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MISSING FROM THE LABOR FORCE: EXAMINING DECLINING EMPLOYMENT AMONG WORKING-AGE MEN

HEARING

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

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MISSING FROM THE LABOR FORCE: EXAMINING DECLINING EMPLOYMENT AMONG WORKING-AGE MEN

WEDNESDAY, SEPTEMBER 6, 2017

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to call, at 2:00 p.m., in Room 1100, Longworth House Office Building, Hon. Adrian Smith [chairman of the subcommittee] presiding.

[The Advisory announcing the hearing follows:]

WAYS AND MEANS
CHAIRMAN KEVIN BRADY

Chairman Smith Announces Human Resources Subcommittee Hearing Titled "Missing from the Labor Force: Examining Declining Employment among Working-Age Men"

House Ways and Means Human Resources Subcommittee Chairman Adrian Smith (R-NE) announced today that the Subcommittee will hold a hearing titled "Missing from the Labor Force: Examining Declining Employment among Working-Age Men" on **Wednesday, September 6, at 2:00 PM in 1100 Longworth House Office Building**. This hearing will examine the steady decline of men participating in the labor force and the impact it has on our society, the economy, and individual and family well-being.

In view of the limited time to hear witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, http://waysandmeans.house.gov, select "Hearings." Select the hearing for which you would like to make a submission, and click on the link entitled, "Click here to provide a submission for the record." Once you have followed the online instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Wednesday, September 20, 2017**. For questions, or if you encounter technical problems, please call (202) 225-3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any materials submitted for the printed record, and any written

comments in response to a request for written comments must conform to the guidelines listed below. Any submission not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

All submissions and supplementary materials must be submitted in a single document via email, provided in Word format and must not exceed a total of 10 pages. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. The name, company, address, telephone, and fax numbers of each witness must be included in the body of the email. Please exclude any personal identifiable information in the attached submission.

Failure to follow the formatting requirements may result in the exclusion of a submission. All submissions for the record are final.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days' notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available at http://www.waysandmeans.house.gov/

Chairman SMITH. The subcommittee will come to order.

Good afternoon and welcome to today's hearing entitled "Missing from the Labor Force: Examining Declining Employment Among Working-Age Men." I know this is a priority topic for the ranking member, Mr. Davis, and I appreciate his work on this issue.

For decades, the focus of most of our government assistance programs have been mothers and children living in poverty. In these attempts to help single mothers with children we have left out a key figure in the family—the father. Today, there are more than 7 million working-age men in America who are not working or looking for work. Unfortunately, this is not a new phenomenon.

The large number of men not in the labor force is a trend which has been growing for the past 50 years. In 1967, 96 percent of men were working or looking for a job. Today, it is only 88 percent. And it is even worse for those men without a high school diploma. An alarming 83 percent, or one in six men, are out of work. While unemployment rates have been up and down over the past 5 decades, inactivity among working-age men, ages 25 to 54, has only risen.

As Derek Thompson noted in The Atlantic in late 2014, inactivity among men grew during the Carter, Reagan, Clinton, and both Bush Administrations. It grew during the dot-com boom and during the Great Recession. And most concerning, inactivity among working-age men has grown more since the end of the Great Recession than it did during the Great Recession itself.

This steady decline is most troubling because so few people seem to be discussing it. There hasn't been great outrage or debate; it's barely even been a topic of discussion. Yet, it has a profound impact on our society, the economy, and the individual and family well-being.

The U.S. ranks second to last in male labor force participation when it comes to other OECD nations, ahead of only Italy. American men who are not in the labor force report spending less than 1 hour a day working or looking for work. And it is not as if they are all of a sudden becoming the primary caretakers at home. They are less likely than working men to be caring for household members, such as children or aging parents.

With a 4.4 percent unemployment rate, combined with more than 6.2 million job openings—a historically high level as we continue to grow the economy—now is the time to engage these men and get them back in the workforce, for the benefit of themselves as well as their families.

The economy is not the only major concern. This lack of work also has growing impacts on family structure and our society. Today, there are roughly 11 million fathers who do not live with their children in the United States. Close to 25 percent of them have no earnings and, therefore, are unable to support and care for their children. There are more than 600,000 sentenced prisoners nationwide released from prison each year, many struggling to find work and frequently end up offending again, costing taxpayers and hurting communities. And there are more than 12 million adults who are able to work yet are receiving food stamps with no reported earnings, up from just 4 million in 2000, highlighting the growing dependency on our public benefit programs.

In terms of child support alone, which this subcommittee has jurisdiction over, we should consider looking at ways to better connect non-working fathers to our already existing workforce development system, and provide them with on-the-job training and apprenticeships when available. We also should be looking to make sure all of our benefit programs coordinate with the child support system so families are getting the help they need from the start.

While there is no single cause of the declining work among men, there are a number of contributing factors: a lack of training and credential completion, the rising prevalence of criminal records, higher usage of opioids and a growing dependency on public benefit programs. We know these men. They are our fathers and our sons, our uncles and nephews, and families all across this nation depend on them every day.

I am most excited to hear from Mr. Tyrone Ferrens, who has turned his life around after a time of turmoil and is now working as an electrician at TEI Electrical Solutions. He began this work after attending an employer-led workforce development program known as Project JumpStart. I am grateful to him for sharing his story and helping our subcommittee gain a better picture of the issue at hand.

Over this past year, the subcommittee has emphasized hearing from individuals with real, first-hand experience with the issues we are grappling with and attempting to reform day in and day out,

and I am glad Mr. Ferrens is here to give us his perspective today. We have a lot to learn, and I am looking forward to diving in.

And with that, I recognize Ranking Member Davis for his opening statement.

Mr. DAVIS. Thank you, Mr. Chairman, and I want to thank you for holding this hearing about the continuing decline in working-age men in the labor force.

My heart breaks for the people in Texas and Louisiana struggling to recover from Hurricane Harvey, and I look forward to working with you on ways our subcommittee can help in the recovery as well.

Although the decline of men in the labor force is partly due to demographic factors such as age and health, I see every day the structure barriers to work that face low-income men in Chicago, especially African American men.

In Chicago, the unemployment rate for African American men was 21.7 percent in 2015, more than triple the national average. In 2014, nearly half of African American men between the age of 20 and 24 in Chicago were disconnected from both school and work. The educational opportunity gap is startling in both urban and rural areas. In fact, we are hosting a large event in Chicago this weekend to focus in part about ways to overcome the structure barriers facing African American men.

These men desperately want to work, but they face multiple barriers, like low levels of education and basic skills, health and substance abuse problems, and mental health challenges, by exposure to violence and trauma. Barriers that make work challenging and sometimes impossible.

Many men also make mistakes and have made mistakes in the past often due to addiction, and they paid for those mistakes, but when they return to their communities after incarceration, determined to do better, they encounter tremendous obstacles to employment. These men need a fair shot, not a scarlet letter.

This hearing presents a chance for us to look for ways to help hardworking men and women climb the economic ladder and find good paying jobs to support themselves and their families. The most powerful incentive to work is the opportunity to get a good job. The most effective work requirement is access to a job that lifts the worker and his or her family out of poverty. Good paying jobs break the cycle of poverty and recidivism, lifting communities and the overall economy.

To promote economic opportunity we can strengthen access to education and training to ensure workers have the skills needed to secure good jobs and that they have the right skills to work in the changing economy. To promote economic opportunity we can help fathers address the obstacles in their paths.

The Affordable Care Act increased access to healthcare that parents need to address mental, physical, and addiction health issues that can prevent work, and that is a good start. Newly revised rules for child support enforcement increase fathers' ability to provide financially for their children, but we could do far more to help those fathers work.

Our Federal fatherhood programs help fathers play positive roles in their families. But these grants reach only a small share of those

who need them, and they should also enhance availability of job training. Further, we need to enact the Family First Prevention Services Act, which would allow us to address family substance abuse challenges and support family members who step up to help, instead of waiting until the only alternative is foster care.

If we shift our policies to address the structure barriers and expand opportunities to supporting these individuals, families, and communities, we can help these men climb the ladder and secure meaningful career pathways to better support their kids and families.

I look forward to working together to tackle these structure barriers and promote economic opportunities. I thank you again, Mr. Chairman, for holding this hearing, and I yield back.

Chairman SMITH. Thank you to our ranking member. I appreciate your statement.

I would like to welcome our witnesses to the table. First, we have Mr. Brent Orrell, Vice President for Family and Economic Stability at ICF International. Second, we have

Mr. Mike Henderson, President and CEO of the Associated Builders and Contractors of Baltimore. Then we have Mr. Tyrone Ferrens, as we referenced earlier, a recent graduate of Project JumpStart. And finally, we have Mr. Anthony Lowery, Director of Policy and Advocacy at the Safer Foundation.

Witnesses are reminded to limit their oral statements to 5 minutes. All of your written statements will be included in the record. You will see the light indicator for a green, yellow, and red. Fairly obvious. When you see that yellow light, you might look to bring the flight in for a safe landing.

So we will begin with Mr. Orrell. You can begin when you are ready.

STATEMENT OF BRENT ORRELL, VICE PRESIDENT, FAMILY AND ECONOMIC STABILITY, ICF INTERNATIONAL, INC.

Mr. ORRELL. Thank you, Mr. Chairman and Ranking Member Davis, for inviting me here today. I am here to discuss a report that I co-authored with Dr. Harry Holzer at Georgetown University and Robert Doar of the American Enterprise Institute on "Getting Men Back to Work: Solutions from the Right and Left." I want to thank the Chairman and the Ranking Member for the excellent summary and introduction as to the problem at hand. I am going to skip over another explanation of the problem and instead talk about solutions to this problem.

If we want to reverse this downward spiral that we are facing, in terms of availability and willingness to participate in jobs, we need to look at three key areas, and I would like to highlight those. First of all, building skills among men seeking work, incentivizing job creation, and then focusing on special populations.

To improve employment and wages among not-in-labor-force males, it is vital to enhance skills in the form of postsecondary credentials—including certifications and associate degrees—using research validated sector-based strategies that focus on high-growth, high-wage occupations. This will require regionally focused, data driven employment programs that align training with high-growth industries and occupations. Congress should provide guidance to

the Departments of Education and Labor to expand sector-based strategies in secondary, postsecondary, technical training programs, and apprenticeships, as well as consider new strategies to apply these specifically to out-of-workforce males.

Second, Congress should review laws governing existing public development finance instruments to expand employment opportunities for disengaged workers through the use of community benefit agreements, or CBAs. ICF has been working with Sagamore Associates in Baltimore, Maryland to leverage a CBA associated with the passage of a recent $525 million tax increment financing package to create a robust project-specific workforce development initiative.

Sagamore has committed to setting aside for Baltimore residents 30 percent of the estimated 40,000 jobs this project will generate, and this commitment is backed by $40 million in developer-funded workforce development activities to find, train, and place Baltimore residents in construction and follow-on jobs.

Third, we need to focus on special populations. Large numbers of men come into contact with government agencies through child support enforcement and the corrections and criminal justice system. Congress should take steps to strengthen workforce development aspects of both of these programs. In child support, we endorsed continued Federal and State efforts to right size child support orders and to develop debt forgiveness strategies that will encourage work rather than penalize it. We also believe more needs to be done to improve employment opportunities for noncustodial parents through innovative strategies like NCP Choices in Texas that combine a clear work, pay, play, or pay the consequences option with enhanced workforce development services. We also recommend that Congress increase incentives to States to pay for these enhanced services by strengthening the Federal child support match for employment-related services.

Finally, for incarcerated populations and those who have recently returned from prison, we have a key opportunity to increase engagement of men in work. Through the U.S. Department of Labor, Congress has invested in pre- and post-release programs that pave the way for post-incarceration employment. These projects focus on connecting returning citizens to faith and community-based groups that help manage reentry and connect clients to training and employment.

A recent study funded by the Ford Foundation found that the highest performing of these DOL grants had a number of common attributes: they all worked closely with the criminal justice system, they all created tailored reemployment plans, and they all focused on helping clients gain industry-recognized credentials to boost post-release employment.

The Council of State Governments is doing groundbreaking work in aligning recidivism risk assessments with market-driven employability assessments in Milwaukee, Wisconsin, and I highly recommend taking a close look at that. These and other successful strategies should be sustained, evaluated, refined, and then replicated.

Thank you.

[The prepared statement of Mr. Orrell follows:]

TESTIMONY OF BRENT R. ORRELL

Vice President, ICF, Incorporated

Fairfax, Virginia

HOUSE WAYS AND MEANS SUBCOMMITTEE ON HUMAN RESOURCES

SEPTEMBER 6, 2017

Chairman Smith, Ranking Member Davis and members of the subcommittee, it is an honor to be with you today at this very important hearing on the problem of declining workforce participation among men. Today, I have been asked to provide the subcommittee with a brief overview of a report, **Getting Men Back to Work: Solutions from the Right and Left**, which I co-authored with Dr. Harry Holzer of Georgetown University and Robert Doar of the American Enterprise Institute. Our report analyzed the nature of the male unemployment problem and provides a menu of options, endorsed by all of us, that federal and state governments could adopt to address it. My views are my own and do not necessarily reflect those of my employer, ICF Incorporated.

