-0.9	-2.6	-3.7
Private, nonfarm jobs	1241.8			1236.6			-8.6	-39.9	-48.5

Coverage rates from Elise Gould, *EPI Briefing Paper #228 (Table 3)*,
<http://www.epi.org/publications/entry/bp228/>

Job numbers from Economic Policy Institute analysis of Current Employment Statistics survey data.

HOW UNIONS WORK TO STRENGTHEN THE MIDDLE CLASS

Unions build and strengthen the middle class by negotiating fair wages and benefits for workers.

I would like to share part of a speech given way back in 1960 that I hold near and dear to my heart. It hangs on my office wall.

Those who would destroy or further limit the rights of organized labor—those who would cripple collective bargaining or prevent organization of the unorganized—do a disservice to the cause of democracy.

Fifty years or so ago the American Labor Movement was little more than a group of dreamers, and look at it now. From coast to coast, in factories, stores, warehouse and business establishments of all kinds, industrial democracy is at work.

Employees, represented by free and democratic trade unions of their own choosing, participate actively in determining their wages, hours and working conditions. Their living standards are the highest in the world. Their job rights are protected by collective bargaining agreements. They have fringe benefits that were unheard of less than a generation ago.

Our labor unions are not narrow, self-seeking groups. They have raised wages, shortened hours and provided supplemental benefits. Through collective bargaining and grievance procedures, they have brought justice and democracy to the shop floor. But their work goes beyond their own jobs, and even beyond our borders.

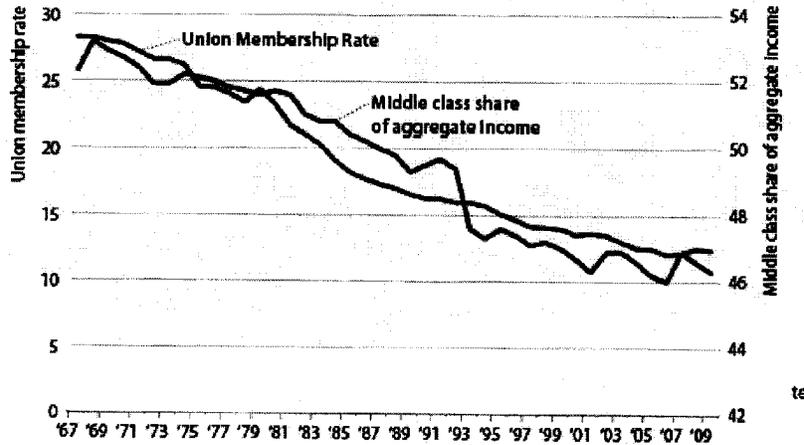
*Our unions have fought for aid to education, for better housing, for development of our national resources, and for saving the family-sized farms. They have spoken, not for narrow self-interest, but for the public interest and for the people.—John F. Kennedy * August 30, 1960*

I believe at the time of that speech, John F. Kennedy knew the relevance of Unions; he knew the role of Unions in building a middle class and sustaining it; and I believe he knew that Unions were about to come under attack. Too many think they do not enjoy the benefits of a Union but they do. They stand by and watch as Unions fight battles not realizing they are fighting for them.

In the last several decades the wealthiest of Americans have fared well while middle-class incomes have declined. I believe it is directly related to the decline in Union density. Union membership rates have dropped to a low level and as you can see by this chart, middle-class incomes are tethered to Union density. With that said; anyone who cares about the middle class better start caring about Unions and the rights of workers that have gone under attack in this country.

Ties that bind

As union membership rates decrease, middle class incomes shrink



Original figure by David Madland, Karl Walters, and Nick Bunker. Sources: Union Membership Rate is from Barry T. Hirsch, David A. Macpherson, and Wayne G. Vroman, "Estimates of Union Density by State," Monthly Labor Review, Vol. 124, No. 7, July 2001. Middle Class Share of Aggregate Income is from United States Census Bureau.

We remembered and honored Dr. Martin Luther King just last week. He is another great leader that recognized the importance of Labor in bringing all people up. He was clear about the history of and continuing need for labor struggle—that workers' rights aren't won without a fight—saying to the Illinois AFL-CIO convention in 1965:

The labor movement was the principal force that transformed misery and despair into hope and progress. Out of its bold struggles, economic and social reform gave birth to unemployment insurance, old age pensions, government relief for the destitute, and above all new wage levels that meant not mere survival, but a tolerable life. The captains of industry did not lead this transformation; they resisted it until they were overcome. When in the thirties the wave of union organization crested over our Nation, it carried to secure shores not only itself but the whole society.

I don't understand the misconception that Unions are a bunch of greedy workers that just want more for themselves. That is not true; we support our communities and want them to thrive. Every year throughout the year we provide time, money and resources to those in the community in need. We donate to the American Cancer Society, United Charities, Special Olympics of Iowa and Illinois, the American Red Cross, the National Child Safety Council, VA Homeless Outreach Center, support our troops through supply drives, give scholarships, etc.

Many of my Brothers and Sisters and I don't believe you can have a strong middle class without a strong Union movement. It's not a coincidence that countries with a strong middle class have a strong Union movement. And in America today, States with a higher concentration of Union membership have a much stronger middle class. According to AFL-CIO data, every 23 minutes a worker is fired or punished for supporting a Union. The sad thing about that is, I'm sure, that in most of those cases the person firing or issuing discipline is in the middle class. Labor is under attack by those who want to weaken Unions even more and that is quite the opposite of what we need to do if we hope to strengthen the middle class. Let's not fool ourselves and think that everyone would like a stronger middle class. The middle class will reach back and grab the hand of the person on the ladder rung below them; but there are some at the top that will kick to knock others down a few rungs.

What needs to be done is to support workers' rights to form and join Unions (The Employee Free Choice Act). The coordinated attacks on Unions through Right to Work Laws are designed to further weaken Unions. Supporters of Right to Work here in Iowa have said if there were any kind of repeal of the Right to Work Law, jobs would leave the State. They know that's not true; where would they go, to one

of our bordering States that don't have right to work and have less unemployment? I have not had one State legislator who supports Right to Work propose a bill that I suggested. Right to Work allows non-dues paying employees of a company reap the benefits of union representation—they are free-riders. Simply put, the Bill I proposed allows residents of Iowa to enjoy every benefit provided to the tax-payers of Iowa, but allows them to only pay State taxes if they want to. There would be public outcry against these free-riders. That's Right to Work. I call it "The Right to Reside Law".

HOW GOOD MANUFACTURING JOBS STRENGTHEN THE MIDDLE CLASS
AND IMPROVE COMMUNITIES

Good manufacturing jobs, especially good Union manufacturing jobs have a heavy impact on communities when there is a layoff or closing. Iowa is heavily dependent on manufacturing jobs. Iowa has consistently been in the top 10 States most dependent on the manufacturing sector according to the U.S. Bureau of Economic Analysis.

I realized something had to be done when the financial industry was spiraling out of control but not sure the right thing was done. We gave them a bunch of money because of so many loan defaults. It probably would have cost less to just pay the loans off and let people stay in their homes. Yes, we need to do something about the deficit but we need to stop the bleeding first.

What do I think we need to do to rebuild the middle class?

We must:

- Support the Right to form and join a Union.
- Roll back some current laws that weaken Unions.
- Put money in the pockets of the middle class through tax cuts and tax credits—pay for it by removing the tax breaks millionaires and investors have that allow them to pay less in taxes than struggling families.
- Invest in our crumbling infrastructure—This creates jobs in many sectors and will sustain our economic growth and national security for years to come.
- Create more jobs with a real "Buy America Policy"—there is overwhelming support for tax dollars to be used to buy American-made materials among 91 percent of Democrats and 87 percent of Tea Party Supporters.
- Enforce the trade laws currently on the books and enact new ones to level the playing field of American workers and their employers that are committed to investing in America.
- Close loopholes being used now to circumvent some of our trade laws.

A byproduct of a stronger Labor Movement is a stronger middle class. A byproduct of a stronger middle class is a stronger more stable economy.

The CHAIRMAN. Well said. Thank you very much, Mr. McGill.

And now we turn to Robert Fox.

