

**ECONOMIC RECOVERY AND ASSISTANCE  
TO WORKERS**

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**HEARING**  
BEFORE THE  
**COMMITTEE ON EDUCATION AND  
THE WORKFORCE**  
**HOUSE OF REPRESENTATIVES**  
**ONE HUNDRED SEVENTH CONGRESS**  
FIRST SESSION

HEARING HELD IN WASHINGTON, DC, OCTOBER 16, 2001

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**ECONOMIC RECOVERY AND ASSISTANCE TO WORKERS**

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**Tuesday, October 16, 2001**

**Committee on Education and the Workforce**

**U.S. House of Representatives**

**Washington, D.C.**

The Committee met, pursuant to call, at 2:30 p.m., in Room 2175, Rayburn House Office Building, Hon. John A. Boehner, Chairman of the Committee presiding.

Present: Representatives Boehner, Petri, McKeon, Castle, Johnson, Souder, Hilleary, Tancredo, DeMint, Isakson, Goodlatte, Keller, Osborne, Culberson, Miller, Kildee, Payne, Mink, Andrews, Woolsey, Rivers, Hinojosa, McCarthy, Ford, Kucinich, Wu, Solis, Davis and McCollum.

Staff Present: Stephanie Milburn, Professional Staff Member; Dave Thomas, Legislative Assistant; Jo-Marie St. Martin, General Counsel; Dave Schnittger, Communications Director; Heather Valentine, Press Secretary; Scott Galupo, Communications Specialist; David Connolly, Jr., Professional Staff Member; Victoria Lipnic, Professional Staff Member; Molly Salmi, Professional Staff Member; Patrick Lyden, Professional Staff Member; Kathleen Smith, Professional Staff Member; Deborah L. Samantar, Committee Clerk/Intern Coordinator; John Lawrence, Minority Staff Director; Mark Zuckerman, Minority General Counsel; Michele Varnhagen, Minority Labor Counsel/Coordinator; Peter Rutledge, Minority Senior Legislative Associate/Labor; Brian Compagnone, Minority Staff Assistant/Labor; Ruth Friedman, Minority Legislative Associate/Education; Brendan O'Neil, Minority Legislative Associate/Education; Joe Novotny, Minority Staff Assistant/Education.

**Chairman Boehner.** A quorum being present, the Committee on Education and the Workforce will come to order. We are meeting today to hear testimony on economic recovery and assistance to American workers.

Subcommittee rule 12(b) limits opening statements to the Chairman and Ranking Member of the Committee. Therefore, if other members have opening statements, they will be included in the hearing record. With that, I request unanimous consent for the

hearing record to remain open for 14 days to allow member statements and other extraneous material referenced during the hearing today to be submitted for the official record. Without objection, so ordered.

Let me welcome all of you, and I especially want to give a gracious welcome to the Secretary of Labor, Ms. Chao, who has taken the time to be with us today to discuss a matter of great urgency to working Americans and, most importantly, to their families as well.

### ***OPENING STATEMENT OF CHAIRMAN JOHN BOEHNER, COMMITTEE ON EDUCATION AND THE WORKFORCE***

The unspeakable events of September 11 shook the soul of our Nation. In the month since that fateful morning the shock waves have been felt all across the globe and in every aspect of our lives.

America's economy has not been immune from these effects. Thousands of workers have lost their jobs. The airline industry and other related sectors have announced approximately 100,000 layoffs in the days since the tragic event. When combined with reductions in other affected industries, the number may be higher than 300,000 Americans who no longer have their job today.

Few of the areas we represent have been spared completely from the effects of September 11. About 800 jobs have been eliminated from General Electric's aircraft engines plant near my district, affecting hundreds of local families. Delta Airlines, which employs some 4,000 people in the greater Cincinnati area, has warned that large-scale layoffs could be on the way as well.

Republicans and Democrats have spent years putting in place a safety net in anticipation of a period of mass layoffs such as this. But in the days since the attacks we have also made clear that this Congress will not turn its back on workers who are in danger of slipping through the cracks. We will do everything in our power to help every worker return to work as quickly as possible and, in the meantime, they and their families have adequate relief.

In the days since the attacks, the Department of Labor has taken swift action to mobilize the safety net for displaced workers and their families; and today Secretary Chao has agreed to update us on the progress of these efforts and the ways in which Congress can work with the Administration to further strengthen the safety net for these workers.

President Bush and Secretary Chao have outlined a series of reasonable steps Congress should take in the days ahead to bring further security to displaced workers as they look for new work. Our colleagues, Mr. Johnson of Texas and Mr. McKeon of California, have joined me in introducing the legislative version of the President's back-

to-work plan. The proposal is designed to, one, help those who are losing their jobs because of the September 11 attacks; two, put people back to work to help get the economy moving again; and, three, to help insure that displaced workers have access to health care.

The President's plan is a compassionate one, not just because it provides the flexibility and resources to help workers in need but because it recognizes that a displaced worker's true goal ultimately is to return to work. A government program can help a worker survive, but until a worker returns to work, no economic recovery is complete.

The President's plan includes concrete steps that can be taken immediately by this Congress to strengthen the safety net for displaced workers. Some will argue these steps don't go far enough, and I welcome that debate. But I also respectfully ask that we not allow it to delay us from moving this plan forward. If it will make a positive difference for even one worker in our economy, we have an obligation to proceed with enactment of this plan, even as we continue the debate over whether it is proper to go further.

WRITTEN OPENING STATEMENT OF CHAIRMAN JOHN BOEHNER,  
COMMITTEE ON EDUCATION AND THE WORKFORCE – SEE APPENDIX A

**Chairman Boehner.** Once again, let me welcome Secretary Chao to our Committee. We are honored to have you with us today.

I would like to now yield to my friend and ranking member of our committee, the gentleman from California, Mr. Miller.

**Mr. Miller.** Thank you, Mr. Chairman for yielding; and I want to thank you for holding this timely hearing.

I want to welcome you, Secretary Chao, to the Committee and thank you for your participation in today's hearing. We look forward to hearing and working with you and others in the Administration as our Committee does its part to help turn around the economy and help working families get back to work.

***OPENING STATEMENT OF RANKING MEMBER GEORGE MILLER, COMMITTEE ON EDUCATION AND THE WORKFORCE***

Over the past several months, hundreds of thousands of working families have faced devastating layoffs as a result of a faltering economy that has been further impacted by the September 11 terrorist attacks. The Congress must respond and address the needs of these families facing economic ruin, just as we responded weeks ago to the airlines facing bankruptcy. Any economic stimulus package must address the needs of all

workers facing devastating layoffs, regardless of what sector they work in, what region of the country they live in or when they lost their jobs. The Congress and the Administration must decide to leave no working family behind.

These families need our help now. Many men and women, particularly lower income, minorities, and younger workers lack even basic assistance because of the cracks in the States' unemployment compensation system, and they are properly looking to the Federal Government to help them through this crisis. Those in industries with poor long-term prospects for recovery need additional weeks of unemployment compensation. Some need comprehensive retraining and education. Many workers need help to continue their basic health care coverage for their families.

Madam Secretary, I look forward to your remarks to identify the Administration's initiatives on behalf of the workers and families impacted by this ongoing economic slowdown. Concerns have been raised about the Administration's plan, that the Administration's plan excludes a substantial number of workers and treats workers in different parts of the Nation inequitably. At a time when the Administration and Congress are contemplating substantial tax benefits for impacted businesses, Members of this Committee and many others will want to be assured that the impacted working men and women receive sufficient attention and support that can carry them through these tough times.

Lastly, Mr. Chairman, I am delighted to have the opportunity to hear the testimony of Secretary Chao on behalf of the Administration. As you know, I would have preferred and requested that the witness list be expanded to include the representatives of working men and women actually suffering from job loss and loss of income. However, this hearing is proceeding without those witnesses.

The Democratic Members of this Committee seek to exercise our rights under rule XI, committee rule 12(d), and want to be sure that the victims of the economic downturn, the men and women who are losing their jobs, their health care and their income, have a comparable opportunity to address this committee. All 22 members of the Democratic side have signed a letter to you requesting additional hearings as provided under the rules to afford other witnesses a forum for our views, and I ask unanimous consent that that letter be entered into the record of this hearing at this point.

I look forward to working with you and your staff to work out the scheduling for the second hearing in the very near future.

Again, I want to welcome the Secretary and thank her for her participation; and I would like to yield the balance of my time quickly to Congresswoman Solis, who has a conflict but wants to enter her statement into the record.