Economists and policy analysts across the political spectrum agree that employment among prime working age men, ages 25 to 54, has reached crisis lows. In 1967, 96 percent of men in this age group worked; today that figure has dropped to 88 percent.[1] Among those with a high school degree or less, only 83 percent are working. This means that at least 7 million prime working age men are out of the labor force creating a double burden of untapped economic potential and higher social welfare costs associated with chronic unemployment. Most importantly, unemployment among these men has been connected to a range of social pathologies – drug and alcohol addiction and rising levels of suicide – that demand our attention due to the toll they exact on spouses, partners, children, communities, and, not least, the unemployed men themselves.

American Enterprise Institute economist, Nicholas Eberstadt, in his 2016 book *Men Without Work*, provided a startling picture of how work-disengaged men spend their time. On average, an employed man in the U.S. works 8.4 hours a day. By contrast, a not-in-labor-force, or NILF, male spends just 43 minutes a day working or looking for work and almost 8 hours per day on "socializing, relaxing and leisure."[2] Depending on which programs are taken into account, somewhere between 40 and 63 percent of these men live in households that are receiving public benefits even if they are not direct beneficiaries raising the question of whether many should be considered secondary welfare recipients.

The personal and social consequences of idleness and dependency are well documented. While mid-life mortality has dropped or leveled off for many segments of the U.S. population, research has shown a sharp rise in mortality among prime-age whites and an acute jump in such deaths among those whites with a high school degree or less in educational attainment. At the very peak of this trend are white men with high school or less education. These are what Princeton professors Anne Case and

---

[1] A broader gauge, the Employment-to-Population Ratio paints an even more dire picture. Between 1948 and 2015, the work rate for U.S. men twenty and older fell from 85.8 percent to 68.2 percent. (Eberstadt, 2016)

[2] When asked how this leisure time was spent, respondents said, "attending gambling establishments," "tobacco and drug use," "listening to the radio" and "arts and crafts as a hobby". (Eberstadt, 2016)

Agnus Deaton have characterized as "deaths of despair" and are driven by high rates of opioid abuse, alcoholism, and suicide. Indeed, as has been widely noted, more people are now killed by opioid abuse than in automobile accidents. Deaton and King argue that this rise in mortality is directly related to the declining employment prospects of among men driven by de-industrialization and economic globalization.

As noted in our report, other analysts have attributed the decline in male workforce participation to a variety of sources. In addition to de-industrialization, we note research that identifies the large number of men with criminal records who are screened out of employment, rising welfare dependency, especially in the SSDI program, and the growing rejection of the social expectation for work. J.D. Vance, in his best-selling book, *Hillbilly Elegy*, describes this combination of de-industrialization and rejection of work as "reacting to bad circumstances in the worst possible way."

Each of the report authors has his own perspective on the relative weight to give structural verses cultural factors at play in male workforce disengagement while agreeing that these factors interact with each other. Declining availability of desirable, remunerative work affects worker morale and dampens the willingness to seek jobs. Shortages of motivated, skilled workers helps drives automation thereby eroding the number and variety of jobs available. Each of us also agree that policy makers should address both sides of the equation: increasing the opportunity to work while actively encouraging work through federal and state programs wherever possible.

Our paper recommends a number of changes and enhancements to federal policies and programs. In considering these options, it is important to bear in mind that this population is diverse and requires tailored approaches depending on the needs of different segments of the population and individual skills and backgrounds. For instance, some of these workers will have strong work histories and skill bases and can be moved quickly into employment. Others will require more extensive retraining. For those with the lowest skill levels, we agree government should consider use of publicly-financed employment that will improve basic skills and establish a documented work history. Assessment tools that examine both "hard" and "soft" work and work-readiness skills will be essential in establishing tailored employment approaches. And for all types of NILF men, American society needs a consistent message about the social, economic and personal importance of work and self-sufficiency. The precedent for this approach is readily available in the principles Congress articulated in Personal Responsibility and Work Opportunity Act of 1996 which required work and work engagement activities in return for time-limited welfare.

I will highlight three specific areas for the subcommittee's attention: Building Skills, Incentivizing Job Creation, and Targeting Special Populations

Skill Building – To improve employment and wages among NILF males, it is vital to enhance skills in the form of post-secondary credentials including certifications and associate degrees using research-validated sector-based strategies focused on high-growth, high-wage occupations. This will require regionally focused, data-driven employment programs that align training with high-growth industries and occupations. Significant public investment has already been made in developing and validating these approaches and Congress should provide guidance to the Departments of Education and Labor to expand their use in secondary, post-secondary, technical training programs, and apprenticeship and consider new strategies to apply these programs with NILF men.

Incentivizing Job Creation –Congress should review laws governing existing public development finance instruments to expand employment opportunities for disengaged workers through required use of community benefit agreements, or CBAs. ICF has been working with Sagamore Associates in Baltimore, Maryland to develop systems to leverage a CBA associated with passage of a recent $525 million tax increment financing package. The workforce provisions of the CBA are designed to create a market-driven, community-based, outcomes-focused workforce development strategy. Sagamore has committed to setting aside for Baltimore residents 30 percent of the estimated 40,000 jobs this project will generate. This commitment is backed by $40 million for workforce development activities to find, train, and place Baltimore residents in construction and follow-on jobs. The CBA includes a high level of transparency and accountability through data collection and evaluation to determine the degree to which CBA commitments are being fulfilled.

Targeting Special Populations – While men are not typically direct recipients of publicly-funded benefits such as TANF or housing, two important aspects of government do engage large numbers of men: child support enforcement and corrections/criminal justice. Congress should take steps to strengthen workforce development aspects of both.

With regard to child support, our report endorses continued federal and state efforts to "right-size" child support orders and develop "debt forgiveness" strategies that will result in child support orders that are responsive to the noncustodial parents' ability to pay. We also believe more needs to be done to improve employment opportunities for noncustodial parents through innovative strategies, like NCP-Choices in Texas, that present a clear work "pay, play, or pay the consequences" option combined with enhanced workforce development services. We also recommend that Congress increase incentives to states to help pay for these enhanced services by strengthening the federal child support match for employment services.

Incarcerated populations and those who have recently returned from prison are also a key opportunity to increase engagement of men in work. For the past 15 years, the U.S. Department of Labor has invested in pre- and post-release programs that pave the way for post-incarceration employment. These projects focus on connecting returning citizens to faith- and community-based groups that help manage re-entry and connect clients to training and employment. "Behind the wall" programs work to identify skills and employment barriers and prepare returnees for employment. A recent study funded by the Ford Foundation found that the highest performing DOL Reemployment Opportunities grantees had a number of common attributes: they all worked closely with criminal justice systems, created tailored re-employment plans, and focused on helping clients gain industry-recognized credentials to boost post-release employment. The Council of State Goverments is doing ground-breaking work in aligning recidivism risk assessments with market-driven employability assessments in Milwaukee, Wisconsin. These and other successful strategies should be sustained, evaluated, refined and replicated to serve more of the eligible population.

I thank the subcommittee members for their time and attention, and I'd be happy to try to answer any questions you might have relating to my comments or the report.

Committee on Ways and Means
Witness Disclosure Requirement – "Truth in Testimony"
Required by House Rule XI, Clause 2(g)

Your Name: Brent R. Orrell		
1. Are you testifying on behalf of a Federal, State, or Local Government entity? a. Name of entity(ies). b. Briefly describe the capacity in which you represent this entity.	Yes ☐	No ☒
2. Are you testifying on behalf of any non-governmental entity(ies)? a. Name of entity(ies). b. Briefly describe the capacity in which you represent this entity.	Yes ☐	No ☒
3. Please list any Federal grants or contracts (including subgrants or subcontracts) which you have received during the current fiscal year or either of the two previous fiscal years that are related to the subject matter of the hearing: N/A		
4. Please list any grants, contracts, or payments originating from foreign governments which you have received during the current calendar year or either of the two previous calendar years that are related to the subject matter of the hearing: N/A		
5. Please list any offices or elected positions you hold. None		
6. Does the entity(ies) you represent, other than yourself, have parent organizations, subsidiaries, or partnerships you are not representing?	Yes ☐	No ☒
7. Please list any Federal grants or contracts (including subgrants or subcontracts) which were received by the entity(ies) you represent during the current fiscal year or either of the two previous fiscal years, which exceed 10 percent of entity(ies) revenues in the year received. Include the source and amount of each grant or contract. Attach a second page if necessary. **N/A**		
8. Please list any grants, contracts, or payments originating from foreign governments which were received by the entity(ies) you represent during the current fiscal year or either of the two previous fiscal years related to the subject matter of the hearing. Include the source and amount of each grant or contract. Attach a second page if necessary. N/A		

Chairman SMITH. Thank you, Mr. Orrell.

Mr. Henderson, you may begin.

STATEMENT OF MIKE HENDERSON, PRESIDENT AND CEO, ABC BALTIMORE

Mr. HENDERSON. Good afternoon. My name is Mike Henderson. I am the president of Associated Builders and Contractors in Baltimore. Thank you, Mr. Chairman. Thank you, committee members, for your kind invitation to appear before this hearing today.

I am here today to talk about a workforce development program we developed 11 years ago in Baltimore city called Project JumpStart. I am joined by Mr. Tyrone Ferrens. He is a journeyman electrician, and one of our star graduates.

Project JumpStart is an 89-hour pre-apprenticeship and job placement program. We run six classes every year, three on the east side of town and three on the west side. We have an 80 percent graduation rate, and we graduate approximately 120 students every year. But far more important than our graduation rate is our job placement rate, because at the end of the day the only true measuring stick that really matters with a workforce development program is this: are people getting jobs? And not just jobs, but jobs that have progressive salaries, jobs that provide recognized accredited training, and the opportunities to grow in their profession and in their careers.

In our case, our job placement rate is 75 percent, and that is an average over the 11 years, but in just the last couple years that placement rate is better than 80 percent.

Our program is primarily funded through private foundations like the Annie E. Casey Foundation and the Weinberg Foundation, but over the last few years, we also are getting funding from the city of Baltimore and the State of Maryland. For the purposes of this hearing, my goal is to share with this committee some of the invaluable lessons that we have learned over the last 11 years on those elements that help make a program like ours successful. Hopefully, once I give you some background and some context about the program and our students, it will better explain why we are asked to be here today.

To begin, our students are all Baltimore city residents. Seventy-five percent are ex-offenders. Nearly half of our graduates are over the age of 35. Many of our best success stories, including that of the gentleman seated next to me, involves graduates over the age of 40. Over the past couple years, there has been a strong push by our public and private funders to focus more on the 18-to-24-year-old population, a group that traditionally we have not done as well with.

After the riots in Baltimore in the spring of 2015, we decided to bring in 20 to 25 of our best graduates and we held a focus group. One of the questions we asked them was: "Why were you able to succeed when the guy who sat next to you in class or the guy who grew up across the street from you did not?" They said they saw Project JumpStart as their best, last chance to succeed in life, and if they didn't stick with it, and apply themselves fully to it, in 6 months' time they would either be back in prison or dead.

That wisdom and that sense of urgency is something we have seen from our older students, individuals who made a mistake earlier in life and are now looking for an opportunity to right that ship. Unfortunately, you don't get that kind of a life perspective without making mistakes and taking your lumps.

A year ago, Johns Hopkins University and Johns Hopkins Hospital wanted to meet with us to try to figure out why JumpStart works. Between those two entities, they spend over $100 million a year in construction, and part of Baltimore city's programs (where they encourage local hiring), they worked with a variety of workforce development programs. They said when they work with other programs, sometimes it takes 20 candidates before one placement actually sticks. With us, we send them four and two or three of those people actually get jobs.

I can only speak to the population we work with every day, but the problem in Baltimore city is not that you have men who don't want to work, but you have men who don't know the path to get a good job. They don't have the connections with those who are making those hiring decisions. No one ever taught them how to build a network or how to make those connections. One of the most important things we learned, is that you have to be part of a community—employer community.

ABC Baltimore represents nearly 650 commercial builders in our region, and we represent more builders' employers than anyone else in our area. There is a lot of well- meaning work development programs out there, but they are disconnected from the employment community. The employers have to be central to your program. And I can see I am running out of time.

[The prepared statement of Mr. Henderson follows:]

STATEMENT OF MIKE HENDERSON, PRESIDENT & CEO
ASSOCIATED BUILDERS AND CONTRACTORS GREATER BALTIMORE

BEFORE THE HOUSE COMMITTEE ON WAYS & MENANS
SUBCOMMITTEE ON HUMAN RESOURCES
SEPTEMBER 6, 2017

Thank you Chairman Smith, and all the members of this committee for your kind invitation to participate in your hearing on "Missing from the Labor Force: Examining Declining Employment among Working-Age Men."

I am here to talk about a workforce development program we developed in Baltimore City 11 years ago. The program is called Project JumpStart and it is an intensive 89 hour, 13-week program that is designed for at-risk residents in the City to enter a career in the skilled trades.

Over the past decade, we have graduated more than 1,000 residents and have achieved an 80 percent graduation rate; but most important, is that we have a better than 75 percent job-placement record. Our graduates are not just placed in jobs as laborers, but they are placed with commercial builders with an opportunity to pursue a career as a skilled craft professional.