STATEMENT OF ROBERT FOX, DAVENPORT, IA

Mr. FOX. Good afternoon and thank you, Chairman Harkin, for the opportunity to speak today.

As you said, my name is Robert Fox. I'm 31 years old, and I was born and raised in Iowa. I have a son who will be 3 next month. My parents are from Iowa, and they still reside here.

My parents were young when they had me, so they had initial struggles to start, but they believed in the American Dream. Both my parents attended public school and were high school graduates. My father was a mechanic, and my mother worked in an office's mail room. They both worked hard in their professions and worked their way up the corporate ladder.

My father eventually moved up from a manual labor job and into an office job, and my mother moved out of the mail room and into a claims representative at an insurance company. They both worked hard and bought their first home in the winter of 1993.

I had a good childhood, mostly because it's all I knew. I never went without, but that doesn't mean that my parents didn't so I could. I watched as my mother would always eat last to ensure

that I had plenty to eat, and my parents ensured that I wore clothes that were appropriate to current styles. But to do so, they were forced to wear clothes that were outdated themselves.

I attended public schools, played sports, and graduated just on the cusp of honors. I wanted to attend the University of Michigan at Ann Arbor, but the cost of out-of-state tuition prevented me from doing so. I decided on Iowa State University where I could study computer engineering. It was a childhood dream to be an architect, but I soon found out that I couldn't draw a straight line, even with a ruler.

Iowa State allowed me to spread my wings a little bit. However, after a short time I realized that my chosen major wasn't the best fit for me. I elected to change my major midway through my third year of school. I would probably advise against that. I left Iowa State and attended the Des Moines Area Community College to fill in some general requirements that were needed for my new course work. The fiscally responsible side of me decided it was better to attend community college back home and not pay rent in Ames, so off I went to move back in with my parents.

I attended Scott Community College from the school year of 2006–7, where I earned an Associate's in Arts and Science. During that time I was approached about working for a small business in the area. I was at a crossroads. Do I take the job, which paid well and would be very good for my resumé, or do I return to my beloved Ames and finish my degree from Iowa State?

I chose the job in hopes that a strong resumé would help me long term. With this decision I was forced to find a school locally that would allow me to continue to work and still complete my degree. I chose St. Ambrose University, where I earned a Bachelor's degree in Computer and Information Systems. While attending St. Ambrose, I was lucky enough to be offered a full-time job with a company I had been doing some consulting work with. I took the job because my health insurance provided by my mother was soon to be expiring, and they offered benefits.

Speaking of work, I started working when I was 14 doing a manual labor job for minimum wage, but it was fantastic. It granted me freedom. I was able to buy my own car. I bought gas, car insurance, all the necessities. Throughout high school I worked a retail job on nights and weekends to keep up with my car insurance and gas money. This was great. I could see that the harder I worked, the better things could be for me.

During college, I continued to work that retail job on breaks and was offered an opportunity to intern for a summer at a local credit union. This is where my passion for my chosen career had picked up. I really, really got into it. I worked a job during the school year for Iowa State in the Agronomy Department that continued to give me experience and passion for my chosen career.

After I moved back to the area and during my completion of my Bachelor's degree, I was offered a full-time job. I was pleased to be an adult. I had a full, real job. I had a job that was full-time with benefits, and it was in my field of study. I worked at this local company for approximately 3 years before moving on to my current position with local government. I've been with local government for almost 6 years now, and I'm very pleased to be employed full-time

and still in my field of study, which is kind of difficult for some other folks.

With local government I'm an IPERS employee, which is fantastic. With this program, it allows me to easily put away for my retirement. Without IPERS, I fear I wouldn't be able to contribute to retirement at this time. Retirement is one of those scary things that everyone is worried about, and with other money being tight, it's a little bit of a relief that I'm able to have something when I'm past my working prime.

During my time with local government I have tried to continue my education with both technical and leadership skills. In the summer of 2009 I completed an MBA from the University of Iowa's Tippie MBA program. I did it with hopes of becoming more marketable internally, but also externally in case something would occur that I would no longer have full-time employment. Unfortunately, tuition isn't really covered by my organization, so the bulk of the costs were shouldered by myself. This, in addition to some previous student loans for my Bachelor's degree, have combined into a hefty student loan burden.

While in grad school, which only took 2 years, the tuition was raised every year and approved for a raise for the third year. Thankfully, I graduated in the summer before this raise took effect. With this continued cost of education, I fear that the only way I'll be able to send my son to college and not burden him with the same or worse amounts of student loans as myself is if I die and my life insurance pays for it.

In conjunction with working hard, going to school, getting a job, there is the "buy a house and your life will be better than your parents" portion of the American Dream. I was fortunate enough to purchase my home in March 2000. This was actually the house I grew up in. I was always told that it was just what you did when you became an adult as part of the path to financial security. My purchase was made within my budget and with a proper lender.

However, life changes, and now the payment can be difficult at times. And here lies the rub. I have cut costs, pinched pennies, followed a budget, and money is still tight. I continue to make my house payment, but other bills suffer at times. Because I continue to make my house payment, I don't qualify for additional assistance to lower my payments, get into a better mortgage, et cetera.

I know some people are in the same boat and have elected to not pay their mortgage just so they can qualify for assistance to get out of their houses that are severely under water. I luck out in the fact that my house isn't under water, but it also hasn't gained value like the traditional thinking of keep a house for 10 years and, on average, it's going to double in value. When I sell my home, I hope to get what I paid out of it, and that doesn't include anything that I've put into it since then.

There's concern that my generation might be the first generation to not do as well or better than our parents' generation. Is this because changes in thoughts or actions by my generation is an issue with companies that we work for—I've noticed in my short time as a working adult that there has been a shift in loyalty. It appears that companies are no longer loyal to their employees, and therefore their employees are no longer loyal to their companies.

For example, as I mentioned earlier, my mother started with a company in an entry-level job and worked her way up to a decent career. The company she worked for was a small regional company that got bought out by a larger regional company and then by a national company. As she worked through purchases, she continued to work hard and do well for herself even though she still only had a high school education but was very dedicated to her job.

After over 20 years with her organization, she was fired. The reasoning was that she was not meeting her requirements. Unfortunately, those requirements had become unrealistic to meet, even with tremendous amounts of time spent after her normal working day, which was no longer allowed by the company.

So after she could not meet her work plans, she was let go. Once she was let go, her company was able to hire two fresh college graduates for approximately the same pay but with zero experience. Is it my mother's fault that she had 20 years of experience and was being paid appropriately? Is it the company's fault for trying to save a buck? I don't know.

I don't want to be complete doom and gloom today. I believe we are starting to move in the right direction, but we can't stop doing the right things to make America a better place. I think universal health care is a great step in the right direction. I also see that there are steps to help prevent another housing bubble. There are talks to help students better afford college and/or be able to pay for college and not leave with an extreme amount of debt.

I know that we are a great country and that right now things are a bit tough but that we will continue to be a great country just as long as we don't forget about the people that made this such a great country.

Again, I appreciate your time here today and thank you for letting me tell my story.

[The prepared statement of Mr. Fox follows:]

PREPARED STATEMENT OF ROBERT FOX

Good afternoon and thank you Chairman Harkin for the opportunity to speak today. My name is Robert Fox. I am 31 years old and I was born and raised in Iowa. I have a son, who will be 3 next month. My parents are from Iowa and still reside here. My parents were young when they had me, so there were initial struggles to start, but they believed in the American Dream. Both of my parents attended public schools and were high school graduates. My father was a mechanic and my mother worked in an office's mail room. They both worked hard in their professions and worked their way "up the ladder." My father eventually moved up from a manual labor job into the office and my mother moved out of the mail room and into a claims representative at an insurance company. They both worked hard and bought their first home in the winter of 1993.