**Ms. Solis.** Thank you. Yes, I have a statement that I would like to submit also for the record.

**Chairman Boehner.** Without objection, so ordered.



**Mr. Miller.** Thank you, Mr. Chairman.

**Chairman Boehner.** Thank you, Mr. Miller.

Without objection, the letter signed by your colleagues will be made part of the record; and we will work with you, as we have all year, to insure that we have a fair process in this Committee and look forward to working with you in terms of scheduling an additional hearing to provide a broader array of witnesses before the Committee.

**Mr. Miller.** Thank you. We appreciate that very much.

**Chairman Boehner.** It is my pleasure to introduce the Secretary of Labor, Elaine Chao. Ms. Chao became the Nation's 24th Secretary of Labor and the first Asian American woman appointed to a President's Cabinet and was confirmed by the Senate on January 29, 2001.

Before coming to the Labor Department, Secretary Chao was a Distinguished Fellow at the Heritage Foundation. Previously, she served as President and CEO of United Way of America. Prior to joining United Way, she was the Director of the Peace Corps and established the first Peace Corps program in the Baltic nations of Latvia, Lithuania and Estonia.

Secretary Chao's previous government career includes serving as Deputy Secretary at the United States Department of Transportation. She also served as Chairman of the Federal Maritime Commission and Deputy Maritime Administrator at the Department of Transportation. Ms. Chao received her MBA from the Harvard Business School and her undergraduate degree in economics from Mt. Holyoke College.

**Chairman Boehner.** With that, Madam Secretary, the stage is yours.

***STATEMENT OF THE HONORABLE ELAINE L. CHAO,  
SECRETARY OF LABOR, U.S. DEPARTMENT OF LABOR,  
WASHINGTON, D.C.***

Mr. Chairman and Members of this Committee, thank you for the opportunity to speak with you today about President Bush's Back-to-Work Relief Package; and I do want to thank Chairman Boehner and Congressman Johnson, and Congressman McKeon for introducing the Back-to-Work Act.

The President and his Administration are indeed dedicated to providing swift and compassionate assistance to dislocated workers and their families following the terrorist attacks of September 11.

What we have learned since that terrible, terrible time is just how great a country America really is. We have seen it in the heroism of the firefighters and the police officers. We have seen it in the overflowing generosity of American citizens to volunteer relief agencies. And we have also seen it in the rapid, coordinated response of our government at every level.

It is important to note that most of what the government has been doing since September 11 in caring for those who have lost their jobs and their livelihoods grows out of programs that have been in existence and in effect for years, designed just for times like these. Over the years, our government has created a strong safety net for families at risk; and today the Bush Administration is making sure that this net is catching as many of those who need help as possible.

USDA is offering food stamps as a bridge for struggling families; Social Security provides cash benefits for widows; FEMA administers disaster housing assistance and crisis counseling services; and even the IRS, not especially noted for compassion, is providing tax refunds for casualty losses.

The Department of Housing and Urban Development is working with lenders to make sure that families affected by the attacks won't lose their homes or ruin their credit rating just because they can't pay for the mortgage for a few months.

SBA, the Small Business Administration, has disbursed nearly a million dollars in low interest loans since September 11, all a part of this disaster loan program. And all of this assistance, totaling billions of dollars, is proof that our government will not neglect those who need help in a time of crisis.

But this Administration is committed to going even further than current programs allow helping families, industry and regions that have been hardest hit by the terrorist attacks and their aftermath. As President Bush has said, one person laid off is one person far too many; and that is why he has offered a plan to massively build up our Department's programs helping dislocated workers.

I often say that we are the "department of compassion" for workers in need. In the President's 2002 budget, we invest nearly \$6 billion in helping workers with things such as job placement, job counseling, training for a new career, and even relocation expenses. Most of this help is provided through State-level agencies that are closest to the workers.

The Department oversees a national network of One-Stop Career Centers where unemployed workers can register for benefits, find out who is hiring and even learn how to start their own businesses. By calling our toll free number, 1-877-UTOJobs, workers can find the location of the nearest one-stop center to them.

When people lose their jobs suddenly because of a plant closing or a disaster, the Department offers emergency grants to States to help pay for training and also counseling. The Department of Labor also helps manage the Nation's unemployment insurance system, which is currently funded at \$88 billion. This offers reemployment

services and a steady income to workers and their families.

Helping workers in crisis is what the Department of Labor does. Getting them back to work is our job. And before anyone even started talking about how to help dislocated workers, the Department of Labor, along with the rest of the government agencies, was already on the job.

Barely 10 days after an attack on the World Trade Center, we recommended and the President approved a \$25 million emergency grant for dislocated workers in New York City. We also sent New York \$3.5 million to help them hire extra people and buy computers so they can handle unemployment insurance claims. Three weeks ago, we distributed \$100 million from the Federal unemployment account to help States provide reemployment services to laid-off workers.

I have been to Ground Zero; and the Department of Labor, along with many other government agencies, is helping in other ways as well.

OSHA is providing safety expertise and asbestos monitoring to help rescuers and those who are returning to work nearby.

Our office of Workers Compensation programs is expediting benefits payments for the survivors of Federal employees who were killed and for injured Federal employees as well.

The Pension and Welfare Benefits Administration is reaching out to employers inside the disaster areas, offering them extensions on form filings and insuring that benefits plans are safe.

The Office of the Inspector General is helping the FBI with rescue and recovery efforts and sending its own critical incident response team to offer special training to help people who are suffering through traumatic events.

We are also helping outside of New York and Virginia. For example, our regional office in Atlanta is setting up an emergency one-stop center in the city to help people who are losing jobs in the airline industry.

I am saying all of this not to impress the Committee with how much work we have already done but to point out how much can be done through current Department of Labor programs.

The bipartisan Workforce Investment Act of 1998 gives us a very flexible and vigorous and effective framework to help workers, and we need to use it. That is the strength of the President's proposal. Rather than creating new programs that may take years to get up and running, we are taking the current structure and turbo charging it for the crisis that we face right now.

We automatically extend unemployment benefits to States hit hardest by the September 11 attacks; and we pay for it with 100 percent Federal funding, instead of the

usual 50/50 split with the States. This will immediately cover New York and Virginia and also other States where the unemployment rate increase is 30 percent above the pre-September 11 level. In these States, dislocated workers will have 9 months of compensation in which to find long-term employment.

We are also massively expanding our national emergency grant by an increase of three billion additional dollars. These cash payments from the national emergency grants can be used by workers to pay for their health care insurance premiums so that they can keep their health benefits during this time. It will pay for training programs that will lead to new jobs. It will extend financial assistance to low-income workers who may not qualify for unemployment insurance coverage.

This is a proven program, and State departments of labor know how to access this program effectively and quickly. All a governor needs to do is to apply and certify that the attacks of September 11 contributed importantly to layoffs or dislocations in his or her State. Instead of Washington telling people where this money should go, governors would have the flexibility to decide what needs are most pressing for workers in their own State.

They could use this money to pay 75 percent of workers' COBRA premiums for up to 10 months. They could add on an additional 13 weeks of unemployment insurance to the already existing 26 weeks if their State doesn't qualify for extended benefits under the President's plan. They could pay for training programs for workers, pick up their childcare costs and pay for relocation expenses when workers find a new job.

We believe that the President's plan fulfills every expectation we should have of a strong and compassionate response to those whose livelihoods have been harmed by the attacks of September 11. Workers need help now, not down the road; and the President's plan achieves that by creatively expanding the current programs that the Department has, instead of starting from scratch. Workers need flexibility, not a one-size-fits-all approach; and the President's plan gives States the power to target assistance and customize it where it will do the most good.

Workers also need help, regardless of what industry they work in, not just a chosen few industries; and the President's plan gets money to whoever in whatever industry is hurting. Most important of all, our workers need to get back to work, not just get lost in a bureaucracy of dead-end social services. That is why the President focuses not only on the workers who are currently laid off but also on the economy that will hire them back.

At the Department of Labor, we run programs and activities that have a proven record of performance. Our career professionals know their programs, know what works, and they have said they want to do their job to help workers and to help America. Our Nation's governors have the urgency and the infrastructure to help us deliver these services directly to those who need the help. So let's build on the firm foundation that we have, not start on something brand new on untested ground.

The consensus of the Nation is that the attacks of September 11 will not change the way we live. We need to maintain that approach as we decide what to do for those who need our help in this temporary scene of crisis.

Mr. Chairman, this concludes my prepared testimony; and I will be pleased to answer any questions that you and the Members of the Committee may have.