Here are some key statistics for our program:

- 1000+ Baltimore residents have been enrolled
- 75 percent are ex-offenders
- 80% of students graduate
- ***Nearly half of our graduates are over the age of 35***
- 75% of graduates have been placed into high wage construction careers
- Over the past 18 months, our placement rate has exceeded more than 80 percent!
- 125+ graduates have moved into a formal four-year apprenticeship
- The average *starting salary* for a JumpStart graduate is $12 per hr.
- ***BUT…the average salary for a JumpStart graduate after two years is $18* per hr.***
- ***AND…the average salary for a JumpStart graduate after four years is $24* per hr.***
- Project JumpStart is endorsed by Sagamore Development; The Johns Hopkins University; Johns Hopkins Hospital; Exelon; The Mayor's Office of Employment Development; The State of Maryland and more!

Our program is regarded by the industry as well as those institutions listed above, as the most effective workforce development program of its kind in the region. The truth is, while there are a lot of dollars – public and private – expended every year in the name of workforce development, sadly far too many of these initiatives fail at placing their graduates in jobs. Most of them don't even have a placement function.

In a recent conversation with the executive director for the Governor's Workforce Investment Board in Maryland, I was told that it was his experience with organizations who boast they have a training program, that few of them have a job-placement function. When pressed for an answer, in just about every incidence, he told me he was met with either a blank stare, followed by a vague comment that job placement was something they were planning to address; or, they would reply that job placement was not a part of their program.

Perhaps the most stunning statistic and the one most relevant to this hearing, is the average age of our graduates is over 30 years of age and that nearly 50 percent are over the age of 35.

Over the past couple of years, there has been a strong push by our public and private funders to focus more on the 18-24-year-old population, a group that traditionally, we have not done as well with.

After the riots of the spring of 2015, we decided to bring in 20 to 25 of more successful graduates to conduct a focus group. One of the questions we asked them was, "why were you able to succeed, when the guy that sat next to you in class or grew up across the street from you, did not?"

To a person, they answered they knew Project JumpStart was their best and possibly last chance to succeed in this life. And if they didn't stick with it and apply themselves, in six-months' time they would either be dead or back in prison. That wisdom and sense of urgency is something we have seen in droves from our older students, individuals who made a mistake earlier in life and now were looking for an opportunity to "right their ship." That kind of urgency and maturity, however, is in much less abundance in an 18-year-old.

We've learned a lot of lessons over the past 11 years as to what works and what doesn't work in a program like ours. I would like to share with the committee some of those lessons that have made the biggest contributions to our success.

One of the most important lessons we learned is that you must "train like you work." In the beginning, we were much more likely to be lenient with those students who did not meet our stated expectations. We erred, on what we thought, was the side of grace. But we quickly learned that by "lowering the bar", we were not doing the students, and most important, the employers, any favors.

Why would the concerns of the employers be paramount to us? Because at the end of the day, if we don't produce graduates that will work hard, listen, come to work on time, stay busy and show interest and initiative, then our program is not going to be around very long. We might as well close up shop and go home. The only true barometer for a workforce development is jobs, sustainable jobs, that include a progressive wage and an opportunity to grow in their skills and their profession.

Any workforce development program that hopes for long-term success, must be employer centric and maintain high expectations for your students.

We realized early on, that we need to accept the fact our program is not for everyone; some people don't have the temperament and the commitment level it takes to successfully complete our program. We've never had a class with 100 percent graduation rate. If we did, I would be extremely concerned we had compromised our standards.

Nearly as important a lesson, is that the staff who work directly with the students must be passionately committed to helping them succeed. One of the things our graduates told us in that focus group is that before they started the program, they assumed Project JumpStart was just another in a long-line of programs where they would go to class with little likelihood it would result in getting a job. But from their first night in class, they knew Project JumpStart was different. They quickly realized that our instructional staff, as well as our entire team, had only one goal in mind and that was to help them succeed. That successful job placement, by the way, rarely came with the first job. It often took two or three placements before it stuck. That meant, our staff and the graduate, had to trust one another, and they had to have a lot of patience.

Thank you again for this opportunity to address the committee. We believe that there are thousands of men in their 30s and 40s, who given the right opportunity, can still make something out of their lives, gain a career, self-confidence and be contributing members of their community.

Sincerely,

Mike Henderson (mhenderson@abcbaltimore.org)
ABC Baltimore

Towson, Maryland
410.821.0351
www.abcbaltimore.org
www.projectjumpstarttraining.org

PROJECT JUMPSTART
Construction Training That Works

In 2006, ABC Baltimore developed a 90-hour pre-apprenticeship program in Baltimore City named 'Project JumpStart.'

Students/Graduates Receive:

- A $25 stipend for each class: based on punctuality, attendance, and adhering to program policies
- Hard-skills training in basic construction and entry-level carpentry, electrical and plumbing
- OSHA 10, First-Aid/CPR certification
- Instruction in construction math and in workforce preparation
- Driver's education (if needed)
- Job-placement assistance
- A set of starter tools once they are employed (a $250 value)
- A financial sponsorship to a local program, Vehicles for Change, that will provide them a quality used car and small loan (if a vehicle is needed)

ABC Associated Builders and Contractors, Inc.
Baltimore Metro Chapter

PROJECT JUMPSTART
Construction Training That Works

EMPLOYER ENGAGEMENT

- Program curriculum was developed with industry employers.
- More than 150 different employers have hired JumpStart graduates.
- More than 50 have hired more than one graduate.
- 7 employers are members of our *Employer Advisory Committee* that reviews curriculum, discusses industry trends, and works to find opportunities for graduates.

ABC Associated Builders and Contractors, Inc.
Baltimore Metro Chapter

Project JumpStart
Construction Training That Works

STUDENT DEMOGRAPHICS

- 94% African-American males
- 75% are unemployed at enrollment
- 25% who are employed at enrollment on average earn $10/hour or less with no access to benefits
- 75% have a criminal record
- Roughly 80% have no access to reliable transportation

ABC Associated Builders and Contractors, Inc. Baltimore Metro Chapter

Project JumpStart
Construction Training That Works

SOME QUICK FACTS

- 1100+ Baltimore residents have been enrolled
- 75 percent are ex-offenders
- 80% of students graduate
- 75% of graduates have been placed into high wage construction careers
- 100+ graduates have started a formal four-year apprenticeship
- The average *starting salary* for a JumpStart graduate is $12 per hr.
- The average salary for a JumpStart graduate *after two years* is $18* per hr.
- The average salary for a JumpStart graduate *after four years* is $24* per hr.
- Project JumpStart is endorsed by Sagamore Development; The Johns Hopkins University and the Johns Hopkins Hospital; Exelon; The Mayor's Office of Employment Development; The State of Maryland and more!

PROJECT JUMPSTART
Construction Training That Works

How have contractors benefited?

- Project JumpStart is increasingly seen by specialty contractors as a reliable source for qualified entry (or higher) level workers who want to pursue careers in the skilled trades.
- Our JumpStart graduates who go onto apprenticeship, not only perform well but they have achieved a higher graduation rate than that of the non-JumpStart apprentices.
- Project JumpStart has emerged as an important partner for our general contractor and specialty contractor members who must comply with local workforce investment requirements.
- JumpStart is on the City's list of Preferred Workforce Development Providers.

ABC Associated Builders and Contractors, Inc.
Baltimore Metro Chapter

PROJECT JUMPSTART
Construction Training That Works

Expanding Project JumpStart:

- In 2015, ABC Metro Washington held its first Project JumpStart class, where 75 percent of the graduates were placed. The State has already agreed to fund two more classes this year.
- The State of Maryland is also talking to us about holding a pilot class in Western Maryland.
- We are having conversations with ABC Delaware about planting a JumpStart program in the City of Wilmington.
- The ABC Ohio Valley began their Project JumpStart program two years ago and is achieving job-placement results that exceed 85 percent!

ABC Associated Builders and Contractors, Inc.
Baltimore Metro Chapter

Committee on Ways and Means
Witness Disclosure Requirement – "Truth in Testimony"
Required by House Rule XI, Clause 2(g)

Your Name: Mike Henderson		
1. Are you testifying on behalf of a Federal, State, or Local Government entity? a. Name of entity(ies). b. Briefly describe the capacity in which you represent this entity.	Yes ☐	No x ☐
2. Are you testifying on behalf of any non-governmental entity(ies)? a. Name of entity(ies). Project JumpStart and Associated Builders and Contractors, Baltimore Metro Chapter b. Briefly describe the capacity in which you represent this entity. President	Yes x ☐	No ☐
3. Please list any Federal grants or contracts (including subgrants or subcontracts) which you have received during the current fiscal year or either of the two previous fiscal years that are related to the subject matter of the hearing: n/a		
4. Please list any grants, contracts, or payments originating from foreign governments which you have received during the current calendar year or either of the two previous calendar years that are related to the subject matter of the hearing: n/a		
5. Please list any offices or elected positions you hold. n/a		
6. Does the entity(ies) you represent, other than yourself, have parent organizations, subsidiaries, or partnerships you are not representing? Project JumpStart is affiliated with the Job Opportunity Task Force in Baltimore, a 501c3 entity.	Yes x ☐	No ☐
7. Please list any Federal grants or contracts (including subgrants or subcontracts) which were received by the entity(ies) you represent during the current fiscal year or either of the two previous fiscal years, which exceed 10 percent of entity(ies) revenues in the year received. Include the source and amount of each grant or contract. Attach a second page if necessary. n/a		
8. Please list any grants, contracts, or payments originating from foreign governments which were received by the entity(ies) you represent during the current fiscal year or either of the two previous fiscal		

Chairman SMITH. Three seconds. Thank you. We will have time for some questions and dialogue after as well.

Mr. Ferrens, you may again.

STATEMENT OF TYRONE FERRENS, GRADUATE, PROJECT JUMPSTART

Mr. FERRENS. I thank you for having me here today.

Mr. Davis, the beginning of your statement sounded like you were describing me to a T. I was raised in a single-parent home. My father was an addict and a drug dealer in Brooklyn. He still is to this day. I saw him only on the weekends maybe once a month, and yet my two older brothers and myself followed him down that path exactly. We all have felony convictions. We have all spent time in jail. We have been through rehabs. I personally spent 16 years in the grips of a crack and heroin addiction prior to coming to JumpStart.

My last conviction was a felony assault, and part of my sentence was a year of inpatient rehab. It was during that time I kind of came to grips with the fact that I was never going to amount to anything; but, I did leave with a single goal, and that was to see that my son didn't have to go through the same path I did. And in order to do that I was going to need to get a job and I was going to need to stay out of prison.

I went to a career center in Baltimore, and they referred me to Project JumpStart. They were offering a $50 stipend to attend those classes, and that was enough for me to be interested in it. It was during the orientation I received a glimpse of hope for a better future, something I hadn't had. During my addiction, on plenty of occasions I didn't want to wake up in the morning. I didn't care if I lived or died. I didn't see any way, any route to a better future.

During that 13 weeks of training, I received training in everything as far as math to residential wiring. We had resume preparation, mock interviews. We did conflict resolution. We did an OSHA 10-hour class. They seemed to have had everything that we would need to be prepared to be successful in the workplace. We were taught what employers were expecting from us, and how to be successful on the job site. The different demographics and the different people from different ethnicities, races and religions on a job site is something that I hadn't been exposed to before.

In the beginning, they explained to me that if I graduated at the top of my class, that they could pretty much guarantee me a job. I graduated at the top of my class. Two weeks later, I was placed on a job. They were able to get me hired even though I had an 8-year gap in my resume. Four years after that—well, actually, 6 years, I completed my 8,000 hours of on-the-job training, 4 years of apprenticeship classes with ABC, and today I am a licensed journeyman, as Mike said.

The biggest impact that this program has had on my life is that it goes far beyond me. My son is the first one to step foot on a college campus. My mother had retired and was struggling on Social Security, and after years of torment that I put her through as an addict I was able to move her into my home. I became a first-time homeowner last year. My daughter, who is 30 years old, spent half of her life with a father that was an addict and a disgrace and an

embarrassment. She is presently in a JumpStart class that is taking place now. She looks up to me, she admires me, and she wants to follow in my footprints. That is three generations in my family that has been changed from this program.

I now mentor younger JumpStart clients. Throughout this entire process—I graduated 9 years ago—JumpStart has been there supporting me every step of the way. I mean, my problems have evolved. In the beginning, it was court dates and probation hearings and charges, pending charges. Now I call the director in regards to parenting skills. Because I didn't have a father I struggle in that area. She always reminds me how far I came, because my problems are the same problems regular people have now. We call them "regular people problems." She explained to me that everyone has problems in relationships and with their spouses and with their children. I am grateful for that as well.

It is just a genuine gift to have this program in my life. And I get questions all the time asking if there is one like it in other States. I get calls from my family members, and unfortunately, I have to say no. But I would like to see this committee just do something in this field to help.

Thank you for having me today. I appreciate it.

[The prepared statement of Mr. Ferrens follows:]

ABCBaltimore

Project JumpStart
Construction Training That Works

STATEMENT OF
TYRONE FERRENS
GRADUATE OF PROJECT JUMPSTART

BEFORE THE
HOUSE COMMITTEE ON WAYS & MEANS
SUBCOMMITTEE ON HUMAN RESOUCES

SEPTEMBER 6, 2017

Thank you Chairman Smith, and all members of this committee for your invitation to testify before your hearing on 'Missing from the Labor Force: Examining Declining Employment among Working-Age Men.'

My name is Tyrone Ferrens am here today to testify on behalf of a workforce development program in Baltimore City called Project JumpStart. I was 41 years old when I enrolled in the program and it gave me a second chance at life.