I had a good childhood, mostly because it is what I knew. I never went without, but that doesn't mean my parents didn't just so I could. I watched as my mother would always eat last to ensure that I had plenty to eat. My parents ensured that I wore clothes that were appropriate to current styles, but to do so they were forced to wear clothes that were dated themselves. I attended public schools, played sports and graduated just on the cusp of honors. I wanted to attend the University of Michigan in Ann Arbor, but the cost of out-of-state tuition prevented me from going. I decided on Iowa State University where I would study computer engineering (it was my childhood dream to be an Architect but I found out later that I had a hard time drawing straight lines, even with a ruler). Iowa State allowed me to spread "my wings" a little bit, however, after a short time there I realized that my chosen major wasn't what fit me best. I elected to change my major midway through my third year of school. I left Iowa State and attended Des Moines Area Community College to fill in some general requirements that were now needed for my new course work.

The fiscally responsible side of me decided it was better to attend community college back home and not pay rent in Ames, so off I went to move back in with my parents. I attended Scott Community College for the 2006–7 school year where I finally earned an Associate of Arts and an Associate of Science. During this time I was approached about working for a small business in the area, I was at a cross road . . . Do I take the job, which paid well and would be good for my resume or do I turn down the job and go back to Ames and finish my degree from my beloved Iowa State University? I chose the job, in hopes that a strong resume would help me long term. With this decision, I was forced to find a school locally that would allow me to continue to work and still complete my degree. I chose St. Ambrose University, where I earned a Bachelor's degree in computer and information systems. While attending St. Ambrose, I was lucky enough to be offered a full-time job with a company I had been doing consulting work with. I took the job because my health insurance provided by my mother was soon to be expiring and they offered a benefits package.

Speaking of work, I started working when I was 14 doing a manual labor job for minimum wage but it was fantastic. It granted me some freedoms of my own car and gas and the ability to do some of the things I wanted to do. Throughout high school I worked a retail job on nights and weekends to keep up my car, insurance and gas money. Things were pretty good; I could see the harder I worked, the better things could be for me. During college I worked the retail job on breaks and it was offered an opportunity to “intern” for a summer at a local credit union. This is where my passion for my chosen career picked up. I worked a job during the school year for Iowa State's Agronomy department that continued to give me the passion for my chosen profession. After my move back to this area, and during my completion of my Bachelor's degree, I was finally offered a full-time job. I was pleased to be an “adult”. I had a job that was full-time with benefits and it was in my field of study. I worked at this local company for almost 3 years before moving on to my current position with local government. I have been with local government for almost 6 years now. I am very pleased to be employed full-time and in my field of study. With local government, I am an IPERS-qualified employee. With this program, it allows me to easily put away for my retirement. Without this, I fear that I wouldn't be able to contribute to a retirement plan at this time. Retirement is one of those scary things that everyone is worried about, and with other money being tight, it is a little bit of a relief that I'll be able to have something when I'm past my working prime.

During my time with local government I have tried to continue my education with both technical and leadership skills. In the summer of 2009, I completed an MBA from the University of Iowa's Tippie College of Business. I did this with the hopes of becoming more marketable internally, but also externally in case something would occur and I would no longer have full-time employment. Unfortunately, tuition isn't really covered by my organization so the bulk of the costs were shouldered by me. This, in addition to previous student loans, has combined for a hefty student loan burden. While in grad school, which was only 2 years, the tuition was raised every year and approved for a raise the third year (thankfully I graduated that summer before the raise went into effect). With this continued cost of education, I fear that the only way I'll be able to send my son to college (and not burden him with the same or worse student loans as myself) is if I die and my life insurance pays for it.

In conjunction with working hard, going to school, getting a good job, there is the buy a house and your life will be better than your parent's portion of the American Dream. I was fortunate enough to purchase my home in March 2007; it was actually the house that I grew up in. I was always told that it was just what you did when you became an “adult” and that it was part of the path to financial security. My purchase was made within my budget and with a proper lender. However, life changes and now that payment can be difficult at times. And here lies the rub, I have cut costs, pinched pennies and followed a budget, but money is still tight. I continue to make my house payment, but other bills suffer at times. Because I continue to make my house payment, I don't qualify for additional assistance to lower payments/etc. I know of some people who are in the same boat and have elected to not pay their mortgage just so they can qualify for assistance to get out from under houses that are severely underwater. I luck out in the fact that my house isn't underwater, but it also hasn't gained value like traditional thinking of “keep a house for 10 years and on average it will double in value.” When I sell my home, I hope to get what I paid for it . . . not including any updates I have done.

There is concern that my generation might be the first generation to not do as well as or better than their parent's generation. Is this because changes in thoughts and actions by my generation? Is this an issue with the companies that we work for? I have noticed in my short time as a working adult that there has been a shift

in loyalty. It appears that companies are no longer loyal to their employees and therefore their employees are no longer loyal to their companies. For example, as I mentioned earlier my mother started with a company in an entry level job and worked her way up into a decent career.

The company she worked for was a smaller regional company and it got bought by a bigger regional company and then into a national company. As she worked through purchases, she continued to work hard and do well for herself even though she still only had a high school education but was very dedicated to her job. After over 20 years with her organization, she was fired. The reasoning was that she was not meeting her requirements. Unfortunately those requirements were unrealistic to meet, even with tremendous amounts of time spent after her normal work day (which was not allowed). So after she could not meet her work plans, she was let go. Once she was let go, her company was able to hire in two fresh college graduates for approximately the same pay but with zero experience. Is it my mother's fault that she had 20 years of experience and was being paid appropriately? Is it the company's fault for trying to save a buck?

I don't want to be complete doom and gloom today. I believe we are starting to move in the right direction, but we can't stop doing the right things to make America a better place. I think universal healthcare is a great step in the right direction. I also see that there are steps to help prevent another housing "bubble". There are talks to help students better afford college and/or be able to pay for college and not leave with an extreme amount of debt. I know that we are a great country and that right now things are tough but we will continue to be a great country just as long as we don't forget about the people that made this such a great country. Again, I appreciate my time here today and thank you for letting me tell my story.

The CHAIRMAN. Mr. Fox, thank you very much. I think that just about sums it up pretty well, your life story and what's happened to you. But you're still hopeful.

Mr. FOX. Absolutely.

The CHAIRMAN. Still optimistic. You have a good education.

Mr. FOX. I have a very good education.

The CHAIRMAN. Are you carrying much student debt, student loan debt?

Mr. FOX. Yes, I'm carrying quite a bit of student loan debt.

The CHAIRMAN. Were you eligible for Pell grants when you went to school?

Mr. FOX. I was not. We fall into what I would classify as too rich to be poor and too poor to be rich.

The CHAIRMAN. That's right, yes.

Mr. FOX. My folks collectively made a very good wage before my mother was let go. However, it takes, you know—the way the Pell grant system works, I'm sure you're aware of, is there's the total money, and it doesn't count in the fact that, hey, they don't work—you know, you have to have a car to get to work, you have a house, a house payment, et cetera. So I didn't qualify for any grants. I applied for every scholarship that I was eligible for. Because I was on the cusp of honors, that traditionally didn't get me a lot of scholarships.

The CHAIRMAN. Now, you're 31.

Mr. FOX. Correct.

The CHAIRMAN. And you have a 3-year-old son, is that what you said?

Mr. FOX. Yes. He'll be 3 next month.

The CHAIRMAN. And now you are a public employee?

Mr. FOX. Correct.

The CHAIRMAN. And you said you're in the IPERS system?

Mr. FOX. Correct.

The CHAIRMAN. Iowa Public Employees Retirement System. This committee has also had a number of hearings in the past year or

two on pensions and what's happening to the erosion of pensions in this country. How important is the earning of a pension benefit to you? Where would you be without it if you were just relying on private savings for your pension?

Mr. FOX. The pension is huge for me. I know that in my time, I'll be there 6 years next month, and I've already seen some changes to the IPERS program. The vested timeframe has changed. For new employees it's—I think it was 3 years before, and now it's 6 years. So it's a little longer for the employees to get vested.

For me, it ensures that I have some form of retirement. I try to do as much as I can, but it's about enough to get the free money. So it's, like, hey, we'll match up to a certain percent. After that, I really can't do much more than that.

The CHAIRMAN. Again, I'll just say I think another area where the middle class has really been eroded, is in pensions. And I could be corrected, but I think I can remember this. In 1970, one out of two workers in America had a pension, what we would call a pension, a defined benefit, which would last them until they died. That was before the days of 401(k)s, one out of two. Today, only one in five workers in America has a pension, one in five. Some workers have some form of a 401(k), but it is not enough to last them for their expected lifetime. In other words, they're going to retire and they're going to run out of that 401(k), and they're going to be 81 or 82 years old, and they won't have enough to last them.