WRITTEN STATEMENT OF THE HONORABLE ELAINE L. CHAO, SECRETARY OF LAOR, U.S. DEPARTMENT OF LABOR, WASHINGTON, D.C.  
SEE APPENDIX B

**Chairman Boehner.** Secretary Chao, thank you for your testimony; and again we want to welcome you to the Committee.

I think it is an important point in your testimony that the existing reemployment system is both flexible and sound, a system built by Democrats and Republicans over the last 20 years that was put in place for times exactly like this, and that building on this system and slightly expanding this system to meet this emergency is a far more sound idea than the development of new programs that haven't been tested. We really don't know how they will work.

As part of that, can you tell us and elaborate on how the existing One-Stop Career Centers are responding to the needs of these workers?

**Secretary Chao.** Well, I think this Committee can take great pride in that they were responsible in helping to pass the Workforce Investment Act of 1998. It is working well. As part of that Act, these one-stop centers were reconfigured. You know, they used to be called the unemployment offices. Well, they are no longer called that. They are now called the reemployment offices, and that demonstrates the changed emphasis that the Department of Labor has. We want to put people back to work; and these one-stop centers, hundreds of them, dispersed throughout the country provide a full array of reemployment services.

A person can go in, they can get counseling, they can get a lot of advice on how to look for new jobs. They can learn computer skills. They can get on the computer. There are computers there. There are counselors there. If they want to, they can even have resume construction, you know, a writing service. So it is a full array of services designed to help people who are unemployed get back into work.

**Chairman Boehner.** For the Members that may not have been here in 1998, I would urge you to look at the number of programs we had up until that time, some 63 Federal Government job training and retraining programs that were rolled into four funding streams and sent back to the States as a way of using the money that we were spending in a more effective way to help more workers. The Workforce Investment Act has in fact worked very well and one of its key sponsors, is the gentleman from California, Mr.

McKeon.

One of the strengths, I think, of the President's plan is that, in order for a State to get a national emergency grant, each State will have to formulate a comprehensive plan to address the needs of their own dislocated workers in an integrated way. In your discussions with the States, what kind of indications have you been given by the governors and others as to how they might go about this task?

**Secretary Chao.** Well, we obviously work very closely with the governors. But this is a very flexible program, and its advantages are that it is extremely nimble. It is targeted at workers in need, and we have a proven track record of having worked with the governors on these programs.

**Chairman Boehner.** With that, let me yield back and recognize the gentleman from California, Mr. Miller.

**Mr. Miller.** Thank you, Mr. Chairman; and thank you very much for your testimony, Madam Secretary.

Let me, if I might, just discuss the situation as I see it and feel free to correct me if I am wrong.

**Secretary Chao.** I would never do that, sir.

**Mr. Miller.** You should, because I am wrong a lot of the time, and I won't admit it.

The situation that we have is an economy that was softening for some period of time, and then we had the terrible and tragic events of September 11. And that event was, on its face, incredibly devastating as we saw in New York City and New Jersey and the immediate environs. The tremendous loss of life and economic activity, businesses and what have you certainly had an impact on employment in northern Virginia. As we learned in a matter of a few days, that event was an incredible economic shock elsewhere in the country, in Las Vegas, Dallas, Fort Worth, Seattle, and some parts of Florida. I mean we can go on and on.

We know the American public changed what they were doing, and they stopped traveling. So industries such as the travel industry, the accommodations industry, the restaurant industry and others were just devastated.

I guess what I am wondering is it correct that we declared the New York area, Pennsylvania and Northern Virginia, disaster areas so people who were unemployed by that were immediately eligible for unemployment? Did that override all of the State exceptions that we have from State to State?

**Secretary Chao.** New York and Virginia are automatically, yes.

**Mr. Miller.** People are automatically eligible for unemployment without regard to State law.

**Secretary Chao.** Yes. Automatically.

**Mr. Miller.** I just wondering why don't we have the capacity to focus on other areas where you have had this devastating impact, for a couple of reasons? One, in many of these areas, there are low-income workers. Either they are ineligible by virtue of hours worked or money earned, depending again upon State law.

I think in most instances, you are not allowed to receive unemployment unless you are seeking full time work or you have a full-time opportunity. In many of these industries, full-time work isn't available. Certainly in a soft economy, full-time work generally is not available in many of these industries.

Isn't there some way to focus? I know we don't like to pick winners and losers in this country.

**Secretary Chao.** Oh, but there is.

**Mr. Miller.** But isn't there some way to inject other areas whether we pay 75 percent of that unemployment cost for that State or 50 percent so that those people would be immediately eligible, because extended benefits don't get you here?

**Secretary Chao.** Exactly. No, and you are absolutely right. Let me just say I totally agree with you. The economy began to soften in August of 2000, and we have begun to see indications of that, and certainly the events of September 11th exacerbated the issue and the economy. That is why the President's program is almost like having a belt and suspenders, because the unemployment insurance benefits would be increased an additional 13 weeks from the 26 weeks that is normally given.

So for example if a small businessperson who is not covered is unable to take advantage of that, or if they were low income, the national emergency grants, which are the second part of the President's program, would be able to take care of these payments.

I should have made that clear. But, basically, if you were not eligible for unemployment insurance, then the cash from the national emergency grants would be available for payment of a similar cash payment.

**Mr. Miller.** Payable without regard to prior eligibility?

**Secretary Chao.** That is correct. This is a very flexible program.

**Mr. Miller.** So if a governor makes a decision to take advantage of that, in theory they could override their current State law and help those individuals who were hardest hit by that situation.

**Secretary Chao.** Exactly, right. Yes.

**Mr. Miller.** What is your interpretation of the use of that Act for people who are unemployed prior to September 11? They are in a market that has been worsened by this event.

**Secretary Chao.** That is going to be a difficult problem. And I understand that there is some concern about what happens to people who are unemployed as of September 10. But that again is where the beauty of these national emergency grants comes in. They are very flexible. And if the governor will certify that certain job losses were caused by significant contributions from the events somehow of September 11, then these workers would be covered. So there is great flexibility.

**Mr. Miller.** Okay. Just to follow on that point, I could have been unemployed in February and if I was in one of these industries, my opportunity to get a job is so much worsened by this event. How do you address that individual?

**Secretary Chao.** Well, these funds are targeted at people who are unemployed, who are laid off, or who are furloughed as a result of the event.

**Mr. Miller.** But what happens to the person who is coming back into the employment market?

**Secretary Chao.** The case can be made that the person no longer has the same employment opportunities because, if he were a hospitality worker, for example, a waiter or a steward or something like that, the opportunities are not there. But again, it is very flexible. It depends on the governor.

**Mr. Miller.** It is your testimony that the governor can use those funds for immediate unemployment benefits or extended unemployment benefits to those individuals even if they were unemployed prior to September 11?

**Secretary Chao.** If it is deemed that somehow their employment prospects have been affected by September 11.

**Mr. Miller.** Thank you.

**Chairman Boehner.** At the risk of my own personal safety from my colleagues on the top row of the dais, what I would like to do is recognize Members in reverse order today since last week, when we had the Secretary of Education here, the newer members of the Committee didn't have an opportunity ask questions.

So, without objection, the Chair recognizes the gentleman from Florida, Mr. Keller.



**Mr. Keller.** Thank you very much, Mr. Chairman. Secretary Chao, I want to thank you for coming and briefing us today.

I represent Orlando, Florida, which is the world's number one tourist destination, and I can tell you that we have been uniquely impacted by the events of September 11. Specifically, because people have been afraid to fly, our tourism-based economy has been devastated.

I talked to a hotel owner yesterday who told me that he would normally have a 75 percent occupancy rate this month, but he has a 20 percent occupancy rate. I have talked to theme park workers, convention workers, hotel workers and cab drivers that have lost their jobs. And the statewide unemployment rate is far in excess of more than 30 percent before September 11.

I was excited to see under President Bush's back-to-work proposal that governors would be able to apply for things such as paying 75 percent of COBRA health insurance premiums for an additional 10 months and providing an additional 13 weeks of unemployment benefits under the national emergency grants.

My question to you is, under these circumstances, would the governor of Florida be eligible to apply for these national emergency grants and could you give us a little explanation of what that process would be?

**Secretary Chao.** The national emergency grants, as you gather by now, are very flexible. Basically, we use a trigger, let's say a 30 percent increase, that is actuarially driven and it is a very attainable figure.

I will give you an example. If the State's unemployment rate is 3 percent and it increases to 4 percent, that is a 33 percent increase right there. So they would be eligible.

Based on the Department's vast experience in administering these programs, we have a whole array of experts who know how much a State needs, and how much a State can absorb in terms of emergency funds.

**Mr. Keller.** So if governor Jeb Bush were to certify that our State of Florida has been affected by the events of September 11 and if our statewide unemployment rate has increased by 30 percent or more, we would be eligible to apply for these grants?