Prior to Project JumpStart, I was a drug dealer, an addict for 16 years, I was arrested 14 times and incarcerated in 3 states. When I was young, I always wanted to be an electrician but, after my first arrest, I assumed I ruined that chance. After my last conviction and release, I spent a year in court-ordered rehab and met a gentleman who informed me of Project JumpStart.

I enrolled immediately. From the very beginning of the 13-week program, it instilled in me something I did not have; a sense of hope. Every tool I needed to succeed was provided, not just physical tools but a resume, mock interviews, conflict resolution skills, employer expectations and basic knowledge of tools. From any legal hurdle, to transportation issues, to a learning issue, Project JumpStart was there with a solution.

The program is successful because, despite our tarnished track records, everyone involved believed that we could accomplish our goals. The alumni encourage the students during and after the courses. As a student, seeing the alumni as a success when they have made similar mistakes as yourself, you cannot help but be reassured.

My goal upon exiting prison was to be present in my children's' lives and since Project JumpStart I have rebuilt my family. I have been a present father for my son who will be the first in the family to attend college, I am a homeowner, and my daughter, who is 30 is going through Project JumpStart to get a second chance at success.

Currently, I am working as a journeyman electrician with TEI on a 3-million-dollar job alongside five other Project JumpStart graduates. Project JumpStart can be an answer to the decline in employment among working-age men in this country.

Thank you,

Tyrone Ferrens

ABC Baltimore Metro

1220B East Joppa Road ● Suite 322 ● Towson, MD

www.abcbaltimore.org

- ABC Baltimore has Apprenticeship Training Facilities in Baltimore City and Baltimore County
- Project JumpStart training takes place exclusively in Baltimore City

Committee on Ways and Means
Witness Disclosure Requirement – "Truth in Testimony"
Required by House Rule XI, Clause 2(g)

Your Name: Tyrone Ferrens		
1. Are you testifying on behalf of a Federal, State, or Local Government entity? a. Name of entity(ies). b. Briefly describe the capacity in which you represent this entity.	Yes ☐	No x ☐
2. Are you testifying on behalf of any non-governmental entity(ies)? a. Name of entity(ies). Project JumpStart b. Briefly describe the capacity in which you represent this entity. Graduate of the program.	Yes x ☐	No ☐
3. Please list any Federal grants or contracts (including subgrants or subcontracts) which you have received during the current fiscal year or either of the two previous fiscal years that are related to the subject matter of the hearing: N/A		
4. Please list any grants, contracts, or payments originating from foreign governments which you have received during the current calendar year or either of the two previous calendar years that are related to the subject matter of the hearing: N/A		
5. Please list any offices or elected positions you hold. N/A		
6. Does the entity(ies) you represent, other than yourself, have parent organizations, subsidiaries, or partnerships you are not representing?	Yes ☐	No ☐
7. Please list any Federal grants or contracts (including subgrants or subcontracts) which were received by the entity(ies) you represent during the current fiscal year or either of the two previous fiscal years, which exceed 10 percent of entity(ies) revenues in the year received. Include the source and amount of each grant or contract. Attach a second page if necessary. N/A		
8. Please list any grants, contracts, or payments originating from foreign governments which were received by the entity(ies) you represent during the current fiscal year or either of the two previous fiscal years related to the subject matter of the hearing. Include the source and amount of each grant or contract. Attach a second page if necessary. N/A		

Chairman SMITH. Thank you. Thank you for sharing your story. Mr. Lowery.

STATEMENT OF ANTHONY LOWERY, DIRECTOR, POLICY AND ADVOCACY, SAFER FOUNDATION

Mr. LOWERY. Thank you. Mr. Chairman, Ranking Member Davis, and members of the subcommittee, thank you for the opportunity to testify on the decline in the labor force participation of men. I represent Safer Foundation, a Chicago based nonprofit that has provided employment and support services for people with criminal records over the past four decades. The Safer Foundation believes that men and women who have made mistakes in the past should have an opportunity to be self-sufficient so that they can take care of their families and make our communities safer.

There is dignity in work. Our clients come to us because they want to work, and are willing to do everything in their power to earn the right to work. But our society's overemphasis on punishment at the expense of rehabilitation is affecting labor force participation rates and workforce morale. My interaction with directly impacted individuals has taught me that hopelessness rather than choice keeps people out of work. I have seen many very qualified people who have criminal records be denied employment, housing, or a license, decades after they have served their time.

The issue of criminal justice reform is a socioeconomic one. Our country cannot afford to continue to deprive returning individuals of a second chance to become contributing members of our communities. Instead of shunning them, it is imperative that we begin to view their reintegration as vital to our country's prosperity.

We have been good at filling prisons with sluggish and fostering reintegration and economic inclusion, an important ingredient of public safety. Our National Employment Law Project, one of our national partners, estimates that one in three Americans have some type of an arrest or conviction record that would interfere with their ability to get a job. Nearly half of U.S. children have a parent with a criminal record.

As a result, our agencies, our taxpayers are burdened by a preventable problem. Take the example of Illinois where, according to one estimate, 42 percent of working-age adults have an arrest or conviction record and where almost half of the 30,000 people released from the Illinois Department of Corrections were returned to it within 3 years of release. The Illinois Sentencing Policy Advisory Council estimates that recidivism amongst probationers and parolees and the formerly incarcerated cost the State of Illinois $16 billion over a 5-year period.

Mass incarceration and employment barriers faced by people with criminal records, combined with the opioid epidemic, have deflated the U.S. labor force participation rates, which are as low today as they were over 30 years ago. This has a tremendous negative impact on our economy.

The U.S. is experiencing a long period of economic expansion, but experts warn that this expansion will end prematurely if we don't relieve these structural strains on the labor force participation.

Safer Foundation has worked with people with arrest and conviction records for over 40 years. Research, in Safer's experience, has

shown that employment is the most direct link to reduce recidivism. I go into prisons, I go into schools, I go into churches, and the biggest question I ask people when I go into the correctional facility is "What are you going to do to stay free?" Dignity, understanding, and viability are dependent on their ability to get a job.

A Federal commitment to create more job opportunities or skills training will reduce the attendant strain on our criminal justice system and on taxpayers. It will increase the tax base, give employers credentialed employees, stabilize violent communities, and pull families out of intergenerational cycles of poverty and violence.

As the labor market tightens, employers are more ready than ever to give people with records a fair shot. Safer is partnered with hundreds of employers to meet their workforce needs. Our newest initiative is our Safer Demand Skill Collaborative, which came out of our clients' desire for living wage jobs and economic mobilities in some high-growth industries like healthcare.

As a result of our participation in healthcare, and when we started with our healthcare initiative, I think I was here a few years ago testifying and just looking at opportunities in high-growth industries, and we picked healthcare. We also partnered with Johns Hopkins Hospital, who have been hiring people with criminal records for over the past 15 years. We partnered with Hopkins. Now we have a consortium in Chicago with over 12 healthcare hospitals and networks, where out of the first 60 people we have got hired in healthcare, only one person has left that job.

So, again, what we feel that the Federal Government can provide incentives to contractors, and pass legislation modeled after laws in Michigan, Ohio, and Texas that provide negligent liability protection for employers who hire people with criminal records. We feel that would be an important pathway to employment and increasing opportunity in the workforce.

Chairman SMITH. Thank you very much. I really appreciate each of your testimony. It is refreshing to see a focus on solutions. It is easy to identify a problem around here, it is more difficult to focus on solutions. As you speak from experience, it is important that you share your perspective, and, Mr. Ferrens, I can't thank you enough for sharing in a very direct and helpful way for us. We salute you. I look up to you, as well, for really making a difference in your life and allowing others to help with that.

I hear from employers all the time that they need employees. We have a large number of people who would like to leave poverty and, through economic opportunity, we can fill these gaps. I think we are more productive this way. JumpStart is important in this regard, especially as it impacts families.

Mr. Ferrens, if you could go back in time, what would have been something you would have changed to help you achieve success earlier in life?

Mr. FERRENS. I thought about that in the past, and I struggled in school. I was diagnosed with dyslexia in high school and I have just been diagnosed with adult ADHD as well. Academics weren't a strong suit for me, but hands-on and visual learning work well for me. Being that there is an emphasis on going to college, and I was struggling in school, I didn't see that as my route. I tried ath-

letics, but my genetics failed me there. I wasn't given too many other options.

Had I been exposed to tradesmen, and known that you could make close to six figures as an electrician, and that it could be another route to live a successful, productive life, I would have probably chose it way earlier in life. It was just exposure to other things, to other routes.

Chairman SMITH. So you discovered JumpStart through a career center and a stipend associated?

Mr. FERRENS. Yes. I went to a career center just trying to get anything. I really thought I would be working at McDonald's for the rest of my life. That ban-the-box thing is high on my agenda because people don't come out of prison wanting to go back to prison. It is due to a lack of opportunities and desperation that you go back to doing the things that you are accustomed to doing.

Even now, 10 years in, there are jobs I can't get, as far as placements in facilities because of my conviction. I tried to move into a nicer neighborhood in a better school district for my son and I qualified financially, but because I had to put "convicted of a felony," I was denied. It is a huge obstacle.

Chairman SMITH. For about 10 years you are saying?

Mr. FERRENS. My last conviction was in 2007.

Chairman SMITH. Mr. Henderson, if you could elaborate a little more on JumpStart and what led to the creation and also deploying that and how you think that has been most effective in impacting the community. How long has it been around now?

Mr. HENDERSON. Eleven years ago, Johns Hopkins was getting ready to spend a billion something dollars to create a biotech community in their footprint of the hospital. They wanted to make sure that people who lived in that community benefited economically, so we responded to an RFP. We were selected.

We made mistakes in the beginning. In the beginning, we tended to side towards leniency, and we realized that we were not producing candidates that employers wanted. They did great for a couple weeks, and then they flamed out. So very quickly we learned you train the way you work and need high standards, and that it is not for everybody. That is kind of an anathema to a lot of city politicians that it is not for everybody. But we maintained very high standards to get in, high standards to stay in, and high standards—a lot of times, and Tyrone can tell you this, that first placement isn't always the best placement. We have a full-time placement director, and she says do it, work hard, listen, show interest, I am going to find you a better placement. But it was kind of his proving ground.

And so high standards, and it is so important that you are connected to employers. Everything we do is centered around what employers are looking for. One of the most effective things we do is we bring people like Tyrone back and they talk to students in class. Because at some point they have all been through a program, and when they first got into JumpStart they thought, well, this is just another program that somebody sent me to, maybe my probation officer. They found out very early JumpStart is different, because we have been able to build a team of people who are very serious about helping them succeed.

Is that pretty much what you are looking for? Chairman SMITH. I appreciate that.

Any other comments others would like to offer? Mr. Lowery.

Mr. LOWERY. Well, first of all, I would like to commend Tyrone on his journey, also being a person with a past criminal record is one of the greatest challenges a person will ever face as far as having the anxiety, letting your family down, letting yourself down, then trying to reenter the workforce. Today, I am the director of policy and advocacy of Safer, recognized as a national advocate. In Illinois, I initiated the ban-the-box legislation, the occupational licensing legislation, the sealing legislation, but let me go and apply for a job, a 20-year-old criminal record would determine what the employer felt I was.

I always talk to our people with every class that comes into our building, and we see about 5- or 6,000 people a year, as far as what we are trying to do is create a new image of who you are in the eyes of the employer. And just talking to our people about the impact of the record so they can explain to their families because, again, when you see a lot of situations of people having a record and have promised that they are going to do the right thing don't get the opportunity, as Tyrone said, then they go back to the old streets, the old things that they used to do and they wind up incarcerated again.

Chairman SMITH. You spoke briefly about legal liability addressing that. Could you elaborate on that a bit?

Mr. LOWERY. Yes. What we had to do, in the State of Illinois, we, about 18 years ago, passed legislation, what we call a certificate of good conduct, which provides when the court looks at a person's rehabilitation, the court declares that person rehabilitated. And with that certificate of good conduct contains negligent liability protection.

As far as doing this for the years I have been doing it, the biggest concern from employers were if I hire a person with a record and they do something on the job, I can get sued. So the negligent liability was critically important. And doing the healthcare work we were surprised, when we went to Ohio and we went to Texas, that they had negligent liability legislation on the books to kind of erase that fear that employers have so that they can look at the candidate, they can look past the fear.

What we are doing in Illinois is pushing forward negligent liability protection for all employers who hire people with criminal records, because that will eliminate that fear so they can get good people, so that people can get that job, transform themselves, their families, and then ultimately communities in which most people in Illinois with criminal records live in.

Chairman SMITH. Maybe there could be some negligent liability protection for Congress passing bad bills from time to time.

Mr. LOWERY. Yeah, that might help.

[The prepared statement of Mr. Lowery follows:]

9/6/17

Congress of the United States: US House of Representatives
Subcommittee on Human Resources Hearing
"Missing from the Labor Force: Decline in Labor Force Participation of Men"

Testimony presented by Anthony Lowery
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Mr. Chairman, Ranking Member Davis and members of the Subcommittee on Human Resources, thank you for the opportunity to testify on the decline in labor force participation of men.

I represent the Safer Foundation, a Chicago-based non-profit that has provided employment and support services to people with arrest and conviction records for over four decades. The Safer Foundation believes that men and women who have made mistakes in the past should have the opportunity to be self-sufficient so that they can take care of their families and make our communities safer. There is dignity in work. Our clients come to us because they want to work and are willing to do everything in their power to earn their right to work.