Two out of five, almost one-half of every American working today has no 401(k), they have no pension whatsoever, and they have no savings. All they've got is Social Security. That's all that they have. So from two out of three having a defined benefit pension that would last them, plus Social Security, this situation is a tremendous erosion of the middle class, and more and more people are being pushed into 401(k)'s. I'm not saying 401(k)'s are bad, but I think people are lulled into a sense of security because I've got \$100,000 in my 401(k), but that doesn't last very long when you're retired.

I just wanted to ask you about the pension because it's part of our whole middle class, what we're looking at in this committee about reviving the middle class, is how do we get a pension system in this country. We always had the three legs of the stool. We had Social Security, savings, and a pension. Now the pensions are gone. People can't save money. They're just lucky to live day to day. And the last thing we've got is Social Security, which is helpful, but it's not enough to keep everything going when you retire.

I wanted to turn it over to Dave here for questions, but I wanted to—oh, yes. Mr. McGill, you talked about manufacturing. During the 2000s, the United States nationally lost over 6 million manufacturing jobs, 34 percent of our manufacturing employees just in a decade. Again, we know that those are good middle-class jobs. They pay higher wages. They offer stronger benefits. According to a report from the Milken Institute, every job created in manufacturing supports 2.5 jobs in other sectors of the economy. Some have estimated that the multiplier effect may even be larger.

Give me your thoughts on rebuilding a manufacturing sector in America. Here's what I'm getting at. People say, "Well, you know, Senator Harkin, we're not going to go back to the old steel mills

and the old way of doing things and stuff.” I say no one wants to do that. But I saw with my own eyes here at the Blong Center today new techniques in welding, for example, I’d never seen before.

There are new technologies and a new way of manufacturing that I think, if we focus on it, sets us up for the next 20, 30 years of manufacturing and getting—it’s not so much bringing the jobs back to America. It’s setting a platform for the new kinds of manufacturing that we’re going to need in the future, highly technical, using new materials, materials that we haven’t used before.

I just say that as a way of asking you, from your position and what you’ve seen, about manufacturing and what those kind of jobs mean to your workers. You’ve seen it in the past, and what do you see in the future?

Mr. MCGILL. Well, I’m not sure what to do about it. I mean, I know from personal experience. I work at Alcoa, and we’re experiencing a lot of our smelting operations in the United States closing or curtailing, and a lot of that is because we can’t compete. It takes a tremendous amount of electricity to run that process.

The CHAIRMAN. That’s right.

Mr. MCGILL. And we’re competing with countries that provide the electricity for the plants. They subsidize the electricity. They give it to them. They don’t have any energy cost. Then they’re selling it and shipping it here.

The CHAIRMAN. Might we be talking about China?

Mr. MCGILL. Yes, China. There’s a couple of really big plants in Russia, and they’re all over the world. There’s a real large plant in Iceland that Alcoa recently opened, so we’re competing with ourselves too. And it’s causing our plants here to close, and I’m sure it’s a lot of the cost and subsidies and things that cause jobs to go overseas.

Fortunately, we have a highly skilled workforce. We have the technology. We can do it here. In fact, we are. I mean, our plant right now in Bettendorf is going through a \$300 million expansion. We’re expanding, and a lot of it is in the automotive area, a lot of aluminum for cars, and a lot of that has to do with the CAFE standards going down. You have to lighten them, so it means more aluminum in cars.

So I’m not sure, other than subsidizing the power—I mean, they have power contracts in places they negotiate all the time. Messina, NY almost closed.

The CHAIRMAN. I’m going to turn it over to Congressman Loeb sack. But it seems to me, David, that people who say, “Well, we can’t do this anymore, look at what happened to General Motors.” Just a couple of years ago, General Motors was ready to go under. Some people said they should go under, move it to Japan, let others take it over. I’m not ashamed to admit I supported the effort to provide funds to General Motors and Chrysler. Today, General Motors is the biggest car manufacturer once again in the world. People can’t buy those Volts fast enough, and they’re shipping them overseas. So we are capable of turning this around as a country.

Mr. MCGILL. I think a lot of it—the other subsidy is a lot of countries have national health care, so the companies don't have that cost either.

The CHAIRMAN. Well, we'll get into that.

[Laughter.]

Congressman Loeb sack.

Representative LOEB SACK. Thank you. Thanks again, Senator, for doing this. This has been really enlightening and eye-opening to hear the stories from the three of you.

Mr. Fox, between Terry and I, we have four kids in your generation, and we hear about struggles a lot. Fortunately, one of them is in the Marines, and he and his wife have been there for 10 years. So they're a little bit more secure in that sense, although they have had to be deployed to war zones to get that financial security, I guess. But nonetheless, I do hear the stories like yours a lot, and we've got to do everything we can, obviously, on the financial aid front, on any number of fronts too.

I know the President has made some moves. I don't know if that's affected you or not in terms of forgiving longer-term debt after a certain amount of time. That's marginal but nonetheless might be helpful, and I worked on legislation some time ago that he built upon with his Executive order.

But your generation—I think about your generation a lot, as you might imagine, when I get e-mails from my kids and all the rest, and when they talk about some of the same issues that you're facing.

And certainly, Mr. McGill, I really do appreciate, obviously, what unions have done. I think you're right. I wrote this down, when organized labor can organize and push hard, then the middle class can be secure, more secure and expanded, and the economy can be stronger. There's no doubt about it. I appreciate all that you've done over the years and all that you continue to do.

Mr. Allbee, I'd just like to ask you, because I think you're aware that a big part of what's happening here at this college and what we saw today is designed to try to fill in the gaps that I hear about all the time when I talk to businesses large, small, medium-size, whatever, and it seems almost counter-intuitive. It almost doesn't seem to make sense that in an era of high unemployment, that I would be talking to business owners all the time who can't find the skilled workers they need. It doesn't make sense, but it's true. That's part of what my SECTORS bill is about, trying to match up what's available with what's needed.

Can you talk to us a little bit about that first?

Mr. ALLBEE. I can. I think you have a—well, I would say a couple of things. Any impact on financial aid will really hinder students' ability to pursue technical training. That's a critical piece of that.

A couple of other things. Mr. McGill was talking about manufacturing job losses here in the Quad Cities going back to the 1980s. As an educator, it is an extremely tough sell to young people to convince them that there are stable jobs in manufacturing. That's one thing. And understandably, if their parents have been affected by that and were laid off or had a family member laid off, as Mr. McGill was talking about some friends, it's then a harder sell to

convince the parents that that's a career your son or daughter should investigate, and we keep working on that.

As a part of that, we have to communicate to those young folks that these are good jobs, they're highly skilled jobs. They're maybe not what they have in their minds. We need to expose them to those careers and get them into industry through coops or internships to see what those jobs are like. That's one aspect.

The second one is—and this is through no fault of anyone's—if an individual has been out of school for a long time and they haven't kept those skills current, when they get to us, if they don't have skills, say, in mathematics, we're going to have to back them up a little bit to get them trained in those areas, and those are things that I see that hinder the ability to get skilled workers into the workforce.

Representative LOEBSACK. Yes, and I often thought—that's my brother who went to Western Iowa Tech and became a welder over 40 years ago. We didn't have computers the way we do now. I mean, now if you want to work on a CNC, you have to know about computers. You have to have some math and all the rest. It's a lot more complicated than it used to be.

But I think this also points to the issue of a lot of these at-risk kids who don't see a future ahead of them, and this is where the concurrent programs, where the community colleges and others can work with kids when they're in schools, even in the middle school, so that they can have some sense of a possible future out there.

They may not want to go into welding. They may not want to do some of these things because it's not the cool thing to do now, culturally or otherwise. But at least they can see that if they do this and they stay in school, they can go to a community college and they can get a job, a job that's going to pay good wages, have good benefits and all the rest. I think it's really important.