**Secretary Chao.** You would certainly be eligible to apply, yes.

**Mr. Keller.** Okay. Thank you, Madam Secretary.

I yield back, Mr. Chairman.

**Mr. Johnson.** [Presiding.] Thank you.

Mrs. McCollum, would you care to question?

**Ms. McCollum.** Yes, thank you, Mr. Johnson.

Madam Secretary, I have been in constant contact with my Commissioner of Trade and Economic Development, Rebecca Yanisch. In fact, we have a mobile workforce center so we can take it out to rural Minnesota. I got a chance to be on the truck, and they have got it hooked up and actively wired. It is terrific. But we still have some challenges ahead of us.

We have many corporations who have had large layoffs, some prior to September 11 and some since September 11. That includes LTV Steel, Farmland, Honeywell, American Express, 3M and of course, Northwest Airlines, Sun Country Airlines and Mesaba Airlines back home. So in late September we got busy.

Our dislocated workers have been top in our mind, and Commissioner Yanisch has been working with the University of Minnesota community colleges and our workforce services, and we have applied for a grant.

**Secretary Chao.** Yes, I am aware of that.

**Ms. McCollum.** So my question is, what is going to happen to our old grant under the President's new proposal? Because I am sure many States have rushed forward with their national emergency grants and I am hoping you can tell me either today or later on what has happened with our grant.

The administration's proposal, as you said, includes this new \$3 billion in national emergency grants. Is this in response to the great demand you have had for these grants as we have applied for ours previous to this? Help me with this, please.

**Secretary Chao.** Yes. Actually, I am very much aware of Minnesota's request for \$24 million; and let me just say that it is under review. We hope to move on it expeditiously, obviously. There have been other States that have come in, but the funding that we are talking about is not limited by any amount by the requests that have come in. So we will be able to work with each State as they submit their proposal. And, as I mentioned, I am very much aware that Minnesota has a \$24 million claim coming in.

**Ms. McCollum.** Well, Madam Secretary, if I may put you more up to date. The Coalition of Community Colleges, the Department of Trade and Economic Development, our workforce centers and the State of Minnesota through our executive branch have put together a coalition, and that coalition has been funded with State money to almost \$300 million.

We are moving forward because we know that we put in a good application, an application that is very worthy of your consideration for funding, and we don't want our workers to be out of jobs. We want them to be working, so we are moving forward and we look forward to working with you, Madam Secretary.

**Secretary Chao.** Thank you very much.

Mr. Chairman, can I respond to a couple of Members' remarks about the hospitality industry?

Obviously, I am very, very aware of the tremendous job losses that have occurred in the airline industry as well as the ancillary hospitality industry. In fact, right after this hearing I am going to be meeting with John Wilhelm, President of the Hotel Employee and Restaurant Employee Union, to discuss ways in which we can work together.

The hospitality industry has been, obviously, greatly hit; and we have also helped John to hook up with some additional companies and corporations so that they can work together. We made the appropriate recommendations, introductions so that they can work together on some of these issues as well. These programs work very well.

**Mr. McCollum.** I was just wondering, what I can tell people at home; a week, 2 days, 3 days, 24 hours? We are ready.

**Secretary Chao.** I wish I could give you an answer right now, and I can't. So I will ask how long it will take. But, as I mentioned, we hope it will not be much longer.

**Ms. McCollum.** Okay, I will contact your office then.

**Secretary Chao.** And we will make sure that we keep your office informed.

Also going back to Mr. Miller's question about people who were unemployed prior to September 11, we have a whole host of programs within the Department that can help these workers as well. We have disaster unemployment assistance. We have the One-Stop Career Centers. We have training funds. We have assistance programs.

So I don't want to leave you with the impression that somehow if those workers are not covered under the President's new program, that they don't have very many options. In fact, the Department already has a whole array of options. There are resources for both employees and employers and what can be done for the unemployed.

**Mr. Johnson.** Thank you, Ms. Chao.

You know, I think Ms. McCollum has hit on a point. These people need immediate relief.

**Secretary Chao.** Absolutely.

**Mr. Johnson.** We don't need to get involved in a big administrative morass trying to figure it out.

Mr. Osborne, would you care to question?

**Mr. Osborne.** Thank you, Mr. Chairman.

We appreciate you being here, Secretary Chao. I would like to comment that I really appreciate the Administration's commitment to using existing programs as much as possible, because, obviously the process will be more efficient and quicker.

I do have just a couple of very brief questions. I come from a district that doesn't have a lot of immediate layoffs from the September 11 issue. But I did want to ask this question. Will workers who were laid off prior to September 11 be eligible for benefits under the President's plan if they are unable to find employment due to the layoffs and loss of job opportunities as a result of September 11?

**Secretary Chao.** As I mentioned, the national emergency grants are very flexible. If your State's governor certifies that the unemployed worker is adversely affected by events related to September 11 these funds will be available.

That is why I emphasize the flexibility of this program. My career professionals, and I say "my" with great pride because they are real professionals know how to administer these programs. They know how to be effective. They can get this money out very, very quickly.

**Mr. Osborne.** I have another question, Madam Secretary, which really revolves primarily around the National Guard and Reserve members who are called up. Some are going to absorb quite a loss of income. Is there any provision for those individuals who would be called to active duty?

**Secretary Chao.** It is interesting that you bring that up, because that was actually the subject of a discussion that we had recently. As you well know, there is a law called USERRA. In the private sector if an individual is called up for active service, their rights at the workplace are protected. After military service, they have a right to come back to their job, the same position, at the same pay. For Federal employees, that is obviously the same as well.

The disparity in pay is something that needs to be addressed. During the Persian Gulf War, for example, Federal employees even though they went in as Reservists were paid their Federal employees' salary.

That is being discussed. I don't know whether there is any definitive answer on that yet.

**Mr. Osborne.** However, well-paid people from the private sector would just receive their military pay, but would have the right to return to their jobs. Is that essentially the situation?

**Secretary Chao.** Right. But, again, the Persian Gulf War had precedence, so we are looking at that.

**Mr. Osborne.** I just had one more question. I know that you suggest expanding the unemployment insurance an additional 13 weeks. How did you arrive at 13 weeks? Was

there any special significance to that number?

**Secretary Chao.** Thirteen weeks is about 3 months, and according to past records we found that about 40 percent of individuals find work after 5 weeks; 57 percent of our workers who have been dislocated find work within 14 weeks; 68 percent within 26 weeks. So that is how we arrived at 13 weeks. We thought that was an appropriate period to help workers bridge a temporary period of need.

**Mr. Osborne.** Thank you, Madam Secretary.

I yield back my time.

**Mr. Johnson.** Thank you, Mr. Osborne.

Mrs. Davis, would you care to question?

**Mrs. Davis.** Thank you, Mr. Chairman.

Madam Secretary, nice to have you here. Perhaps you stated this. I know that there are existing programs that are going to be part of this grant. But the \$3 billion that has been cited, is that all new money? Could you clarify that for me?

**Secretary Chao.** Yes. Yes, it is.

**Mrs. Davis.** And where is that coming from?

**Secretary Chao.** The \$3 billion is part of the \$40 billion that was earmarked by Congress.

**Mrs. Davis.** So you are not counting on any existing program money for that?

**Secretary Chao.** Oh, no. We currently have a \$170 million balance within the national emergency grants. The economy had been doing well. These were not really used that much. That was from the previous year and will carry over.

In addition, for fiscal year '02 there will be the usual allotment of \$250 million. So already there is well over \$400 million, plus the \$3 billion that the Administration would add onto that.

**Mrs. Davis.** I know in California we are looking at a pretty high figure for the number of unemployed people that are required in order to qualify for the extended benefits. As I understand what you are saying now is that we don't need another 250,000+ unemployed in order to get those benefits. Is that correct?

**Secretary Chao.** Are you talking about the coverage?

**Mrs. Davis.** I'm talking about the emergency grants. If the Governor applies for that funding, the number of people who are unemployed in California today would make us eligible for it.

**Secretary Chao.** It is hard for me to answer that question. If there has been an increase of 30 percent in the total unemployment rate, not just those who are entitled to unemployment insurance, but the total rate which makes it an easier figure to get to, on a 3-month rolling average, yes, funding would be available.

**Mrs. Davis.** Maybe I need to check the figure of 270,000 people, I've been given. But if, in fact, we have that number of people who are not qualifying because of those numbers, what do we do?