But our society's overemphasis on punishment at the expense of rehabilitation is affecting labor force participation rates and workforce morale. My interaction with directly-impacted individuals has taught me that hopelessness rather than choice keeps people out of work. I have seen many, very qualified people who have criminal records be denied employment, housing or a license, decades after they have served their time.

The issue of criminal justice reform is a socio-economic one. Our country cannot afford to continue to deprive returning individuals of a second chance to become contributing members of our communities. Instead of shunning them, it is imperative that we begin to view their reintegration as vital to our country's prosperity.

- We have been good at filling prisons but sluggish in fostering reintegration and economic inclusion, an important ingredient of public safety.
    - The National Employment Law Project estimates that 1 in 3 American adults has a criminal record[1] that interferes with their ability to find a job.
    - Nearly half of US children have at least one parent with a criminal record.[2]
    - As a result, our agencies and taxpayers are burdened by a preventable problem. Take the example of Illinois where, according to one estimate, 42% of working adults have an arrest or conviction records[3] and where almost half of the 30,000 people released from the Illinois Department of Corrections (IDOC) will return to

it within three years of release.[4] The Illinois Sentencing Policy Advisory Council estimates that recidivism amongst probationers and the formerly incarcerated costs Illinois $16.7 billion over a 5 year period.[5]

- When IDOC is forced to function at 150% of its capacity, it cannot effectively rehabilitate inmates which contributes to their recidivism and adds to taxpayers' burden.[6]

- Mass incarceration and employment barriers faced by people with criminal records combined with the opioid epidemic have deflated the US labor force participation rates which are as low today as they were over 30 years ago[7]. This has a tremendous negative impact on the economy:

  - The Center for Economic and Policy Research estimates that in 2014, job loss and unemployment experienced by former prisoners and people with felony convictions meant a loss of $78 billion to $87 billion in annual GDP.[8]

  - Research by the Pew Charitable Trusts finds that annually, the opioid crisis leads to $41.8 billion in lost productivity, $7.6 billion in criminal justice costs and $28.9 billion in health costs.[9]

- The US is experiencing a long period of economic expansion. But experts warn that this expansion will end prematurely if we don't relieve these structural strains on labor force participation.

The Safer Foundation has worked with people with arrest and conviction records for over four decades. Research and Safer's experience has shown that employment is the most direct link to reduced recidivism. When we allow people with records to work we do a huge service to our criminal justice system, our taxpayers, our employers and our economy.

A federal commitment to create more job opportunities and skills training will reduce the attendant strain on the criminal justice system and on taxpayers. It will increase the tax base, give employers credentialed employees, stabilize violent communities and pull families out of the cycle of intergenerational poverty and violence that we see in so many of our urban communities.

- A 2011 study found that putting 100 formerly incarcerated persons back to work would increase their lifetime earnings by $55 million, increase their income tax contributions by $1.9 million and increase sales tax revenue by $770,000 all the while saving more than $2 million annually by keeping them out of the criminal justice system.[10]

- An analysis by the Illinois Sentencing Policy Advisory Council found that we derived a benefit of $20 for every dollar spent on community-based employment training or job assistance.[11]

- A three-year tracking study of a Johns Hopkins Hospital program that hired nearly 500 people with criminal records from the Baltimore area found zero problematic terminations amongst these employees.[12]

- Besides providing community-based services, Safer runs two of Illinois' four Adult Transition Centers for IDOC inmates to serve the final months of their sentences. While at the ATC, residents are able to work, gain credentials, receive a variety of services and training including responsible fatherhood training, and prepare for their release. The ATCs set them on the path to supporting their families, paying their court debt and victim restitution and becoming responsible taxpaying citizens. In 2016, over 70% of the facilities' employment-eligible residents were employed. In FY17, Safer's ATC residents :

    - earned more than $4.8 million in gross wages;
    - paid over $1 million in taxes; and
    - ATC residents paid $600,700 in dependent support in FY 17

As the labor market tightens, employers are more ready than ever to give people with records a fair shot. Safer has partnered with hundreds of employers to meet their workforce needs. One of our newer initiatives, the Safer Demand Skills Collaborative came out of our clients' desire for living-wage jobs and economic mobility along with a skills and labor shortage in some high growth industries like healthcare which is projected to bring 84,000 jobs to the Chicago area by 2025. So, the Safer Demand Skills Collaborative is a partnership of employers, trainers and intermediaries like Safer where rehabilitated people with a history of justice involvement are trained for and placed in high-growth industries. In June this year, our Healthcare Collaborative surpassed its one-year goal of placing 50 clients in a range of healthcare jobs including as Certified Nursing Assistants, phlebotomists, treatment counselors, Certified Medical Assistants, Licensed Practical Nurses, and in EVS and food services. The employee retention rate of these clients is at 98%.

The prevailing socio-economic circumstances – low labor force participation fueled by mass incarceration, the opioid epidemic and high recidivism – has mobilized a diverse network of stakeholder including employers, community-based organizations and state agencies to come together and find a solution. Lawmakers and the government can support these efforts by:

- Providing incentives to business and contractors to hire people with records; and
- Pass legislation, modeled after laws in Michigan, Ohio and Texas, to provide protection for employers who hire people with records to negate the perceived versus real risk of negligent hiring liability.

Often, compulsion rather than choice leads people to make mistakes. And we rightfully punish them for their mistakes. But the debt they owe to society is finite. They should be allowed to move on once they have served their time. They want nothing more than to be able to work to support their families. It is in our own interest to acknowledge that people change and that rehabilitation is not a made up word. The sooner we do so, the sooner we'll have a thriving workforce.

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[1] "Research Supports Fair-Chance Policies" (March 2016), National Employment Law Project, footnote 1 on p. 7. Available at http://www.nelp.org/publication/researchsupports-fair-chance-policies

[2] Rebecca Vallas, Melissa Boteach, Rachel West, and Jackie Odum, "Removing Barriers to Opportunity for Parents and Their Children" (December 2015), Center for American Progress. Available at https://cdn.americanprogress.org/wp-content/uploads/2015/12/09060720/CriminalRecords-report2.pdf.

[3] The National Employment Law Project arrived at the estimate using the following methodology:
"A Bureau of Justice Statistics 2012 survey documents the number of people with records in each of the state criminal history databases. See Table 2, which shows there are 6,164, 800 people in Illinois. These include adults with arrest and conviction records. This is the only database that collects the state totals. Unfortunately, the state data doesn't take into account that some people have records in multiple states and that some people have died but are still in the state systems. To account for these factors, our methodology conservatively reduces the total number by one-third. So, by our estimate, there are 4,105,757 adults in Illinois with an arrest or conviction record. And there are 9,876,476 adults in the total state according to the latest census. That means 42% of Illinois adults have an arrest or conviction records."
Maurice Emsellem
Director, Access and Opportunity Program
NELP
March 1, 2016
"Survey of State Criminal History Information Systems, 2012" (January 2014), Bureau of Justice Statistics, US Department of Justice. Available at https://www.ncjrs.gov/pdffiles1/bjs/grants/244563.pdf
United States Census Bureau, "QuickFacts: Illinois." Available at http://www.census.gov/quickfacts/table/PST045215/17.

[4] "Illinois Results First: The High Cost of Recidivism" (Summer 2015) State of Illinois, Illinois Sentencing Policy Advisory Council. Available at http://www.icjia.state.il.us/spac/pdf/Illinois_Results_First_1015.pdf.

[5] "Illinois Results First: The High Cost of Recidivism," Illinois Sentencing Policy Advisory Council.

[6] E. Ann Carson, Ph.D, "Prisoners in 2014" (September 2015), Bureau of Justice Statistics, US Department of Justice. Available at https://www.bjs.gov/content/pub/pdf/p14.pdf#page=12.

[7] Bureau of Labor Statistics, US Department ofLabor. Available at https://data.bls.gov/timeseries/LNS11300000.

[8] Cherrie Bucknor, Alan Berber, "The Price We Pay: Economic Costs of Barriers to Employment For Former Prisoners and People Convicted of Felonies" (June 2016), Center for Economic and Policy Research. Available at http://cepr.net/images/stories/reports/employmentprisoners-felonies-2016-06.pdf?v=2.

[9] "The High Price of the Opioid Crisis: Increasing access to treatment can reduce costs" (July 26,2017), The Pew Charitable Trusts. Available at http://www.pewtrusts.org/en/multimedia/data-visualizations/2017/the-high-price-of-the-opioid-crisis.

[10] "Economic Benefits of Employing Formerly Incarcerated Individuals in Philadelphia" (September 2011) Economy League Greater Philadelphia. Available at http://economyleague.org/uploads/files/71227971379001686 7-economic-benefits-of-employing-formerly-incarcerated-full-report.pdf. In "Research Supports Fair-Chance Policies" (March 2016), National Employment Law Project,

[11] "Illinois Results First: A Cost-Benefit Tool for Illinois Criminal Justice Policymakers" (Summer 2016), State of Illinois, Illinois Sentencing Policy Advisory Council. Available at http://www.icjia.state.il.us/spac/pdf/Illinois_Results_First_Consumer_Reports_072016.pdf.

[12] Pamela Paulk, V.P. of Human Resources, Johns Hopkins Hosp. & Health Sys., presentation for NELP & Cmty. Legal Servs. of Phila. webinar, titled "Understanding the EEOC's New Criminal Records Guidance" (May 30, 2012), available at https://www.youtube.com/watch?v=7QnMW2glErk.

Committee on Ways and Means
Witness Disclosure Requirement – "Truth in Testimony"
Required by House Rule XI, Clause 2(g)

Your Name: Anthony Lowery		
1. Are you testifying on behalf of a Federal, State, or Local Government entity? a. Name of entity(ies). b. Briefly describe the capacity in which you represent this entity.	Yes ☐	No ☒
2. Are you testifying on behalf of any non-governmental entity(ies)? a. Name of entity(ies). **Safer Foundation** b. Briefly describe the capacity in which you represent this entity. **Director of Policy and Advocacy**	Yes ☒	No ☐
3. Please list any Federal grants or contracts (including subgrants or subcontracts) which you have received during the current fiscal year or either of the two previous fiscal years that are related to the subject matter of the hearing: **N/A**		
4. Please list any grants, contracts, or payments originating from foreign governments which you have received during the current calendar year or either of the two previous calendar years that are related to the subject matter of the hearing: **N/A**		
5. Please list any offices or elected positions you hold. **N/A**		
6. Does the entity(ies) you represent, other than yourself, have parent organizations, subsidiaries, or partnerships you are not representing?	Yes ☐	No ☒
7. Please list any Federal grants or contracts (including subgrants or subcontracts) which were received by the entity(ies) you represent during the current fiscal year or either of the two previous fiscal years, which exceed 10 percent of entity(ies) revenues in the year received. Include the source and amount of each grant or contract. Attach a second page if necessary. **N/A**		
8. Please list any grants, contracts, or payments originating from foreign governments which were received by the entity(ies) you represent during the current fiscal year or either of the two previous fiscal years related to the subject matter of the hearing. Include the source and amount of each grant or contract. Attach a second page if necessary. **N/A**		

Chairman SMITH. All right. I thank you.

Mr. Davis.

Mr. DAVIS. Thank you very much, Mr. Chairman.

Mr. Lowery, given the fact that I live in Chicago and the fact that Safer is based in Chicago, I am aware of the long history of engagement in this type of work. What has fascinated me the most has been the relationship developed with Johns Hopkins University Medical Center. Could you share a little bit more how you made that contact and how you decided that you would pursue the health industry as an area to explore?

Mr. LOWERY. Okay. Thank you, Congressman. And again, I would like to thank you for your part as far as making all of that possible. I was invited here a couple years ago at a Father's Day event, and I think with the featured Attorney General Holder, and in doing research for that event I saw a staggering number of 15 million jobs in healthcare, and I was like this is unbelievable. Cabrini Green Legal Aid, which is the leading criminal records advocate in the State of Illinois had called me about a lady who had a 30-year-old misdemeanor conviction and couldn't get a job as a CNA in a healthcare facility, and I said this is un-American.

So when I came here and talked about the need for people—for congressional members to go back to their communities, talk to healthcare entities because healthcare is the largest employer, fastest growing sector in this country. Congressman Davis does a workshop at the legislative annual caucus, and he featured Pamela Paulk from Johns Hopkins Hospital, who was the head of human resources at the time. When we heard Pamela talk about how she had been hiring—Hopkins had been hiring people with criminal records for the past 15 years, we said, well, wait a minute, we need to do this in Chicago.

So we invited Hopkins to come to Chicago, and Pamela was so gracious to come. Congressman Davis came and joined the event. We got Chicago Urban League Cook County Board of Commissioners, and we had the first healthcare forum in the city of Chicago where we brought hospital CEOs, and hiring managers, to talk about an untapped workforce.

We highlighted one of our former clients, Melody Young, who as a young mother addicted to drugs, had went to prison, came out, got a job in healthcare, but when the background check came back, she was let go. She continued to go to school, work on her clemency and pardon, and now she is a nurse with Great Lakes Naval for the Veterans Administration.

When Melody told her story and her journey about redemption and challenges and opportunity saying that "I am not a bad person, I made bad choices," she changed the face of who healthcare employers thought people with criminal records were. That allowed us to have the opportunity and open up hiring opportunities.