And I'll just say one more thing, if I may, on a policy front. What can we do in Congress to make it in America again? I mentioned a few things, the China currency issue, some other things. You know, we can also begin to stop jobs from going overseas as easily as they have by closing the tax loopholes that are out there that now provide incentives for companies to take jobs overseas, and maybe we can go a little bit further. Maybe we can actually incentivize companies to bring jobs back from overseas. That's another issue that's a little bit more difficult to deal with.

But it's relatively easy to close tax loopholes that allow and, in fact, encourage companies to take jobs overseas, and I think we might agree on that one.

Thank you. I'll be happy to turn it back to you. Thanks for having me. I really appreciate it.

The CHAIRMAN. Thank you very much, Dave.

For those of you who are here, our committee issued a report last September. It's called "Saving the American Dream: The Past, Present, and Uncertain Future of America's Middle Class." You can get that online by going to harkin.senate.gov/middleclass, and you can get this report online.

The reason I mention it is because there's a chart in there that we had in our report that I think again illustrates what happened. It says, "While wages have stagnated, costs have shot up," and it's

a bar graph, OK? It's just a bar graph, and it shows the changes from 1970 to 2009. Average hourly earnings from 1970 to 2009 have gone down 1 percent. It's gone down 1 percent. Food budget, only up 2 percent; gas, up 18 percent; rent and utilities, 41 percent; health expenditures, 50 percent; college, 80 percent; home-buying, 97 percent; college, 113 percent. Yet, average hourly earnings are down 1 percent. That's that squeeze that families are running into and why, Mr. Fox, a lot of young people your age are saying, "Well, are we even going to have it as decent as our parents had it?"

If you want that report, you can get it online.

Mr. Allbee, I just had one more thing I wanted to cover with you, and then I'm going to open it up to the audience. I want to hear from you. If you have questions or comments or thoughts, I'd like to hear that. But I just wanted to ask one more thing of Mr. Allbee, and that had to do with the local workforce investment board, your workforce investment board and how you interface with them, and how can we ensure that community college and workforce investment board work together jointly? How do you work with the regional workforce board?

Congressman Loeb sack has introduced this bill, the SECTORS approach, which I see happening here at the Blong Center. But just talk a little bit, how do you find that relationship, and should we be thinking about anything we can do to strengthen that or move it in a different direction?

Mr. ALLBEE. Locally we have a good working relationship with our regional board. They provide funding for folks who wish to come back for training. We work closely with them so that we're—this sounds very simplistic, but that we're providing training for jobs that are in demand in the community. We'll use a CNC operator certificate as an example. If we were to start a new program in that, we would have to have that approved through that board for training purposes so that they could provide funds for eligible folks.

We work very closely with them. We share information back and forth, things we find out through our association with industry to say, "Hey, this is a job area that needs training regionally." We would work very closely with them in that regard.

The same would be true the other way. They would share information with us saying, "Hey, we hear that this is an area in demand." I would encourage that to continue, but I think locally we have good lines of communication, and we have a representative on that board. I think, locally anyway, it works, and it's a very positive relationship.

The CHAIRMAN. You have a good working relationship.

Mr. ALLBEE. Yes, sir.

The CHAIRMAN. That's good. One of the privileges we have in having hearings like this in the State and not having 12 witnesses is I get to open it up to the audience, and I would like to open it up.

Mr. BENNETT. Hi. My name is Mike Bennett from Davenport.

The CHAIRMAN. Mike Bennett.

Mr. BENNETT. Seventeen years ago, I stopped at a university in Davenport called St. Ambrose University, or not St. Ambrose but Mary Crest, and I went to a symposium on NAFTA. It was just

being passed by Congress. And when I went there, they had people from Washington, and they had people from Mexico there, and they were just saying how great this program was going to be for both countries, great for Canada. And what I've kind of noticed over the years—I've lived here most of my life—they had some officials from Maytag there. They were just saying how great it was, and their washers and dryers, they were going to lower the prices significantly so they'd be a lot cheaper for consumers to buy washers and dryers.

Well, the last few months at Sears, I haven't noticed the prices going down at all. And I think as an individual, what I'd like to see Congress and the Senate do is maybe try to take some teeth out of that NAFTA bill possibly, try to work on maybe having more of a balance with China and trade, because what I've kind of heard over the years is that their middle class, now they're able to buy cars, and I feel that is basically at the expense of American blue-collar workers that have lost their jobs at the Maytags and the various other manufacturing places in Iowa and Illinois.

I guess that's my main gripe, that people in Washington try to do something to help the middle class, and maybe if we have to impose tariffs like Mr. McGill was saying, we can't compete with these other countries because they're getting free electricity, maybe we need to have some tariffs on the stuff that we build at Alcoa so that our American workers have jobs.

The CHAIRMAN. Could I sum it up by saying you're in favor of fair trade?

Mr. BENNETT. Yes.

The CHAIRMAN. Fair trade. I think it's something that we in Congress have not paid that much attention to in the past, the little things that don't get into the trade bill but become big things later on, as you have talked about in terms of currency manipulation. We don't normally pay much attention to that. But if a country can artificially support its currency and it doesn't float it on the international market, that's like a subsidy, and we can't do anything about it.

So you're right, those are things that we have to start. The Senate passed a bill to stop Chinese currency manipulation last year, but the House hasn't.

Representative LOEBSACK. Hasn't, no. The House leadership has not taken it up yet, that's right, although it has bipartisan support. And when it comes to trade agreements, if we ever—when we negotiate and potentially pass trade agreements, I think you mentioned and the Senator mentioned it's got to be fair, and we've got to have parts, various elements in that trade agreement that are not just tariff barrier issues. The currency manipulation thing is a non-tariff barrier, but it's a barrier nonetheless.

We know that the Chinese have been manipulating their currency. There's no doubt. When they keep their currency artificially low, that promotes their exports, and it means that their exports to the United States are cheaper and their imports from the United States more expensive, and that hurts American workers. There's absolutely no way around it.

Mr. BENNETT. I was in North Carolina by Charlotte for about 4 years, and I just returned to Davenport last year, and the textile

industry down in the Charlotte area, it's almost like their bread and butter, and that's pretty much gone. They just can't compete with the Asian textile industry, and I think their unemployment rate down there is like 12 percent because of that.

Representative LOEBSACK. That's part of why there are Republicans and Democrats alike who are concerned about the China currency manipulation, because it doesn't matter what your political party affiliation is. If people in your district are suffering because of unfair trade policies, you're going to do the best you can to represent those people and make sure it doesn't happen.

The CHAIRMAN. Anything else anybody wants to bring up, or thoughts?

Yes, sir.

Mr. COLE. My name is Richard Cole, and I've been an educator for about 50 years. And I think parents, teachers, counselors, administrators are misguided when they think everyone should go to college. I'm guessing that 30 percent approximately should not, could not, and it's a waste of time and money. And until we change that somehow and get more credibility to being a plumber and making a lot of money or a welder and making a decent living and so on, we've got too many kids that have gone to college, gotten a degree, they're sitting home in their parents' basement at 23, 24, 25 years old playing with their Nintendo, and I think that's a waste of our human resources.

Somehow we've got to get those people to appreciate welding and CNC machining. I'm afraid that in the next 5 to 10 years, competing with China, competing with whatever, we're not going to have a labor force that can fill those jobs that are available. We should get our middle class back.

The CHAIRMAN. I just saw here or learned here that you have high school students that come here, right? Can you talk about that?

Mr. ALLBEE. We do. Within this facility, students come from area high schools for concurrent enrollment, receive both high school and college credit for that, especially in machining and welding within this facility.

The CHAIRMAN. But they can learn the technology here.

Mr. ALLBEE. Absolutely, yes, and Mr. Cole has been a part of that effort before. He has taught some for us.

But again, it goes back to that we have to convince both parents and young people that careers in manufacturing are good, viable careers, that there's new technology. Those jobs don't necessarily look like they used to. And again, I understand why people are skeptical about it as a result of job loss and plant closings. I get that. It's going to be a challenge to convince folks that it's a viable career for them.

The CHAIRMAN. I think we have to do a better job at that. That's why we're trying to get our Workforce Investment Act through, too.

Yes, back here.