**Secretary Chao.** The Governor can use the national emergency grants as direct cash payments to those who are in need, and may not have the cash resources to pay their COBRA, their health care premiums, or their day care center. So these are very flexible funds, and the Governor only needs to apply for them. It is in the form of a block grant, and the Governor targets the money.

**Mrs. Davis.** So the Governor can establish the priorities that don't necessarily come through the management grants? Are there priorities you established under that?

**Secretary Chao.** It is basically up to the Governors. They can use these payments for training, and for additional cash to meet emergency purposes. That is what these grants are. They are called the National Emergency Grants.

We do however need legislative approval to allow these payments to be used for COBRA payments, so that is what we are asking for. We think we can do that administratively, but in this particular time of crisis in our country's history, we don't want to proceed unilaterally so we are asking for legislative approval to allow these funds to be used for COBRA.

**Mrs. Davis.** If I may, Madam Secretary, is there an area that you are concerned about that we are not going to be reaching? What is your greatest concern as you look at this grant package and know the circumstances that we have in communities?

**Secretary Chao.** Obviously, we always hope that every single person will be taken care of. I can't guarantee that. But I do know that based on what our Department has done, based on our track record, based on the dedication and devotion of our career professionals, this is the best vehicle to get the most money to people in need as quickly as possible, because it is a block grant.

It is up to the Governors. There are very little strings attached, and the State departments of labor know how to work with us on this very effective program. They understand how this program works. So they can access it and receive money very quickly.

**Mrs. Davis.** Thank you.

**Chairman Boehner.** [Presiding.] The Chair recognizes the gentleman from Delaware, Mr. Castle.

**Mr. Castle.** Thank you, Mr. Chairman.

Madam Secretary, I went to New York, as did many people here including you, about a week after the incident and we toured the emergency management operation that was taking care of New York City. I don't know what part, if any, the Department of Labor played, but I would like to congratulate all who were helping coordinate that effort. I thought it was a really outstanding operation during a time of great need in this country.

**Secretary Chao.** Thank you. I will bring that back to the Department employees.

**Mr. Castle.** I have just one quick question before I get to some other questions.

Regarding the one-stop career centers, on a scale of 1 to 10, how would you rate them? Are there things we should be looking at? We as a Congress are very concerned about how well that is working. You are on the inside, and you watch it day to day. I would like to get your quick view as to whether that is working as well as we think it is.

**Secretary Chao.** I think the one-stop centers are working very well. I don't know how many of us remember the traditional "unemployment" office. There would be long lines of people waiting to get their unemployment checks in front of some window. It was a really dismal, pessimistic and discouraging place.

**Mr. Castle.** There has been an attitudinal change.

**Secretary Chao.** Absolutely. And the Workforce Investment Act of 1998 allowed people to apply for unemployment benefits over the telephone and online which has dramatically changed the whole culture of the one-stop centers, because they no longer are geared toward unemployment. They are now reemployment centers.

They have computers in them. People can come in and surf the Net, and counselors are there to advise them on which sites to go to. They can go to America's Job Bank or monster.com or to the State department of labor Websites. The whole atmosphere of the one-stop centers has changed.

**Mr. Castle.** Going through your legislation, I was trying to figure out the things that have gone into place either as implemented or recommended since the September 11 incident.

I see a \$25 million emergency grant for New York to create temporary jobs for dislocated workers and other unemployed individuals, and \$3.5 million to New York to help them hire extra people, buy computers to handle unemployment insurance claims.

Some of the recommendations that have been made are \$13 billion in National Emergency Grants, and \$11 billion available to low-income workers. Are there other things out there that are being done or at least being thought of at this point?

**Secretary Chao.** There are many, many other programs that other departments are working on, even within our Department itself.

**Mr. Castle.** These are things you are doing because of September 11?

**Secretary Chao.** That's right.

**Mr. Castle.** There are a whole variety of other things.

**Secretary Chao.** That's absolutely right. And that is what this folder is all about.

**Mr. Castle.** Do you feel you are getting all the assistance you need from the rest of the executive branch and Congress in terms of what you are doing with respect to the economic issues that are facing you right now?

**Secretary Chao.** I think the Administration and the various government agencies have actually worked very well together. I think there is a real sense of urgency and a real desire to want to be helpful as quickly as possible. I really have seen a tremendous galvanizing of resources to help New York and also Virginia.

**Mr. Castle.** I want to ask a different question. It doesn't relate to your testimony, but you did state as we all know, the airline industry was hit tremendously hard as was the hospitality industry that involves a lot of people working in a lot of different areas, from food to hotels to tourism. In addition we know there are needs out there in our communities for teachers, and pharmacists, some of which need training, some of which do not.

These are sudden changes. A lot of this was in the works because we were going into a down time in the economy, but a lot of it kicked in particularly in the airline and hospitality industries because of the September 11 incidents.

My question is, as we look at our economy are we able to reprogram people to go into these areas? It seems to me the workplace is changing rapidly, and this is an especially unique time with tens of thousands of very competent and capable people put into unique circumstances of not being employed. But it may be a good opportunity to fill some other holes in our economy at this point. I assume the Department is aware of this?

**Secretary Chao.** Absolutely. I am so glad you brought that up because you are absolutely right. The health care industry, for example, is experiencing great shortages of workers, especially nurses.



Just recently Secretary Thompson, Secretary Paige and I got together in an effort to address some of these skill gaps within our economy, and we are utilizing the job centers to help people who have been dislocated even because of the September 11 attacks to start training and thinking about other options as well.

We are also working with the community colleges and technical colleges to increase awareness and thereby enhance opportunities for certain other industries that have a dearth of workers.

In addition, spouses of our military professionals, for example, are also looking for jobs and we are trying to show them the opportunities in some of these industries that lack workers.

**Mr. Castle.** Thank you, Madam Secretary. I yield back my time.

**Chairman Boehner.** The Chair recognizes the gentlelady from California, Ms. Solis.

**Ms. Solis.** Thank you, Mr. Chairman and Madam Secretary Chao. I have two questions.

The first one regards the discussion of when the triggers go off for a State like California where back in August our unemployment figures were almost a million people unemployed. To reach 30 percentage points that would trigger the relief, according to my information, we would need to find 272,000 people that lost their jobs; is that correct?

**Secretary Chao.** I don't have the information on a State-by-State basis.

**Ms. Solis.** What I am asking is that the formula that you are proposing?

**Secretary Chao.** I don't know what that 1 million figure is. It is a rate, number one. And number two, what the States will experience in terms of a 3-month rolling average I cannot predict, nor can anyone else. You are going to see this going forward for 3 months as well. So I can't target and say for this date, you need to have X amount of unemployment developed.

**Ms. Solis.** For California, if our rate back in August or whatever were at 5.1, we would have to go up to about a 6.6? Your staff is nodding yes.

**Secretary Chao.** Up to whatever would be a 30 percent increase over that.

**Ms. Solis.** I guess what I am concerned about is that to me it isn't an accurate reflection of what is actually taking place in areas like Los Angeles County where we have communities that are, say, closer to Los Angeles Airport that may now be experiencing 14 percent unemployment rates. How are we going to allow for that kind of flexibility, or will this formula allow for, say, a special emphasis in those kinds of situations?

**Secretary Chao.** Let me say first of all that the trigger was constructed based on past experience. It is not a tough trigger to meet, and we never meant for it to be tough. We

want to help people, and we want to make sure the funds are getting out to those in need.

Secondly, that is where the belt and suspender analogy comes in. If you don't fit one, under the trigger there are the national emergency grants. The Governor can apply for those grants, and they are so flexible that that can go toward the workers that are not covered in one category, but covered in another.

**Ms. Solis.** I get a little concerned when you say the Governor has the discretion to do that, because oftentimes, coming from the State legislature in California myself, if it is not explicitly written out, then the interpretation on the part of the staff in many cases is very tight and will not allow for that kind of give and take. So I would encourage your office to do what they can to kind of walk through scenarios and give them examples so they better understand how to implement this.

My second question is, I know in the State of California we have a very rigorous formula for who qualifies for unemployment insurance. You can't necessarily take in the first quarter that you worked or the last quarter. What happens to part-time workers and what happens to people that fluctuate from job to job that don't happen to accrue enough earnings or time at a job to be able to get this unemployment insurance?

**Secretary Chao.** Again, if they don't qualify under the extension of the unemployment insurance benefits, they can fall under the national emergency grants. That is why it is one or the other. And it is so broad and so flexible and so targeted that the national emergency grant is a cash payment. It is available to go to those workers.

**Ms. Solis.** Our current legislature is out of session and is not going to reconvene, I understand, until next January. They are supposed to have a special session, but I am not sure that is going to happen. What does the state do in that case?