News came to Washington about what we had did and our national partner, National Employment Law Project, collaborated with us, so we did additional forums in Dallas, in Cleveland, and in Oakland, California. Now, we have healthcare employers as part of our consortium sending us open positions. What we have done is changed that image and opened up that opportunity. The opportunities when we were in Texas, the lady who has the consortium

in Dallas, said, all the graduates in all the medical schools in Texas, we still do not have enough people to fill these positions.

When looking at healthcare being a natural, and then just eliminating that barrier, getting those to see that people make mistakes, they are credentialed, there is protection, can we just have a basic American opportunity to work.

Mr. DAVIS. Thank you very much.

And, Mr. Ferrens, listening to you was kind of like being in a church of God and Christ church and manna coming down from heaven, to be very honest about it. Your experience, your success really makes you a role model for individuals who have had similar circumstances. If you pinpointed one barrier, what would you say was the most difficult challenge to get beyond?

Mr. FERRENS. To pinpoint one, I think the most difficult part for me, it wasn't even so much the training, it was cutting loose of people and things that I was accustomed to, people that surrounded me. When I decided I wanted to change my life and I was attending this program, I still lived in the community I used to get high in. I still lived in the community that I sold drugs in. I think breaking those relationships and stepping out, being strong enough to say I am not going back that route, was probably the most difficult part of that change.

Mr. DAVIS. Thank you. Thank you very much.

And thank you, Mr. Chairman.

Chairman SMITH. Thank you.

Ms. Sewell you are recognized.

Ms. SEWELL. Thank you, Mr. Chairman and ranking member. This is a really timely subject, and I want to thank all of our panelists for being here today. I grew up in Selma, Alabama, and I have the opportunity now to represent Birmingham and Selma here in Congress, but I can tell you that the difference between Birmingham and the rural communities is vast, yet I represent both.

My first question is, how do we take programs like JumpStart, programs like Safer Foundation and scale them to smaller communities, rural communities?

I know, Mr. Chairman, you and I both are very passionate about rural communities and the systemic barriers to employment and—their systemic barriers and there's structural barriers, but in rural communities it is lack of transportation, it is, lack of skills, obviously, but also lack of economic opportunity. So as we see people graduating from these rural communities, they are not coming back, and they are becoming smaller and smaller. And this Nation was founded on small communities. And so I don't want to lose that.

My question to both you, Mr. Lowery, and you, Mr. Henderson, is how do we scale your kind of programs to small rural communities?

Mr. HENDERSON. Boy, that is a great question. I don't have rural communities. We have suburbia. And I don't think that counts.

Ms. SEWELL. It doesn't count.

Mr. HENDERSON. I mean, what drives these programs are our programs are driven by economic activity. There is a severe shortage of skilled workers in the construction industry nationwide, but

we are at the epicenter where the Sagamores of the world and Johns Hopkins of the world are spending hundreds of millions of dollars annually. How that translates into—wow, I don't know. I wish I had some—it is a long way of saying I can't help. I don't know.

Ms. SEWELL. Mr. Lowery?

Mr. LOWERY. Well, what our experience has shown is that then we also operate two work release centers for the Illinois Department of Corrections where we do the training, and we look at the areas of high employer needs. Because again, to eliminate the stigma of hiring a person with records, the need has to be tremendous. So we collaborated, and we had a program a few years ago where we had job training, computer training in every State prison in the State of Illinois, all 27, and we collaborated with community colleges to do the training in those areas.

Ms. SEWELL. That is a very good point. My time is almost up, and I really want to commend Mr. Ferrens. You really are at the face of what is possible if you want to change your life, and you have the resources and the opportunity to do so and the will to do so, so I want to commend you for that.

Unemployment in my district—the average unemployment in my district is 9 percent, even though the national average is 4, so it is almost double. And we have a job fair every year, and we alternate urban and rural because I have both in my district. The first one we had was in Birmingham and it drew over 5,000 people. People were wrapped around in a very hot August day around the civic center, showing to many of the folks who think that people don't want to work that they do want to work. People do want to work. I think that there is an indomitable spirit and that nothing is more important than the dignity of knowing that you can take care of yourself and your family.

And so my next question, or last question really, is to you, Mr. Ferrens. One doesn't walk this road alone, and were there any Federal programs that helped—that were wraparound services that helped you while you were being trained through JumpStart?

Mr. FERRENS. None that I was aware of.

Ms. SEWELL. If you could sort of figure—if you could have a magic wand and sort of help all of us understand second chances, what would you say to those who don't believe that people deserve second chances?

Mr. FERRENS. I can tell you JumpStart graduates, I can speak from my perspective.

Ms. SEWELL. Yes.

Mr. FERRENS. And on the job we operate at a whole other level. I mean, the level of gratitude we have for someone giving us the opportunity to perform. There is no reason for you to hire me. So when you give me a job, you know, JumpStart graduates are genuinely grateful.

We had a MICA job that was behind, it is a school, education. They opened 7 days a week for us to work. My company has over 100 employees. There were probably 17 that showed up 7 days a week for 4 weeks. Nine of the 14 of the 17 were JumpStart graduates. My company only has 14 JumpStart graduates on its staff.

You know, it was a chance for us to show our commitment to our company and thank them for hiring us.

Ms. SEWELL. And to your community. Yes. Thank you. Well, I commend you and thank you for being here today, all of you.

Chairman SMITH. Thank you.

Mrs. Walorski.

Mrs. WALORSKI. Thank you, Mr. Chairman.

Well, I am all fired up listening to your story because it is, I think, the answer and the solution we are looking for.

And I kind of want to address this to you, Mr. Orrell, just kind of like the bird's eye view of just a couple of things.

One was you talked about in your written testimony, Mr. Orrell, about the need for a consistent message about the socioeconomic and personal importance of work and self-efficiency. You trace it back to the 1996 Welfare Reform Act, and I want to go a little bit further than that.

A 1935 State of the Union Address President Franklin Roosevelt said, "Work must be found for able-bodied but destitute workers." Posters for his works progress administration blared in big letters all over the country: "Work promotes confidence."

And I want to get to you also, Mr. Ferrens, after I ask you this question, and I know the how is different in today's culture, but FDR was also a big believer in the idea that those that can work must work, and we must discourage sitting on the sidelines.

In my district in northern Indiana, the home of the RV industry, today, right now, in just one county we have 30,000 jobs available. We are at full employment because of about 1.7 percent unemployment, meaning 1.7 of the people are not going to work. Thirty thousand jobs today. There are plenty of reasons for this. I hear it every day from everybody and their brother. They can't hire workers that can't pass the drug test. And this is in relation to this latest onslaught of opioid addiction.

We have looked at this at several layers in my State, the Governor—we are engaged now with a task force. Drugs are in my State and the Federal level as well looking at our State of Indiana. These opioid deaths now are being called deaths of despair, but there are still tens of thousands of jobs available. And I guess, Mr. Orrell, from the big picture can you give us some perspective on the relationship between unemployment and the rapid rise of opioid addiction in our country? And then does anybody have any conclusive evidence to determine is this a causal relationship and then followed up by, if so, does unemployment lead to addiction or is it vice versa?

Mr. ORRELL. So it is a complex interplay of factors. I highly recommend the study by Anne Case out of Princeton University on this, who she and her husband coined this phrase, "the deaths of despair." She really looked at after you tease out all the factors that could contribute to the opioid addiction, what you get is a cumulative impact on people's lives that is founded in unemployment. It is not only unemployment.

Mrs. WALORSKI. Right.

Mr. ORRELL. It is breakdown of families. It is the dissolution of other community institutions. It is problems in marriage. It is all sorts of things that feed into it. But after you control for all of that,

you don't really see the rise in the kind of deaths of despair that we have seen until you see the deindustrialization of the American economy and the loss of those jobs. Unemployment, they argue, is really at the base of this.

Mrs. WALORSKI. Mr. Ferrens, thanks also for your story. But, you walked through this world, maybe not just with opioids, but certainly drug addiction. And so for you, you have already said kind of how you got turned into and got turned around into something else when you changed your mind. But as you kind of look out over the scale of the map today, do you think it is also the same kind of—is it an unemployment issue that turns your head around to say I need to be responsible, I can do this?

I am thinking of the people in Indiana right now, 30,000 jobs and, technically, people still talking about there is no jobs, there are no good jobs. Do you have a perspective on that?

Mr. FERRENS. It is hard for me to fathom that situation.

Mrs. WALORSKI. Oh, I know.

Mr. FERRENS. You know, from the inner city it is always a lack of opportunities. But I know in my walk, drug use starts earlier in life than unemployment before you even start looking for a job.

Mrs. WALORSKI. Right. Exactly.

Mr. FERRENS. You know, so I would probably go with the drug use leads to unemployment, just from my perspective in the inner city. And a lot of it is the single parent homes and the—I guess you would call it depression. You know, it is hard to look at your kid—as a father, you have single parent homes because you don't want to be reminded of your failure. It is hard when you can't put sneakers on your kid's feet to be in that kid's life. It is much easier to turn and run because you are unemployed, rather than stay in that kid's life and feel like a complete failure.

It is a big picture, and you turn to drugs to deal with feeling like a failure. It is far more big than what I can offer you.

Mrs. WALORSKI. I appreciate your perspective.

And thank you gentlemen, and thank you, Mr. Chairman. I yield back.

Chairman SMITH. Thank you.

Mr. Bishop.

Mr. BISHOP. Thank you, Mr. Chairman. And thank you to the panel for being here and sharing your time and your testimony.

Mr. Orrell, I was wondering, much of the success of a program like this has to do with changing the culture in our country of basing success on who can send their kid to a four-year—or to a college to further their career. How do we deal with that? How do we go from a society that puts so much emphasis on college only to come out on the other side with huge debt and no job? How do we transition to a position where we actually encourage folks to use their talents that they have today and transition right into the workforce? What is the message—what can government do to encourage that kind of mindset?

Mr. ORRELL. I think it is a great question as to how we encourage young people to think about non-four-year opportunities. The reality is that everybody in the economy now and, in the future, is going to need some sort of postsecondary training. What we need to do, is make young people aware of the opportunities. There are

good livings to be had in the trades, in technical fields, in manufacturing, in healthcare, that don't require four-year degrees.

So encouraging people, encouraging youth to understand, providing the information, here is what is available to you. Did you know it is not uncommon these days for welders to make $100,000 a year? Did you know that there are manufacturing jobs that will start you out at 40-, $45,000 a year and with great career pathways? And you won't have to have the $80,000 in debt that you get out of a bachelor's degree for something you may not be able to use.

Mr. BISHOP. Interesting. It is a conundrum that we want to put emphasis on higher education, but at the same time there are some folks that just do better, as Mr. Ferrens indicated, outside of school, hands on, and that is the kind of thing that public policy should support and not look down upon.

I wonder if, Mr. Henderson, you might be able to comment on whether or not you think that the groups, the projects like you have been working on, Project JumpStart, government, community colleges, talk to each other. Do we talk outcomes based to suggest how we can best work together? And if not, how can we encourage that?

Mr. HENDERSON. It is a challenge. We work with the community colleges. We work with the public schools. Everybody has their own fiefdom. Everybody has their own set of objectives they have to meet, and sometimes they feel like in order to get it, in order to get funding, they have got to do it unilaterally and would it make sense to bring other people into the program? And I especially see this with the community colleges. They are an important partner for us, but they have their own dealing with funding, dealing with changing student body.

I just want to tag on real quickly what the gentleman was saying about school. Change the way you incentivize and judge and hold principals and guidance counselors accountable. Give accredited industry-recognized training the same way that they give AP tests and four-year college degrees and you will see a change.

Mr. BISHOP. A very solid recommendation. Thank you, sir. Mr. Ferrens, your testimony, your story is really quite inspiring and compelling. I am wondering if you might be able to tell me, you drew my interest with regard to criminal conviction. Mr. Lowery also spoke on the subject, and how that is an impediment to your future.

Has there been any effort afoot to try and create an expungement process so that you can expunge your record and not have to go through life with that anchor around your neck?

Mr. FERRENS. I have attempted in the past. There was a lot of bureaucracy as far as regards to your last offense being a conviction, whether it can be expunged or not. It just got extremely frustrating for me. And it bothers me, because I feel as though my son and my children are still paying for that mistake, in regards to the opportunities that I have that would affect their lives and our living situation.

Mr. BISHOP. The purpose of expungement and the reason why I raise it is because it is supposed to give people like you, who have proven themselves to society, who are not likely to be a recidivists, who are productive members of society, a second chance. I have al-

ways supported, and I think it makes sense to support public policy that encourages that kind of fatherhood and citizenship going forward.

So I appreciate your testimony and I think it sheds light on an important need in public policy in this country.

Mr. LOWERY. I just wanted to jump in for a second as far as—in Illinois we just passed the largest expansion of sealing in the history of the country. Where before you had only 9 felony convictions that can be sealed. Now there are hundreds that can be sealed after the waiting period, after the appropriate rehabilitation.

I think the biggest change that needs to happen, and I know Congressman Davis had introduced Federal legislation about sealing the record, but the biggest thing is the perception of who a person with a criminal record is. And, again, rehabilitation is not a made-up word. People turn their lives around. Given the opportunity to turn their lives around, the basic dignity of work, there has to be a commitment and a messaging from the Federal Government to allow people second chances to just basically work. And I think that will go a long way with resolving issues, labor place, and all the other associated ills that we are facing.

Chairman SMITH. Thank you. Mr. Reed.