Ms. STEAVENSON. Hi. My name is Karoline Steavenson. My question is, is there any discussion in Congress on increasing the Federal loan agreements? Because I believe right now the loan limits per semester are approximately between \$6,000 and \$7,000. But with tuition increasing and the cost-of-living increasing, especially

in certain areas of the country like California, \$6,000 or \$7,000 a semester, at many universities that won't even cover your tuition.

And if you want to go to graduate school, I too would like to go to graduate school like you did, but I looked into Federal loans for graduate school, and I believe the maximum for that is between \$20,000 and \$24,000 a year. So depending on where you go to school, you've got your tuition, your cost-of-living, you really cannot finance your education unless you also are fortunate enough to get a job while you're going to graduate school. And, of course, that just drags out that whole process because it's very hard to go to school full-time and work full-time at the same time.

I know this because to get my first Bachelor's degree, I was raising kids, working part-time and going to school full-time. I got my second Bachelor's degree to change careers and was working part-time and still had one child at home and going to college full-time. Now I am also just drowning in student loan debt.

So I want to know, it doesn't seem practical since your report pointed out that wages have gone down but all the other cost-of-living indicators have just increased dramatically, why doesn't Congress sit down and have a serious discussion and say is \$6,000 maximum in Federal student loans, is that really enough? Don't people need more?

The CHAIRMAN. Well, yes, but here's a little bit of the dilemma, and I think President Obama is onto something here. After he made that statement in the State of the Union, I asked my staff, I said go back and find out for me what was in-state tuition for me when I entered Iowa State University in 1958, what is it today, and what would it be today if it just had followed inflation? I don't have it in front of me, but this is close.

When I entered Iowa State in 1958, the in-state tuition was \$231. If you factored in inflation since that time, it would be \$1,700 and some-odd dollars. Yet the in-State tuition at Iowa State is \$8,200, 400 percent more than the rate of inflation.

This is a dilemma. I mean, do we just keep raising Pell grants? More and more people need Pell grants because they're unemployed and their family incomes are low. They need the Pell grants and the loan program. Again, when I borrowed money when I went to school, I borrowed it at 1 percent. That was the old Eisenhower program.

Representative LOEBSACK. It was 3 by the time I went to college. [Laughter.]

The CHAIRMAN. It was the Eisenhower National Defense Education Act.

Representative LOEBSACK. That's exactly what it was, and it became National Direct Student Loan.

The CHAIRMAN. And then we had a great thing, no interest. I had no interest charges all the time I was in school. I entered the military for 5 years, no interest charges all the time I was in the military. I get out of the military, I go to law school. Now I've got the GI bill. No interest charges all the time I was in law school.

I want to thank all you taxpayers for my education, by the way. Thank you very much.

And then I had a year's grace period before the interest even started running. Nine or ten years where there were no interest

charges. Even though I had a debt, I didn't feel it was over-burden-some. Now I had a couple of degrees under my belt.

Somehow we hear this all the time, about the need to raise the level of the student loans, but does that just translate into schools raising tuition and raising tuition and raising tuition? I think we need to take a strong look at what's happening to tuition.

Representative LOEBSACK. Yes, I would agree with the Senator. I taught at Cornell College for 24 years myself, and I suppose my bias, without looking at it statistically, would be that I don't buy into the argument that just because we increase student loans or Pell grants, or whatever, that colleges take advantage of that and automatically increase their tuition commensurate with all that, or even more.

But we have to look at that. That's one of the arguments that's made, and that's what the Senator is getting at. But we've got to look at that, there's no doubt about it. And I know the President talked today or yesterday, I think at the University of Michigan, urging schools to keep their costs in line, but it's not that easy.

I mean, this is a very, very difficult issue, and being on the Education and Workforce Committee, I was one of those who worked hard to increase the loan amounts, to decrease the interest rates on these direct student loans, and what's going to happen if we don't do something? Are those going to go back to higher interest rates next year, and we've got to do something to deal with that, because right now that's automatically going to happen. We provided some relief for a short amount of time for students who are taking those loans out.

But we can't let, I would argue, a sort of a shock effect to happen here where it automatically goes up to double or wherever it's going to go if we don't take some action. But there is a bigger issue. I think we have to have—again, the last thing people want is Congress to take time to study something forever again. But I think we have to do that to make sure that we're having the right mix of policies, if you will, to make it more affordable—that's the bottom line—for people to go to college.

The CHAIRMAN. My staff just sent me a couple of notes. One, I forgot to mention this, that we did, Congress did change the student loan program to make it a direct student loan program.

Representative LOEBSACK. That's right, that's right.

The CHAIRMAN. So what we used to give to banks to process it and stuff now goes directly back to students.

The second thing, Mr. Cole, your thing is that the Perkins Act, which supports career and technical education programs, expires next year. And so again, that comes under our jurisdiction. Again, I need information, what do we need to do to get the Perkins Act looking ahead and what we need to do with that.

Mayor Gluba.

Mayor GLUBA. Senator, thank you for bringing this hearing here today. Having known you for 40 years and your personal situation, you came out of a difficult family situation and worked your way through, served as a veteran, got the GI bill, got elected to Congress, worked your way up to where you've become heir to one of the most powerful committees in the U.S. Senate. Senator Kennedy used to chair this.

I know your heart is in the right place. I know the ADA, the Americans with Disabilities Act, you passed on your own, put that through because of your brother's death. I mean, you've got the right heart and gut feeling to do what's right.

I guess my suggestion on this student loan, I'm kind of an expert in the sense that when I went through college, St. Ambrose was \$800 a year. We worked on Interstate 80 out here in 1957 when I was 18.

The CHAIRMAN. So did I.

Mayor GLUBA. Paved the thing, made that money, worked 7, 8, or 10 weeks to pay my way through college.

The CHAIRMAN. Oh, it was great, it was great.

Mayor GLUBA. And then we have five kids, five children, four graduates from the University of Iowa. But the first two or three 20 years ago didn't cost that much. You could do it with some student loans and some work study, et cetera. But the last two, they raised for Dan and Kevin a 17 percent increase 1 year under our Governor, 19 percent the next year, and it's been going up constantly.

I think the damage has been done, Senator and Congressman Loeb sack. I think it's a shame. It's just disgraceful what we as a generation have forced our kids essentially to—we told them how important it was, you've got to get an education, and you do, to compete in the world today, and we pushed them to get an education. They went out and they borrowed money. The parents co-signed forms because they didn't have it, didn't make the money, wages have been declining.

And now, to give you a hard-core example, one of them is \$147,000 in debt, and I'm on the hook for that, and I've pretty much hit the end of my days. I'm retiring. And his payments will be about \$1,800 a month. He's making \$11 an hour because there are no jobs in the field of industrial design. That's one of them.

The other one is sitting on \$100,000 student loan debt, makes \$69,000 a year. That sounds like a lot. Works in Washington. But half, \$2,400 a month, he and his buddy pay for rent. Your workers here are about the same. The other half goes to student loan debt. He still doesn't have enough to cover it.

So what I suggest to the President and I suggest again today is something like this. I mean, we paid a generation to go to school. You just pointed that out. I remember growing up, we had Quonset huts at St. Ambrose and University of Iowa.

The CHAIRMAN. And I was—

Mayor GLUBA. We paid the greatest generation to go to school, those from 1945 on, and that became the greatest generation, the scientists, the technicians, the engineers, the doctors, the lawyers, and this country's growth exploded between 1945 and about 1977.

Today my suggestion is something like this. My kids are taking money the best they can and paying off banks. Banks are sitting on it, and they have \$1.5 trillion.

The CHAIRMAN. A trillion dollars, that's right.

Mayor GLUBA. Isn't that right? Cash in our banks, and they're taking money from kids who are paid \$11 an hour and wanting more, sending bill collectors after them, who would normally be buying a house or a car or starting a family, can't afford to do that.

So the plan is this, something like this, Senator. I suggest a third should be written off, right off the board, right off the top. The banks take the hit on that. Student loan debt is now higher than credit card debt.

The CHAIRMAN. It's true.

Mayor GLUBA. It's a trillion dollars.

The CHAIRMAN. That's very true.