**Secretary Chao.** This doesn't have to go through the legislature at all. You commented previously about how to get these programs working effectively. That is why the national emergency grants are very, very effective, because California State Department of Labor, I can assure you, knows this program very well. They know how it works. They know how to apply for it. And once they get it, they can distribute it very quickly.

This is a program with a lot of history, and your people probably know people in my Department who they have worked with in the past. They understand this program. One of the selling points is that it is easy to administer and easy to distribute, and the counterparts or the deliverers of the service understand this program very well.

**Ms. Solis.** Given that we are kind of closing out our welfare-to-work cycle where people have hit that time limit, what do they do now? The last hired, first fired, kind of folks that are now looking for work, what kind of assistance can they possibly obtain since we are going to have a whole new group of people who are going to be coming in looking for the same kinds of assistance? There will be some real extreme hardships there, decisions that people have to make?

**Secretary Chao.** We are obviously concerned about people who are going to be suffering during this period of time. And I don't want to sound like a "Johnnie-one-note" when I say the national emergency grants are very flexible. They will be eligible to receive funds under this emergency grant as well.

**Ms. Solis.** Thank you.

**Chairman Boehner.** The Chair recognizes the gentleman from Texas, Mr. Johnson, for 5 minutes.

**Mr. Johnson.** Madam Chairwoman, thank you for being here. We appreciate your testimony.

Health care assistance for dislocated workers is one of the components that the President has proposed in the back to work package. Can you tell me which one of the COBRA premium assistances is the best way to provide that assistance and how does it interface with the national emergency grants?

**Secretary Chao.** Well, heretofore the national emergency grants could not be used for COBRA payments. Therefore the President's proposal asks for legislative approval.

**Mr. Johnson.** So the States have no money for the COBRA plan?

**Secretary Chao.** They will, absolutely. But also the legislative proposal would allow this money to be used for COBRA payments.

**Mr. Johnson.** Okay.

You mentioned the hoteliers and transportation and entertainment industries being under water, if you will. I would just like to tell you that if you need hospitality or airline industry input, the Dallas-Fort Worth area is ready to give it to you. We have Rosewood Resorts and Hotels, Wyndham Hotels, American Airlines, Nieman Marcus, J.C. Penney, Pier One. I know those companies would be delighted to talk to you about what can be done to "stop the bleeding".

**Secretary Chao.** Thank you. That is exactly what the role of the Department of Labor can be as well. It can be a convener to facilitate the information. There are areas where there is a great need for certain types of workers, and certain industries that require certain type of workers. America's Job Bank, which we run, is an effort to help steer people in the right direction.

**Mr. Johnson.** You are right.

How are the States going to administer health care premium assistance?

**Secretary Chao.** It would be a cash payment from national emergency grants directed at a targeted group of people to pay for the health care insurance premiums.

**Mr. Johnson.** Do you anticipate any problem with governors asking for that money?

**Secretary Chao.** No, sir, I do not.

**Mr. Johnson.** This ex-Governor here next to me told me that also.

Where is the \$3 billion for the national emergency grants coming from?

**Secretary Chao.** It is part of the \$40 billion that the President had asked the Congress for.

**Mr. Johnson.** We already approved it.

**Secretary Chao.** On top of that, there is the \$15 billion for the airline industry, and on top of that, the President has a \$70 billion stimulus package.

**Mr. Johnson.** Do you have any problem in certifying State programs in this area in the future?

**Secretary Chao.** We don't expect to.

**Mr. Johnson.** Thank you.

I yield back the balance of my time.

**Chairman Boehner.** The Chair recognizes the gentleman from Oregon, Mr. Wu.

**Mr. Wu.** Thank you, Madam Secretary, for all the hard work you do on behalf of the working men and women of America.

I want to get to the zone of impact of the tragic events of September 11, which as you know from your visit were literally within the shadows of the World Trade Center, Chinatown and Little Italy. I have heard from individuals in those communities that they have had some great difficulties with forms partially due to the length of them.

**Secretary Chao.** There have also been language difficulties.

**Mr. Wu.** Language is the issue that I want to focus on for the moment.

Are Department of Labor forms going to be available in Chinese, Italian or in that special brand of English that they speak in New York?

**Secretary Chao.** I have actually gone further than that. I have appointed a woman by the name of Angie Tang to be the Secretary's Representative for Region 2, which

includes New York. She had worked in Mayor Giuliani's Administration in ethnic outreach and immigration. So she is on site. It was an expedited search, and she just came on board last week.

And I have also spent my Special Assistant, Rosemary Yu, who is one of my Assistants for Asian American outreach, to Chinatown.

**Mr. Wu.** Will the forms themselves be available in multilingual form?

**Secretary Chao.** We are in the process of translating them. That was an issue we were not ready for obviously, but we have set up a Department of Labor booth in Chinatown, and we have provided translators, interpreters and staff to be present to explain the programs.

**Mr. Wu.** But the forms are in the pipeline, if you will?

**Secretary Chao.** Yes.

**Mr. Wu.** Prior to the commencement of this hearing, I just wanted to confirm that you told me you were not going with the President to this APEC conference in Shanghai.

**Secretary Chao.** The President's trip to China has been substantially scaled back, obviously because of the events of September 11, and there are also some security concerns.

**Mr. Wu.** So are you going?

**Secretary Chao.** I am not going.

**Mr. Wu.** Is anyone from Department of Labor going?

**Secretary Chao.** No one from Department of Labor is going. It has become a highly condensed trip.

**Mr. Wu.** I just want to make one point about the Department of Labor and this particular trip.

If one were to focus on one particular freedom for individuals in China, I would focus on the freedom of association in the belief that it would be good for people on both sides of the Pacific. If the working people in China were able to form their own associations, they would eventually be able to take care of their own interests, and in so doing they would protect American jobs also. That "large sucking sound" as was discussed in prior election campaigns would be much diminished once people overseas are able to form their own associations through the freedom to associate.

**Secretary Chao.** Let me just also say that there is, as you all know, the International Labor Affairs Bureau at the Department of Labor. We have just hired Mr. Tom Moorehead, who has a stellar background in management-labor relations and also in the international trade arena. I am just now staffing that office, and we hope to work on these issues.

**Mr. Wu.** I would like to close by commenting that just as a healthy person can sometimes have an irregular heartbeat and application of the paddles gets everything straightened out, sometimes an otherwise healthy economy is periodically subject to real shock as occurred on September 11. In light of the \$40 billion that this Congress has pushed out the door for both civilian and military efforts, and the \$15 billion that we pushed out the door for the airline industry, somehow I find the statement that we are good as we are with respect to employment issues and economic issues to be breathtakingly “Hooveresque.”

I am concerned that we are not going the distance for economic recovery or job recovery as we have gone for the airlines or on behalf of our military and civilian efforts in other arenas. Would you care to comment on that?

**Secretary Chao.** I am just astounded that people would think that this government is not responsive, because I think the government in all aspects since September 11 has shown how effective it is. Speaking for my Department alone, I have had employees who have worked 16 to 20 hours on site in Ground Zero.

**Mr. Wu.** I am not questioning the working nature of your Department, and I certainly don't question what this Administration has done.

**Secretary Chao.** It is this government.

**Mr. Wu.** The government has tried its best and done a good job internationally. What I wonder about are these rising unemployment numbers and the fact that in light of this hard statistical information, we are not seeing a stronger response.

**Secretary Chao.** Again, I am just astounded by that. But nevertheless, I think that for the President to have spent \$40 billion in cooperation with Congress in an immediate response package, \$15 billion for the airline industry and \$70 billion in an economic stimulus package, I would say that is a pretty robust response.

But let me also tackle it from another point of view, and that is the risk of establishing a new program. The risk of establishing new programs is that a lot of the kinks of the program may not work out. We may not know how well a program might work. There would be the implementation process, and it would take a while to make sure that a program is indeed fulfilling its particular mission.

We already have a number of programs that are working very well. And it is not a statist attitude at all, but rather a desire to get the money out as quickly as possible and

through a distribution system that currently is working very, very well.

So our concern is not so much whether it is old to new, but finding an existing channel that works, that is effective and that gets out so that people who are suffering won't have to wait too much longer.

**Chairman Boehner.** The gentleman's time has expired.

**Mr. Wu.** I think we have to see where the numbers go.

**Chairman Boehner.** The Chair recognizes the gentleman from Georgia Mr. Isakson.

**Mr. Isakson.** Madam Secretary, I apologize that after your testimony I had to leave for a few minutes to meet a constituent.