Mr. REED. Thank you, Chairman. And thank you to our panelists for the input. And I want to focus my opportunity here to really get beyond the data, and I spent a lot of time measuring the data, looking at an evidence-based perspective. But to have a conversation with you, Mr. Ferrens, primarily about the human experience that you went through. I, too, am the son of a single mother. Father passed when I was 2. I have 11 older brothers and sisters, and I was inspired by her to lead the life that I have led in order to sit here as a Member of Congress, relatively coming from nothing.

I am interested in getting to—sometimes of a debate that we have here in Washington, D.C., that I really try to look at it from the perspective of the other side of the aisle. When it comes to the conversation about work requirements, when it comes to the policies that we are trying to advocate for purposes of giving people the opportunity to get an education, volunteer in their community, to go to school, to get that to work.

And sometimes I am chastised for advocating for that type of policy. That I am heartless. That I am clueless. That I don't know the difficulty that that represents in a human being's life as they go through that requirement.

And so sometimes I also have a conversation about the unintended consequences of what are good faith initiatives by many people here in Washington, D.C. when it comes to providing cash welfare or government assistance. And I don't think there is anyone here who is fundamentally opposed to that. But I want to understand the human psyche, because we experienced it in our family when we relied on government programs.

Is there any consequence to you as a human being when you are given a government program, a government check, as opposed to earning that government check or earning that resource that you bring to your family? Did you ever experience any of that in your life experience, and could you share with me that story?

Mr. FERRENS. Yes. I have been a recipient of welfare, food stamps, a lot of government assisted programs. And there is no comparison. None whatsoever. It is innate that as a man you want to be the provider, the protector of your home. You can't describe what it is to earn something versus just being given something. I would have much preferred someone giving me or exposing me to a program like JumpStart, rather than me getting a check on the third. There is no pride that comes in that. There is no appreciation for it. There is no value in it. Anything that comes easy you don't appreciate. I wouldn't compare the two.

Mr. REED. I appreciate that experience because that is exactly what I have heard as I travel around the country and when we have taken initiative on welfare reform. The dignity, the pride of earning that resource, even if it is a government program. That you are showing up and you are volunteering in your community, you are giving back to that community. I have seen such dignity as a result of that.

Would you, Mr. Lowery or Mr. Ferrens, would you agree that sometimes what we do with the well-intentioned purpose of what we are trying to do may have an unintended consequence that gets to the psyche, the dignity, and the ability of an individual then therefore to achieve success because they have lost that dignity, they have lost that pride, they have lost that innate experience that Mr. Ferrens just testified to.

Mr. LOWERY. I think what we really have to understand is that government assistance is not a career pathway. In the State of Illinois, I think a person is entitled to a Link card, for food assistance. I think that is only 140 bucks a month. So the fallacy of a person is depending on a $140——

Mr. REED. Well, Mr. Lowery, I am not talking about the dependency on that $140. I am talking about the dignity that is associated with receiving that Link card for nothing in return for it. What Mr. Ferrens just testified to is a human experience that I think we should advocate for here in Washington, which is that even at the $150, just the simple request of having an individual volunteer in their community, to earn that card, gives that person dignity so when they stand in front of their children, when they stand in front of their wives or their spouses or their husbands, they say, you know what, I have given something in return. I have earned it.

To me, that is a fundamental policy shift that we need respect. And this isn't about dependency. This isn't about having a discussion about what is the level of resource to give. We can have that discussion all day long. It is about a fundamental policy that rewards the dignity of work, the pride that comes with it, and not destroying the human psyche, even though we are very well-intentioned with the purpose of the programs in which we are advocating for.

Mr. LOWERY. I think, again, the biggest thing, and I don't have time to share my experiences as far as being a person with a record, the denial of opportunity, even with a college degree, having been a director of the highest rated public housing drug elimination program in the country. I lost that job. I had to work that

earn fair job to get that assistance from a college degree with a staff of 75 and a budget of $5 million.

I was chopping jerk chicken and vegetables in a Jamaican restaurant just to fulfill that work requirement. But, again, what we have to understand is that people want to work because——

Mr. REED. I agree with that.

Mr. LOWERY. There is dignity in work, and when I go into a facility——

Mr. REED. My time has expired.

Mr. LOWERY. The biggest challenge that people—can I get a job? Can I get a job? Can I get a job?

Mr. REED. I understand.

Mr. LOWERY. So if the Government can kind of be a drum major as far as second chances, encouraging employers with incentives, with negligent liability, to give people an opportunity to work. Because, as the gentleman said, out of his program, the people who work 7 days a week were the people who had records, who had a loyalty, a commitment, who honored that second chance.

I think we are hurting ourselves by denying people that second chance, because you have a workforce of millions of people around the country.

Mr. REED. Well, I appreciate that—my time has expired. Mr. Ferrens, thank you for that human experience and your successes.

Chairman SMITH. Thank you. Mr. Reichert.

Mr. REICHERT. Thank you, Mr. Chairman.

I thank the witnesses for being here.

And, Mr. Ferrens, congratulations on your life and your success. We all have challenges that we go through.

I come from a family that struggled as we were growing up. Ran away from home, lived in the street, lived in an old car when I was 16 years old.

Some stories—you know, mine is bad enough, domestic violence, that kind of stuff, but everybody has a cross to bear. And we all go through struggles, some a lot worse than others. But we all deserve second chances. That is what the Almighty God who created us tells us, right? We are all forgiven and deserve a second chance, and I strongly believe that myself.

When you look at these reasons as to why there is unemployment. I just looked down the list here, if I can read them off very quickly, and I hope I can get through some of this stuff and get to my question.

Number one, lack of post-secondary education and training resulting in lower wages. Growing dependency on public benefit programs. High levels of opioid dependency and drug abuse. Rising prevalence of criminal records, along with unmet child support orders. Absence of available jobs in many depressed communities. Weakening of social or cultural norms that expect able-bodied men to work. And the list goes on and on and on. You guys have a big job.

But your experiences that you just shared with us are the reason why some of these programs are successful. God makes us go through these challenges, right? To help those that are about to go through the same challenges, go down a different path. And thank you, gentlemen, for doing that.

I work with a group back in Seattle called DADS, it is Divine Alternatives for Dad Services. And Marvin and Jeanette are the husband and wife who co-founded this organization, and they are personal friends of mine. Marvin won't be ashamed and Jeannette won't be ashamed for me to share with you that Marvin was a pimp and Jeanette was a prostitute. I was an on-time law enforcement officer, 33 years, and worked the Green River serial murder case, and worked with those people on the street for 19 years day in and day out. These people I call my friends. They have turned their life around, and they are helping men be fathers and get jobs.

As I listen to the comments from our witnesses today, it makes me think about the consequences for families and children, for the United States, of working-aged men not participating in the work force. It is a huge consequence for our whole society. For these men, the possibility of being unable to financially support a family, as you mentioned, or contribute to the upbringing of their children has a negative ripple effect on the entire country.

And sometimes what I get frustrated with in my law enforcement career is working with the community. And Marvin and Jeanette have done a wonderful job of bringing in the faith-based community which they are excited about helping. And bringing other social services surrounding—you get the families involved, if you can.

I have two adopted grandchildren, drug addicted babies, that are now 14 and 15 years old. They were 3 months old when my daughter adopted them. They have a wonderful life ahead of them. But I find that these organizations don't work together. They are disjointed. They are inefficient. They are struggling and fighting over the same dollars. And we need to invest in those programs that can come together, work together, right, and recognize the goal for all of us and not compete against the same dollars that, you know, another effort is competing for.

So, for all of you, I think all of you are coming from the same place in wanting to help, as we are here on this panel. What is the one thing? For me it is, you know, it goes back to family, to responsibility, accountability and faith, to be honest with you.

What is the one specific policy, though, that you could all point to that would be the one thing you think that we can do to help you accomplish the tremendous task that you are all involved in now.

Is there one thing that just pops in your mind. The one thing that maybe worked in your life, Mr. Ferrens, or maybe it was JumpStart. It can't be just money. What is it?

Mr. HENDERSON. Just real quick, we have seen it in our program, it is that role model. I grew up in a house where I saw dad go to work everyday. That is what dads do.

Mr. REICHERT. Yep, it was my football coach, my grandfather——

Mr. HENDERSON. If I go in the neighborhood and my dad doesn't go to work or the neighbor's dad doesn't go to work, I don't know what dads are supposed to do.

Mr. REICHERT. Yeah.

Mr. HENDERSON. We are trying to replicate that in a small way with JumpStart, but that role model is huge.

Mr. REICHERT. Yeah. Good. Anybody else?

Mr. ORRELL. Yeah, I would echo that. I think you have seen it on the panel here today. What you need are lighthouses of success at the family level, the individual level, and then at the community level. You know, you need to have an example of people succeeding against a lot of barriers that they face, the communities face, the individuals face.

Helping them succeed in that so it becomes plausible then to other people in the community that there is a way out here. We don't have to accept where we are. Programs like JumpStart. Programs that we are involved with, ICF also involves more—you know, are really about trying to create those lighthouses of hope within the community.

Mr. REICHERT. Yeah. Well, if we can help in any way, we can, let us know. I know you will. But the work really happens where you all are, and thank you. God speed. I yield back.

Mr. LOWERY. Thank you for your service and commitment to community.

Mr. REICHERT. Thank you, sir.

Chairman SMITH. Thank you, Mr. Reichert. And thank you to all of our witnesses, our panelists, I really appreciate sharing your insight and expertise and your perspective. It is inspiring to see the difference that you have made in yourselves and your community. I just can't say thank you enough, and look forward to perhaps hearing more in the future about the successes that you have brought about.

Please be advised that members will have two weeks to submit written questions to be answered later in writing. Those questions and your answers will be made part of the formal hearing record.

With that, the subcommittee stands adjourned.

[Whereupon, at 3:15 p.m., the subcommittee was adjourned.]

[Public Submissions for the Record Follows:]

Comments for the Record
United States House of Representatives
Committee on Ways and Means
Human Resources Subcommittee
Hearing on Missing from the Labor Force:
Examining Declining Employment among Working-Age Men
Wednesday, September 6, 2017, 2:00 PM

By Michael G. Bindner
Center for Fiscal Equity

Chairman Smith and Ranking Member Davis, thank you for the opportunity to submit my comments on this topic. Individuals and members attending this morning's hearing on disability eligibility will recognize some of these themes. As usual, our comments are based on our four-part tax reform plan, which is as follows:

- A Value Added Tax (VAT) to fund domestic military spending and domestic discretionary spending with a rate between 10% and 13%, which makes sure very American pays something.
- Personal income surtaxes on joint and widowed filers with net annual incomes of $100,000 and single filers earning $50,000 per year to fund net interest payments, debt retirement and overseas and strategic military spending and other international spending, with graduated rates between 5% and 25% in either 5% or 10% increments. Heirs would also pay taxes on distributions from estates, but not the assets themselves, with distributions from sales to a qualified ESOP continuing to be exempt.
- Employee contributions to Old Age and Survivors Insurance (OASI) with a lower income cap, which allows for lower payment levels to wealthier retirees without making bend points more progressive.
- A VAT-like Net Business Receipts Tax (NBRT), essentially a subtraction VAT with additional tax expenditures for family support, health care and the private delivery of governmental services, to fund entitlement spending and replace income tax filing for most people (including people who file without paying), the corporate income tax, business tax filing through individual income taxes and the employer contribution to OASI, all payroll taxes for hospital insurance, disability insurance, unemployment insurance and survivors under age sixty.

Since the Great Recession, many workers have been hired back into the economy. For others, getting a new job has become impossible through either age or disability, especially those with behavioral disorders.

Long before applying for assistance, workers have applied for jobs and have been denied. Hiring managers are, therefore, the first line of examination as to whether an unemployed worker is able to return to work, regardless of any legal protections designed to protect their employment rights. Those same managers are the gatekeepers keeping people on disability and older men, regardless of what government claims examiners and doctors determine. If disability payments are available, it is not even worth the considerable effort to try to get back to work.

Should the disabled remain idle? No. Psychiatric and physical rehabilitation programs could carry a stipend with them rather than or in addition to disability benefits, which for some workers are often too low for an adequate standard of living. Such programs should be made available to Medicare beneficiaries (which is not now the case), instead of just Medicaid recipients. These stipends should be at least the same as the minimum wage (which should be $15 per hour) and the children of beneficiaries, like all children, should get a refundable tax credit of $1000 per month per child rather than a payment based on parental salary history.

Even before a disability determination is made, stipend supplemented PRP and physical therapy programs will ease the burden of a long examination process. If someone leaves hospitalization for a disabling condition without a job, such programs should be automatically referred. Indeed, people in partial hospitalization or intensive outpatient therapy who are not employed and probably not employable should start receiving money without any application process. This should also be the case for newly treated substance abuse patients.

Many men are unavailable to work, especially poor and minority men, because of society's response to drug abuse. While middle class men are diverted to treatment, others are caught up in the criminal justice system and are either incarcerated or have a criminal record which makes re-employment that much harder. It is time to quit criminalizing disease and using prosecutorial discretion to punish low level dealers into cooperation. Legalization will end the ability to traffic in substances that could be sold openly, although for the hardest drugs, hospitalization for abuse should be mandatory and require long-term treatment, not just detoxification.