Mayor GLUBA. Plus credit card debt, and the credit card companies didn't get paid. They took a hit. The banks took a hit on the house payments not getting paid. So write off a third. Let them take the hit. They've got so much interest and fat, they don't need it. Give the kids the requirement, young people, and these are past and present, not just the ones that are coming, that a third of their debt could be forgiven by them volunteering their time for non-profit organizations or cities or counties or States, Big Brothers, Big Sisters, United Way, all kinds of things.

The CHAIRMAN. Vista.

Mayor GLUBA. I don't know, maybe 10 years they could volunteer, whatever it takes. And then pay the other third off over a 30-year period at either no or next-to-nothing interest rate. Then you'll see these kids putting money into the economy, because we don't have the demand. When you don't have the demand, you don't have jobs. They don't have money, and the banks don't.

Something like that, Senator, is my advice, and I know you'll do what you can.

The CHAIRMAN. Well, Mayor, thank you very much for your kind words. We've been friends for 40-some years now, and we both come from the same background.

Back in the 1980s when we had the farm crisis, and I was on the Agriculture Committee, as you know, farmers were committing suicide, they were losing things, and so we passed legislation in the 1980s. President Reagan was president then. The Senate was Republican. I had just come to the Senate, and then the House was Democratic. So it was bipartisan.

We passed legislation to do basically what you said what we did to farmers. We took a lot of their debt. Some of it we just wrote off. The Federal Government subsidized that write-off. And then we took the rest of it and we refinanced it over a long period of time and gave them a reduced interest rate, and that saved farmers all over this country, and they paid the money back. We knew that the economy, in the Agriculture Committee, the economy was going to come back. It took some time, but why should we weed everybody out during a slump?

I think you're onto something there. We've done things like this before to certain segments of society, and if we're going to give these young people any kind of breathing room, we're going to have to do something like that.

Mayor GLUBA. We're eating our young, Senator. We're just eating our young. I talked to you, and you've got Cordray, Richard Cordray, and he said that phrase. He said, you know, "We're eating our young," and he's absolutely right. He's head of the financial bureaucracy now, and he could come down and put the hammer on these banks, and they won't hurt a bit. They'll go right on. They make so much money now on all kinds of scams.

Really, something like that needs to be done, and it needs to be done now, for past kids. I'm talking about for people 35 years old. They've been pouring money into the banks. If they could buy a better car, they could help their kids through school, they could set some money aside for retirement. But there's no way.

The CHAIRMAN. And they're stuck with high interest rates. I don't know what your kids' interest rates are, but I'll bet they're over 5 or 6 percent.

Mayor GLUBA. Six, seven, eight. I give up. They just can't pay them anyway. They don't make enough money. Now they come after the parents. They're mean. They're tough. The parents, I've talked to a lot of them. They're helping their kids in many ways today, but forget about pensions and retirements. There's none of that in the future.

The CHAIRMAN. I don't know how many people know this, Bill, but in 2005 Congress passed legislation that did a couple of things. But one of the things it did—it was a bankruptcy reform bill. One of the things that was slipped in there was that student loans are not dischargeable in bankruptcy. You can discharge a car loan, a house loan, a personal loan, credit card debt. Any debt you've got you can discharge in bankruptcy because of our bankruptcy law, except for student loans. So once you get a student loan, it's around your neck forever. They can dun you anytime. They can even take away your Social Security money.

Mayor GLUBA. Oh, gee.

The CHAIRMAN. I hate to tell you that. That's why we've got to do something about this student loan. You're right, it's bigger than credit card debt now, and it's going up.

Can I say something else? Can I walk on thin ice? I'm getting old enough I can do that. I wonder how many kids who get over the age of 18 who are now emancipated take out student loans for lifestyle, for lifestyle?

I remember, I shouldn't tell these stories, but when my wife and I returned to Ames—this was years ago—we both finished law school, we were starting our careers, we bought a small house. Actually, we rented. Then we bought a house right off the campus of Iowa State.

So we're both working, and we decide to go out on a Saturday night to Aunt Maude's to have dinner.

Representative LOEBSACK. Oh, my gosh.

The CHAIRMAN. Aunt Maude's. Do you remember Aunt Maude's?

Representative LOEBSACK. Yes, I do. It was wonderful.

The CHAIRMAN. As a student, I would never have thought about going there. I mean, you can go out and buy a hamburger, but you don't go to Aunt Maude's.

Representative LOEBSACK. Wonderful steaks.

The CHAIRMAN. Oh, yes. This is high class.

You go there and it's loaded with students. That's the first thing I started thinking about. When I went to Iowa State, I didn't have a car. I had one sport jacket that my neighbor gave me. That was all I had. And we lived in the basement. Three of us lived in a basement, cooked on a little electric skillet. We didn't have anything.

But, gosh, I go to these campuses now, students got new cars, they got great clothes, they go on spring breaks, they have flat-screen TVs, they've got the latest in iPads and iPods and this and that.

When I went to college—I know I'm on thin ice here, but when I went to college, a lot of us of our generation went to college, a lot of our classmates that I graduated from high school with went into the workforce. And I remember one time, one of my classmates from Dowling High School came up to Iowa State, had a new car, was making good money, had a girlfriend, and they were making good money because they were working at Firestone or John Deere or places like that, and they were 19 years old, 20, and they were making good money, and they had a good career ahead of them, and they did, they did have a good career; the idea being that, well, we were willing to give that up for a few years, knowing that if we went to school and learned and stuff, that later on we would make more money. The idea was that we would have to sacrifice. They had a good life then, but we didn't. And so that was sort of the bargain.

I'm just wondering now if a lot of kids who go to college think that, well, I want to have a good lifestyle and I want to have all the accoutrements of life and all this kind of stuff, and I'll borrow the money to do it, and they get in the hole, because borrowing that money is so easy, so easy, especially if they're, as I say, they're over 18, they're emancipated, they're not part of their parents. They go out and do that, and I've just run into so many of them that now wish they hadn't done that.

That's just some thoughts I have about whether students are really looking seriously at why they're borrowing that money and what they're doing with it. Maybe they shouldn't. Maybe they should cut back their lifestyle a little bit on that. Maybe I'm just an old parent, that's all, grandparent now I should say.

Mr. MOHR. Thank you and Congressman Loeb sack for being here today. I have something I would like you to consider regarding Pell grants.

The CHAIRMAN. Yes, sir.

Mr. MOHR. As you know, Pell grants are available to our lower income students. One of the issues is whether or not Congress should increase the Pell grant.

The CHAIRMAN. Yes.

Mr. MOHR. Coming from a community college, I'm hearing more here at Eastern Iowa Community Colleges. A couple of years ago or last year, Congress, in order to save money, did away with the Summer Pell.

The CHAIRMAN. That's right.

Mr. MOHR. And now the consideration is should we raise the Pell. And I'm speaking to you as a representative of a community college. We would much rather see you reinstate Summer Pell and keep the Pell at the current level, and I'll give you a reason why.

The existing level of Pell will pretty much pay for community college tuition. It may not pay for private schools, universities, but it does pay for community college tuition.

But, by doing away with Summer Pell and saving money, which was Congress' intent, we have a whole lot of people who are unem-

ployed who would come out here to this Blong Center. They can't wait until fall. They want to come to school. As Bob mentioned, we start classes every 8 weeks. Well, if you're unemployed, if you're Mr. Fox's mother and you need to get retrained to go back to school, now you can't come here in the summer because you can't get Summer Pell. You have to wait for the fall. And if you're unemployed, that's very difficult to do.

And so I would urge you to consider—

The CHAIRMAN. I take that to heart.

Mr. MOHR [continuing]. Re-instating Summer Pell than keep the maximum Pell—use the dollars for—

The CHAIRMAN. Well, that's good to hear that because the other thing that I haven't looked at—I hadn't thought about this aspect of it, but we heard from the nursing profession, and we know how many nurses we're going to need in the future. And yet they rely on that Summer Pell because of the way they go to school in nursing school. So, yes, this is something that we're going to have to look at.