Based on countless meetings and events in the last 4 weeks that I have attended in my district, constituents have come to me and asked me to express to you and other members of the Cabinet how pleased the country is with the way you have responded in such an extraordinary way to each and every function from State to Labor to HHS. We really appreciate the job you are doing. I say that not as a pandering politician, but on behalf of a lot of constituents.

**Secretary Chao.** Thank you, and I will certainly bring that back to the Department of Labor employees. They will appreciate it very much.

**Mr. Isakson.** With reference to Mr. Johnson's questions, I presume the special emergency grants as they relate to COBRA are going to allow some of that money to be used, should a State see fit to pay up to 75 percent of the COBRA premium during that 18-month transition period. Is that correct?

**Secretary Chao.** That's correct.

**Mr. Isakson.** I am a big fan of the CHIP money. I noticed in your testimony you are supportive of Secretary Thompson's recommendation to use the \$11 billion in unspent funds to help provide CHIP coverage not only for children, but for the families of those children, which I guess means the adults. Is that correct?

**Secretary Chao.** That is a program that is run out of HHS, that we have put forward. My understanding is that that is true, but I would have to confess that any further details should probably be directed to Secretary Thompson.

**Mr. Isakson.** I read your testimony, and I just want to tell you I believe the statement you made in there is absolutely correct for that group of working poor. I hate to use that definition, because the qualifications for CHIP funds sometimes are 150 percent or higher in terms of the multiple, but the one statement that you made that "sometimes more children are covered when you cover the families" is absolutely correct.

I think the reason the \$11 billion has gone unused is because it has been very difficult to deploy the intended CHIP coverage to as many children as we wanted to because there is no connection between the parent and the kids in terms of that.

So I just wanted to endorse your statement and encourage you to continue to be supportive of the Secretary, because I think that will make a meaningful difference to people who aren't unemployed, but are employed at the lower level.

**Secretary Chao.** My understanding is that these funds are not taken from somebody who may need them. In fact, they are excess.

**Mr. Isakson.** They are existing funds that have not been used because we had difficulty getting coverage to children. I commend you for the statement you made about if you get to the parent, you will get to the child.

Thank you again for the job you are doing. And I yield back the balance of my time.

**Chairman Boehner.** The Chair recognizes the gentlelady from New York, Mrs. McCarthy.

**Mrs. McCarthy.** Thank you, Mr. Chairman. And thank you, Secretary Chao.

Actually you piqued my interest when you mentioned Secretary Thompson and Secretary Paige talking about nurses, which I think would be a terrific idea. The only problem that I see is that obviously a nursing course is a lot longer than unemployment benefits last, so I hope you would make some arrangements for that. It is going to take some special people to go into that particular field.

**Secretary Chao.** This is not the only program that we have that tries to find more creative ways to help dislocated workers and also to show them that there are other opportunities available. We are very cognizant of the difficulties that you have pointed out and we have working groups working on these.

**Mrs. McCarthy.** Don't forget about occupational therapists or lab technicians. We need them all.

Leading into health care, I remember when I got my 18 extra months of COBRA, and I think I paid the company that my husband worked for, and it ran about \$4,000 a year. So when we start talking about how many people we might be covering under COBRA plus job training and unemployment, will \$3 billion be enough money to cover all those people?

**Secretary Chao.** By our calculations, it should be. And I don't have the specific numbers about COBRA. The national emergency grants are supposed to cover between 600 to 800 people. Unemployment compensation can go up to \$2.2 to \$3.7 million. We



are comfortable that that is a realistic assessment, but we can provide that number.

**Mrs. McCarthy.** I would like that information.

I want to associate myself with the words of my colleague. The moneys that aren't used for the children for health care, you have to have that connection. You really do. And if you can connect the dots together, you would see that program work so much better. I think certainly in the times that we are in now, and especially with the lower-income workers that might be displaced, they probably didn't have health care insurance to start with. Most part-timers or most people even working full time at the lower end of the scale are not offered health care. If there is some way we can do it through this Committee or any other Committee, we should look at ways to connect those dots. In those States that have tried to integrate it, it has been a wonderful program, but we need to have the children with the parents.

I want to follow up with one quick question being that I come from New York. We have many workers in New York that actually live in Connecticut and New Jersey. If this block grant goes through, the workers that commuted from, say, Jersey or Connecticut were certainly affected by the killings on September 11, and yet maybe it wouldn't fit that 30 percent, would the Governor have those moneys to cover those workers for unemployment?

**Secretary Chao.** My understanding would be yes. In fact, this is a discussion that I will be having with the National Governors Association. We have had a preliminary conference call on this already, and I suspect I will be talking to them about it again. Also there is a Republican Governors Association meeting coming up in November. I expect that will be another opportunity to discuss this. But my understanding is yes, it will.

**Mrs. McCarthy.** Just to follow up quickly with one more question going back to what Congressman Miller had said. If someone had lost their job in June 2001, and just say whatever industry they were in because of the slowdown of the economy, and then we went to September 11, which actually impacted the unemployment rate even more as the economy was hurt because of the terrorist attacks, if the Governor can prove that this group of people that might be in the industry, whether it is the banking industry, the securities industry, because we are seeing more and more of those people being laid off, and they can't get back into their jobs, they would be covered then under this emergency unemployment?

**Secretary Chao.** My understanding is that, yes, that would be the case, but the Governor has to make that certification.

**Mrs. McCarthy.** Okay. Thank you. Thank you for your testimony.

**Chairman Boehner.** The Chair recognizes the gentleman from California, Mr. McKeon.

**Mr. McKeon.** Thank you, Mr. Chairman.

Madam Secretary, I want to thank you and the people from your Department and the rest of the Administration for the great job they have done in helping so many through their suffering during this last period of time and for the work that you are doing to help those who have lost their jobs for various reasons.

I also want to thank your Assistant Secretary Emily DeRocco. She brought this brochure. We did deliver this to every Congressperson's office, so if you haven't seen it yet it might be in that mail you haven't opened. But it should be there now, and it is very helpful in using the one-stop shops dealing with people that have lost their jobs.

You mentioned nurses. We held a hearing here just a couple of weeks ago to discuss the shortage of nurses, so you are very timely in helping us on that issue. I might mention we have a great shortage of teachers also, so if we can steer some of them into that path that would be very helpful.

Last year I had a couple of constituents who had gone to a one-stop shop come up to me. They were dislocated aerospace workers, of which there are many in my district, and they had taken advantage of the program and had gotten vouchers. One of them was going to be a computer operator, and one was going to be a teacher. They just graduated from school, and they wanted to thank me for that program.

We worked for 4 years to get that law passed. We passed it in the House in the 103<sup>rd</sup>/104th Congress and finally signed into law, and even now it has taken several years to implement. So I really appreciate your support in using the programs that are currently in place because these people can't wait 3 or 4 years for us to pass a new program or get it fully implemented.

As part of the 2001 supplemental appropriation bill, we passed a \$177.5 million rescission from the Dislocated Worker Employment and Training Program. We are now faced with rising unemployment in many communities, and I was wondering what the Administration's position is on restoring this funding.

**Secretary Chao.** Well, we are currently in the process of discussing this right now. Obviously, the needs of workers will come first.

**Mr. McKeon.** I hope that we will be able to restore that funding.

**Secretary Chao.** I am optimistic.

**Mr. McKeon.** Thank you very much for your testimony and for being here.

I yield back my time.

**Chairman Boehner.** The Chair recognizes the gentleman from Ohio, Mr. Kucinich for 5 minutes.

**Mr. Kucinich.** I thank the gentleman.

Welcome, Madam Secretary. Madam Secretary, the Administration's plan for unemployment insurance would provide extended benefits to residents of States that experience a 30 percent increase in unemployment in an 18-month period following September 11. That is what my understanding is; is that correct?

**Secretary Chao.** Yes, a 30 percent increase of the total unemployment rate.

**Mr. Kucinich.** Historically do you know how often States experience 30 percent increase in unemployment within an 18-month period?

**Secretary Chao.** Before you came, I gave an example. This 30 percent trigger was based on actuarial experience, so it is based on the Department's past experience. It is not hard to reach. It is not meant to be a hard trigger. Basically if your State has a 3 percent unemployment, and the unemployment rate increases to 4 percent, that is already a 33 percent increase.

**Mr. Kucinich.** How would that work for Ohio? We did some analysis, for example, of the unemployment rate month by month since 1978.

**Secretary Chao.** It is very hard to predict on a State-by-State basis, and I don't want to do that because it is a 3-month rolling average seasonally adjusted. So each of the States will have to do their own.