Some men are mentally disabled due to parental drug use or simply bad educational services. Remedial education should also be paid at the minimum wage with the same stipend. You will find many leaving SSI given such provisions (where they were channeled by state welfare agencies when Messrs.. Clinton and Gingrich ended welfare as we know it). It is time to end TANF and Food Stamps as we know them and start paying people to be able to live up to their full potential.

If vocational or educational training is required, as it likely should be in some cases, then the training provider will serve as both "case worker" and conduit for additional benefits, including the Child Tax Credit. Participants would be paid the minimum wage for engaging in training, along with any additional stipend provided to program beneficiaries of the benefit level were set higher.

Some men require college educations to advance. The first two years of college would be grouped with the last two years of high school and would be provided by the state (including parochial high school and college), by employers directly or through a third-party provider or through contributions to a public or private school. Students would receive a stipend and both tuition and stipend would be fully creditable against the NBRT. Labor provided as a supplement to the employer would be fully taxed as other value added. After the second of school, employees would be paid for the remainder of college and graduate school along the same lines as vocational training.

These programs would be funded by the Net Business Receipts Tax/Subtraction VAT proposed in our tax reform program. Employers could either fund the government or sponsor these services themselves for prior employees or employee family members, including siblings.

Many have retired early, either because they have followed the advice of financial professionals and invested wisely so that continued work is not necessary, while others have been able to successfully apply for disability. For early retirees, inflation or higher taxes on dividends and capital gains might bring a return to work.

Economic factors also determine whether work is worth it. Some are comfortable now and don't need to work, primarily because a capitalist economy is designed to reward savers, supervisors and executives by channeling the productive product labor to those deemed more worthy to spend the money. Supply and demand does not cause this determination unless employers have hierarchical or market power over such wage determinations, which is to say that there is no free market for wages. He who makes the rules gets the gold.

The most important factor in returning people to work is an adequate wage for work. Ideally, this should come from a higher minimum wage, which puts the burden on employers and ultimately customers for fair pay, rather than a tax support for low wage workers (regardless of parental status).

The market cannot provide this wage, as there will always be more desperate employees who can be taken advantage of to force wages lower for everyone else. A minimum wage protects those employers who would do the right thing by their employees if not for their competitors.

A $15 per hour minimum wage is currently being demanded by a significant share of the voters. Perhaps it is time to listen. If the marginal productive product of these employees is more than this rate, job losses will not occur – of course, the estimates of this product can be easily manipulated by opponents who believe that managers provide much more productivity than people who actually work, so such estimates should be examined critically. Internally, people usually have the correct number, but are loathe to share it if doing so hurts their political point.

Aside from higher base wages and training, the best way to keep families wanting to work is to give them enough money. None other than Milton Friedman suggested a negative income tax and both Republican and Democratic presidents have enacted and expanded the Earned Income Tax Credit and the Child Tax Credit.

We propose that the Child Tax Credit be increased to at least $500 per month, which is paid for by ending the child tax exemption (which is gone anyway with the income tax for most families) and the deductions for home mortgage interest and property taxes. Replacing welfare programs and the EITC should allow a $1000 per month credit, which would be paid as an offset to the NBRT and paid with wages. Even if the NBRT rate must be raised to cover the cost of the excess credit.

The loss of the EITC would be ameliorated by a higher Child Tax Credit, the paid training opportunities and a floor on the Employee Contribution to Social Security. Social Security accumulation would be held harmless, or increased, by crediting the employer contribution equally (regardless of wage) and funding it with the NBRT.

These proposals will have a positive impact on the prevention of abortion. Indeed, they are the essence of the Seamless Garment of Life as discussed by Cardinal Bernardin. The Center urges the National Right to Life Committee to make adoption of these recommendations a scored life issue. Failure to do so proves the point of NARAL-Pro-Choice America that abortion restrictions would be all about controlling sexuality. Prove NARAL wrong and adopt these recommendations.

A key part of our agenda is to increase income tax revenue from the very wealthy through our income and inheritance surtax. The higher the marginal tax rate goes, the less likely shareholders and CEOs will go after worker wages in the guise of productivity while pocketing the gains for themselves. Since shareholders usually receive a normal profit through dividends, it is the CEO class that gets rich off of workers unless tax rates are high enough to dissuade them. Sadly, the split tax system we propose makes high enough rates impossible to achieve.

Employee-ownership is the ultimate protection for worker wages, although it will allow more men and women to retire early. Our proposal for expanding it involves diverting an every-increasing portion of the employer-contribution to the Old Age and Survivors fund to a combination of employer voting stock and an insurance fund holding the stock of all similar companies. At some point, these companies will be run democratically, including CEO pay, and workers will be safe from predatory management practices.

Employee-ownership will also lead multi-national corporations to include its overseas subsidiaries in their ownership structure, while assuring that overseas and domestic workers have the same standard of living. This will lead to both the right type of international economic development and eventually more multinationalism.

Tax reform is important as well. The NBRT proposed is an element of our tax reform plan. The work men do has been harmed by the drive toward lower costs and prices that has shifted jobs off-shore and to automation. While employee ownership will help control that, tax reform is necessary as well.

The tax reforms detailed here will make the nation truly competitive internationally while creating economic growth domestically, not by making job creators richer but families better off. The Center's reform plan will give you job creation. The current blueprint and the President's proposed tax cuts for the wealthy will not.

In September 2o11, the Center submitted comments on *Economic Models Available to the Joint Committee on Taxation for Analyzing Tax Reform Proposals*. Our findings, which were presented to the JCT and the Congressional Budget Office (as well as the Wharton School and the Tax Policy Center), showed that when taxes are cut, especially on the wealthy, only deficit spending will lead to economic growth as we borrow the money we should have taxed. When taxes on the wealthy are increased, spending is also usually cut and growth still results. The study is available at

http://fiscalequity.blogspot.com/2011/09/economic-models-available-to-joint.html

and it is likely in use by the CBO and JTC in scoring tax and budget proposals. We know this because their forecasts and ours on the last Obama budget matched. Advocates for dynamic scoring should be careful what they wish for.

The national debt is possible because of progressive income taxation. The liability for repayment, therefore, is a function of that tax. The Gross Debt (we have to pay back trust funds too) is $19 Trillion. Income Tax revenue is roughly $1.8 Trillion per year. That means that for every dollar you pay in taxes, you owe $10.55 in debt. People who pay nothing owe nothing.

People who pay tens of thousands of dollars a year owe hundreds of thousands. The answer is not making the poor pay more or giving them less benefits, either only slows the economy. Rich people must pay more and do it faster. My child is becoming a social worker, although she was going to be an artist. Don't look to her to pay off the debt. Trump's children and grandchildren are the ones on the hook unless their parents step up and pay more. How's that for incentive?

The proposed Destination-Based Cash Flow Tax is a compromise between those who hate the idea of a value-added tax and those who seek a better deal for workers in trade. It is not a very good idea because it does not meet World Trade Organization standards, though a VAT would. It would be simpler to adopt a VAT on the international level and it would allow an expansion of family support through an expanded child tax credit. Many in the majority party oppose a VAT for just that reason, yet call themselves pro-life, which is true hypocrisy. Indeed, a VAT with enhanced family support is the best solution anyone has found to grow the economy and increase jobs.

Value added taxes act as instant economic growth, as they are spur to domestic industry and its workers, who will have more money to spend. The Net Business Receipts Tax as we propose it includes a child tax credit to be paid with income of between $500 and $1000 per month. Such money will undoubtedly be spent by the families who receive it on everything from food to housing to consumer electronics.

The high income and inheritance surtax will take money out of the savings sector and put it into government spending, which eventually works down to the household level. Growth comes when people have money and spend it, which causes business to invest. Any corporate investment manager will tell you that he would be fired if he proposed an expansion or investment without customers willing and able to pay. Tax rates are an afterthought.

Our current expansion and the expansion under the Clinton Administration show that higher tax rates always spur growth, while tax cuts on capital gains lead to toxic investments – almost always in housing. Business expansion and job creation will occur with economic growth, not because of investment from the outside but from the recycling of profits and debt driven by customers rather than the price of funds. We won't be fooled again by the saccharin song of the supply siders, whose tax cuts have led to debt and economic growth more attributable to the theories of Keynes than of Stockman.

Thank you for the opportunity to address the committee. We are, of course, available for direct testimony or to answer questions by members and staff.

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Human Resources Subcommittee
Hearing on Missing from the Labor Force:
Examining Declining Employment among Working-Age Men
Wednesday, September 6, 2017, 2:00 PM

This submission is made on behalf of no clients, persons and/or organizations on whose behalf the witness appears.

Comment for the Record on Brent Orrell's Testimony before Subcommittee on Human Resources, Committee on Ways and Means, US House of Representatives, on September 6, 2017

Harry J. Holzer, Georgetown University, September 8, 2017

On Wednesday, in testimony before the Subcommittee on Human Resources of the House Ways and Means Committee, Brent Orrell cited a paper he and I jointly wrote (along with Robert Doar of the American Enterprise Institute) on policy prescriptions to get men who have left the labor force to reenter it. (https://www.brookings.edu/book/making-college-work/)

Though Orrell accurately cites some parts of the report, he misses many other parts. As a result, he presents a relatively unbalanced portrait of our analysis and policy recommendations – one that places too much weight on negative attitudes towards work, and on dependency on income benefit programs like Social Security Disability Insurance (SSDI); and too little on structural changes in the labor market that have made work unavailable as well as unattractive to many less-educated men, along with the real health and substance use issues that many face.

Relative to what we actually write in our paper, Orrell selectively cites a limited number of studies and authors. He overstates the extent to which the welfare reform experiment of the 1990s sets a useful precedent for us, and makes no reference to the positive effects of many income transfer programs. And he omits many other policy recommendations in the paper, designed to improve both job availability and work incentives and supports in the labor market.

Through this statement, I hope to set the record straight, and present our findings and recommendations in a much more balanced fashion.

The Causes of the Problem

Orrell cites Nicholas Eberstadt's book in his testimony, and his claim that 40-63 percent of non-working men live in households where someone receives SSDI or another transfer payment.

In fact, in our report, we note that Eberstadt's dependency estimates are much higher than those that appear in a report last year by the Council of Economic Advisers (CEA), and that the differences between the two likely reflect their very different data sources. The CEA report points out that no more than a fourth, and likely less, of the decline in labor force activity among prime-age men can be attributed to increased dependence on SSDI, while dependence on other programs like SNAP and Medicaid is too small to contribute very much to rising non-employment. Our paper (p. 3, footnote 15) also notes that there is fairly mixed research, and little rigorous evidence, suggesting that SNAP and Medicaid currently reduce work effort by much, especially among men, while their positive effects on health and education outcomes (especially for children) are very substantial.

In our paper, we also cite a recent paper by Alan Krueger, of Princeton University, showing that 44 percent of non-working men report the use of daily paid medication – much of it based on prescriptions – while 43 percent report fair or poor health that likely reduces their ability to work. While we cannot dismiss growing reliance on SSDI and other transfer programs as causes of lack of work, their effects are likely much smaller than Orrell suggests.

Furthermore, our paper indicates that lots of nonworking men live in rural or small metropolitan areas where manufacturing jobs have disappeared, and have not been replaced by other forms of work. Jobs are either completely unavailable, or pay much less than what was previously available to men with only high school education. Given the latter situation, economists refer to reductions in "labor supply" in response to declining wages, as we discuss on p. 4 (and footnote 26). Indeed, we cite rigorous analysis in specific studies of labor supply effects in the paper, and do not just rely on the personal anecdotes of JD Vance that Orrell references.

And, in the paper, we clearly note that the welfare reform effort of the 1990s was a very mixed bag that continues to be debated by researchers – improving work incentives, especially when the labor market is strong, but hurting those who cannot work. While it has some relevance to our policy recommendations, we do not regard it as a clear model to emulate with nonworking men, and nowhere do we call for "self-sufficiency" in a way that would negate reliance on public work supports, as Orrell claims.

Policy Recommendations

In the paper, we call for a balanced range of policies to raise work effort among those not working now; and, when considering those currently on income support programs, we call for a quite nuanced set of reforms.

First, we call for experimentation with different models of SSDI reform, and evaluation of their effects, before such reforms are widely implemented. Second, while we call for major efforts to engage more SNAP and Medicaid recipients in work activities, we reject blanket work requirements, and note the importance of excusing adults with small children, physical or emotional disabilities, or opioid dependencies from any requirements. We also argue that work activities should be provided and paid for by the state for those who cannot find them on their own, and that no one should be sanctioned unless explicitly offered such an activity.

As Orrell notes, we call for greater public job creation for those currently not working, especially in areas with high unemployment. But these efforts should not be limited to set-asides on infrastructure projects, which may or may not occur anytime soon; we also call for other *subsidized jobs programs* for workers facing a range of barriers to work. And we call for expansions in the Earned Income Tax Credit (EITC) and wage insurance to make available low-wage jobs more attractive to workers than they are now.

For those with criminal records, we call not only for personalized employment services for ex-offenders, but also for enforcement of "equal opportunity" laws that make it illegal for employers to refuse to hire anyone with a felony conviction, without regard to the characteristics of the job and the applicants in question. And we clearly call enhanced efforts to treat those with opioid dependencies, and not just force them to be self-sufficient.

A balanced and comprehensive set of policy approaches such as these, along with those that Orrell notes, would likely create a bipartisan political consensus, and more positive outcomes, than relying only on the measures for which Orrell advocates.

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