Representative LOEBSACK. Thanks, Gary, for that question. As you know, that year-round Pell grant program was my program. I'm the person who introduced that in the first place and got it through, and I introduced it because of testimonials from nursing students, from folks who lost their job, came back, took community college or a certificate program and had to go year round by virtue of the nature of the program, you know? And they needed that, there's no doubt about it.

The Administration proposed it be cut. It was cut. They supposedly are saving \$5 billion over the next several years. I think it was the wrong thing to do. I think it was simply the wrong thing to do. I think it has put a lot of people out there in a situation where it's very difficult for them to get a nursing degree or whatever. My daughter got a nursing degree at Kirkwood Community College, and I heard from her and I heard from a lot of folks as I traveled around the district when I first got elected. That's why I offered that program in the first place.

Now, whether the bargain or the deal would be we don't increase other Pell grants, I don't know, but I would certainly like to see it reinstated. I'm not optimistic at this point, but I think it makes perfect sense. I think it's the way to go. It would help lots and lots of people. It did and it would. Thanks.

The CHAIRMAN. I'll tell you, you won't find two stronger supporters of the Pell grants than the two people sitting here, because that goes to kids that really need it, really need it.

I'm going to ask our panel, through all of this I never asked if you had any other things you wanted to offer here or thoughts that might have come up during the conversations here at all, if there's anything that comes to mind at all on that?

Mr. FOX. To answer your question, it's 6.25 percent is what your current interest rate is, 6.25. That's what my graduate loans are at. I was lucky and I was able to refinance my undergraduate loans at, like, 3.2 or 3.5.

The CHAIRMAN. I'm trying to find out, Mr. Fox, why that is so. Right now, the Fed's interest rates are close to zero, if I'm not mistaken.

Mayor GLUBA. They get money free from the Federal Reserve Board. They're sticking my kids with 6.5 percent.

The CHAIRMAN. Why? I mean, usually we always think of the government service on money as being 1 percent. Maybe it's 2 percent, but it's certainly not over that. Maybe 1 to 2 percent. So why, if they can get money from the Fed at zero, why are they charging 6 percent?

Mayor GLUBA. Greedy.

Mr. FOX. All of mine are direct loans. My understanding was that because when I read through all, after watching the housing market tumble, I got pretty diligent on reading any contract I was signing, and I got the impression that it was because, A, the legislation says, all right, for this amount of timeframe, this is what the interest rate is regardless of what the real interest rate is.

Representative LOEBSACK. That's right, that's exactly right.

The CHAIRMAN. Mr. McGill, we didn't followup too much on the issue of unionization. This committee has had a number of hearings on that as it relates to the middle class. You had a chart in your testimony, I believe, that we have seen before which shows the decline of union memberships and the decline of the middle class just tracking very closely.

The National Labor Relations Act, as I said, in 1938 made it a policy of this country to encourage collective bargaining. That's still the law, by the way, to encourage collective bargaining.

I don't know why we have turned so vociferously on unions in this country, and workers' rights to organize and bargain collectively. It seems it's just a fundamental right that people should have, and they shouldn't be punished for it. It was organized labor that went out there and fought and bled and got beat up and all kinds of things to secure better wages, hours, and conditions of employment. And it seems to me we do a disservice if we don't support the right of people to organize and to have a vote, to be able to organize and bargain collectively.

People ought to have the right to join a union or not join a union. But if people vote to have a union, should there be free riders? I believe you suggested a piece of legislation here in the State of Iowa that says that, OK—how was that? That everybody pays taxes but—explain that.

Mr. MCGILL. You can enjoy all the benefits of every other resident of the State of Iowa, just pay State taxes if you want to, voluntary.

The CHAIRMAN. In other words, you can enjoy fire protection, police protection, roads, everything else, but you don't have to pay taxes unless you want to.

Mr. MCGILL. Right, only pay them if you want to, just like in work environments in the State of Iowa where there's a right-to-work law that says that everyone gets the benefits that are negotiated by the union, provided by the union, including grievance and arbitration process, but you don't have to pay union dues. I don't get to go to any country club I want to without paying.

The CHAIRMAN. Right. It just seems to me to make common sense.

Mr. MCGILL. Yes, in a way. And I did want to followup on one thing, and that was some of the things that we do for communities.

One of the things my union did, the Steelworkers, we filed a suit on the Chinese dumping of tires, and it did prompt the President to sign a tariff. So there are tariffs that were imposed, and there are people that work at one of our represented locations, Cooper Tire, who I believe have a job today that wouldn't have if we didn't stop or slow the import of substandard tires from China. We did take that battle on, and it was—

The CHAIRMAN. As I said to you earlier, the United Steelworkers has a very enlightened leader, a guy by the name of Leo Gerard, who is just enlightened and very aggressive on these kinds of issues, and sees the bigger picture of what happens to the country.

Any last thing before I gavel the committee?

Yes, ma'am.

Ms. COOGAN. Senator Harkin, my name is Janet Coogan. I am Dean of Career and Technical Education at Scott Community College, and I would like to speak today in favor of State funds in support of career and technical education in partnerships with local industry.

We've been fortunate enough to have ACE grants in the past several years at Eastern Iowa Community College district that support our partnerships with industry, and most recently I would like to share a positive project with you.

We've recently partnered with Genesis Health Center, where the director of surgery approached me and wanted me to investigate and to work collaboratively with them with a surgical technology program to train surgical techs. And along with Mark Capper and our Eastern Iowa Community College district, we did apply for an ACE grant through the State of Iowa, and we're very fortunate in receiving that \$366,000 to create new infrastructure and renovate one of our classrooms into an actual operating room lab.

Genesis Medical Center donated their operating room lights, a \$30,000 piece of equipment, to equip our lab, as well as donated a clinical instructor for us and opened up their labs so that our students could participate in clinicals in their surgical operating room while our lab was being constructed.

And because of that ACE funding through the State of Iowa, we are fortunate now in having a very successful program where we now have a 3-year waiting list of students who want to get trained in our program, and so far our students have all been employed in our local economy.

The CHAIRMAN. Great.

Ms. COOGAN. That's just an example of the great news about those State funds, and I would really suggest that those continue.

The CHAIRMAN. That's a good optimistic note. Thank you.

Amanda Greubel is here. Amanda, you came down. Amanda came in to testify and just blew everyone away. It was just fantastic testimony. And as I said, I didn't see this but I heard that she was on Bill Moyers. He featured her on a segment that he did a couple of weeks ago.

Do you have anything to add to all of this at all, Amanda, or not? Since you kind of started a lot of this.

Ms. GREUBEL. I'm completely with Mayor Gluba. I think I hear a lot of talk about what can we do for students who are coming into college. Those of us who have been out a little while and are at the

point of having young children and having a lot of those expenses, we're really struggling with student loan debt. I would say anything that could be done to relieve some of that burden on those of us in our late 20s and 30s and all of that, that would really be a huge help.

My husband and I talked several times about, if we didn't have this student loan debt, what would we be doing, and would we be able to save for our kids' college, would we be able to put more into retirement, would we be able to do those things that we know we need to do for our future and our family's future.

I was sitting back here wanting to applaud and jump up and down.

The CHAIRMAN. I now know Amanda well enough, her background, to know that she did not borrow money for lifestyle. She borrowed it just to go to school.

Ms. GREUBEL. I worked two jobs while I was going through college.

The CHAIRMAN. That's right. Absolutely.

Ms. GREUBEL. But I'd say the other question I had was I've had a lot of people since June ask me do you think your testimony did any good, and all I could say was I know that I heard from a lot of people saying thank you for your words and thank you for coming out so strongly, but I didn't know what to tell them as far as if it did any good. I guess that's my question for you.

The CHAIRMAN. Yes, it does good. I mean, it's like building blocks. One block here and another, and we're building, I think, hopefully we're building a legislative agenda here that will start to take root, start to build things up here in the next couple of years. These things do take some time. But believe me, you've added significantly to people's perception of what is happening out there in the world, and there's a lot of people who feel that they don't have the ability to say things well or to be eloquent, so they look to someone like you to speak eloquently for them, and you did so very well.

With that, the committee will stand adjourned, subject to the call of the chair. Thank you very much.

[Whereupon, at 3:06 p.m., the hearing was adjourned.]