**Mr. Kucinich.** But since we are talking about a State-directed benefit here, I went over some calculations and found that Ohio in the last 23 years saw its unemployment increase by 30 percent within an 18-month period only in the months between April of 1980 and February of 1983. In other words, when you consider the change of unemployment over the previous month, 2 months, 3 months, 18 months, over the past 23 years, the figure of 30 percent was only seen during this particular 3-year period.

**Secretary Chao.** I don't know where you got those figures, and obviously I would want to work with you on that, but it depends on whether you are talking about a total unemployment rate or whether you are talking about a total insured unemployment rate. Those are two different figures. One is a pool for people who are eligible for unemployment insurance. That is one group. And then there is a total unemployment rate. We are using the total, which, again, is not that hard to reach.

**Mr. Kucinich.** I am going to provide this for you. The unemployment rate in Ohio between 1980 and 1983 ranged between 7.5 and 13.8 percent. By contrast, the unemployment rate today is 4.9 percent.

**Secretary Chao.** Actually if it is 4.9 percent it's easier to meet because it gets to be 6 percent, which is well over. That is about 20 or 25 percent right there.

**Mr. Kucinich.** I am just concerned that Ohio wouldn't qualify for the Administration's extended unemployment benefits.

**Secretary Chao.** This is an objective standard. If the trigger is triggered, the money will be forthcoming. So if Ohio has 4.7 percent now, and if your base is smaller at 4 percent, your increase is actually easier to attain.

**Mr. Kucinich.** How much would have to be provided to the average UI recipient for his or her benefit to equal the Federal poverty level?

**Secretary Chao.** I don't have that number with me, and I will be more than glad to provide that.

**Mr. Kucinich.** About \$234 per week?

**Secretary Chao.** Are you talking about a weekly benefit? It depends on the State. In New York City, it is going to be \$405 per week.

**Mr. Kucinich.** I think the line is \$336. And I just wondered if it would take about \$100 extra a week to get up to the Federal poverty line.

**Secretary Chao.** Again, I don't have those figures, and I am not used to calculating it that way, so let me take a look at it, and I will get back to you on that.

**Mr. Kucinich.** Can you also find out how much the Federal Government's supplemental recipient weekly State unemployment benefit is? Do you know?

**Secretary Chao.** In terms of the Administration's plan?

**Mr. Kucinich.** Under the Administration plan, how much does the Federal Government supplement a recipient's weekly State unemployment benefit?

**Secretary Chao.** It is extended benefits, so it would go for 26 weeks, and then it would go for an additional 13 weeks. The amount would remain the same but just would be lengthened. But that is also where the 3-month trigger does not need to be known immediately.

Let us say the starting point begins with the automatic 26 weeks of assistance. And then based on what happens in a 3-month period it goes on for an additional 13 weeks. So it is not as if people are left hanging while the trigger is being pulled.

**Mr. Kucinich.** I have one quick question about eligibility? Currently only 40 percent of unemployed workers receive benefits. What do you look at in terms of eligibility?

**Secretary Chao.** It is a usual eligibility. All of the proposals currently pending before Congress have the same eligibility. The issue is if a person is not eligible. For example, if the business of a self-employed business owner was destroyed at the World Trade Center bombing, and they are not eligible for unemployment, then that is where the national emergency grants will come into play. Either they can get benefits under the unemployment insurance system, or they can get it under the NEGs.

**Chairman Boehner.** The gentleman's time is expired.

The Chair recognizes the gentleman from Wisconsin, Mr. Petri.

**Mr. Petri.** Madam Secretary, thank you very much for the good job you are doing and for discussing this proposal with us today.

I wonder if you can tell me if the Department is already working with the States on some model guidelines or options, because one of the reasons to use existing bureaucratic structure and just change the parameters is so that we can actually help real people right now or in the very near future. When we do things in Congress, it takes a year or more. We passed the airport program last year and were told we would really see the result of that legislation in about 5 years. When we are dealing with human needs and families that is not adequate.

I applaud you for trying to use what we already have and beef it up, rather than reinventing the wheel. If Congress does its job between now and whenever we adjourn, how long will it take before a citizen actually gets a benefit from this proposal?

**Secretary Chao.** We basically can send out the money now. What we need from Congress is the ability to provide this money for COBRA payments and also the increased amount, but otherwise we can begin the program today. So no additional guidelines are needed because this program is well known by both the States' labor departments and us. We work well together, so there are no real new substantial guidelines. It is very easy to get going.

**Mr. Petri.** I know you don't want to pick and choose among the States, but given what has been happening with the unemployment rate anyway, and given the shock that September 11 provided to the transportation and tourism and hospitality industry, just to name a few, would you disagree with the statement that almost all but a handful of States will probably meet the 30 percent guideline?

**Secretary Chao.** Again, we are reluctant to predict at this point, and so I am not going to. But obviously, the President's stimulus package will be very helpful. In addition to providing assistance to dislocated workers, I think we should also talk about the need to boost our economy for the President's stimulus package.

**Mr. Petri.** I was confused. In reading the summary of the proposal in an answer that you gave to one of the other witnesses, when you qualify for unemployment, is it currently 26 weeks? And you are proposing to extend that an additional 13 weeks, for people unemployed after September 11 in States that have a 30 percent increase in

unemployment? If you are already unemployed now, and the State percentage goes up, will you get another 13 weeks? Or do you have to lose your job after September 15?

**Secretary Chao.** If the Governor will specify that the increase in the unemployment rate is due to factors that “contribute importantly”, those are the two key words, to the unemployment rate, then the extension can proceed.

**Mr. Petri.** If a person has used 20 of the 26 weeks, and they lost their job back in May, and now the unemployment rate goes up, it is going to be harder for them to find another job, but they may not qualify.

**Secretary Chao.** I will get back to you on that.

**Mr. Petri.** The other issue I wondered about is the coordination between the unemployment benefits, 26 weeks plus 13, and COBRA, which is 18 weeks plus 10, as I understand it. And that doesn't make any sense to me really. If you are unemployed, you need health benefits.

**Secretary Chao.** Actually the two are supposed to dovetail so that both time frames are supposed to be reflective of one another.

**Mr. Petri.** I suggest we work on it.  
Like a lot of these things, they were set up with different Committees working on them.

**Secretary Chao.** We gave some thought to this, and they are supposed to be reflective and dovetail with one another.

**Chairman Boehner.** The Chair recognizes the gentlelady from California, Ms. Woolsey.

**Ms. Woolsey.** Thank you, Mr. Chairman, and thank you for changing the rules when I got up to this level, but it was worth it. I thought that was a very good idea.

Madam Secretary, thank you for being here. In the 9 years I have been here, I don't know of a time when being the Secretary of Labor was more important. You face a huge challenge, and that challenge didn't just begin on the 11th of September. The economy was faltering before then, and we had the great upsets of the 11th of September. I heard today on the radio that for the 12th month in a row, the manufacturing economy segment has decreased instead of increased, and that is the first time since 1940.

Your job is going to be a huge challenge, and I think you are hearing the Democrats question whether you and the President are asking for enough to help American workers, because if we have done the right thing with the airline bailout, we actually have added \$3 billion just to help airline workers.

So now we have got airline workers that need subsidies for COBRA, need unemployment and need help, and we have the newly laid-off workers from the service

economy. I think we are here to say to you that it is easier to ask for more now than to come back and fight the same battle a second time. And there are a lot of us that would be willing to help you now, because we don't think this will stretch.

So that is my question: How will it stretch? How many workers will be assisted with \$3 billion?

**Secretary Chao.** Let me also say that our country is in a state of war, and there is a lot of need to shore up our external and internal security. This is not a time to mandate entitlement programs, which are permanent, to address a temporary problem.

You are right, the unemployment situation started before September 11. In fact, it started August of 2000. We were very cognizant that the economy was softening and that the manufacturing sector was losing a great deal of jobs starting a year and a half to 2 years ago. And, in fact, it was the service economy that was picking up the slack.

But nevertheless, we obviously are very concerned. So we have been preparing for how to help more unemployed workers.

**Ms. Woolsey.** When you call the Labor Department and unemployment is referred to as reemployment, which is very positive, it assumes there are other jobs out there. This means training and relocation. In your plan, can we pay for training, and can we relocate from one State to another, because that is all going to be part of the big picture?

**Secretary Chao.** The national emergency grants program is very nimble, and it gives the States a great deal of flexibility. I am reluctant and very concerned about implementing new programs at this point because my career professionals tell me it would take a certain amount of time to work out the kinks in terms of service delivery for a lot of new programs.

Right now we have an immediate need. We have a proven distribution channel that works very well, and staff professionals would like to do their jobs and would like to help those that are in need, and this is a very effective tool. And, yes, we believe that based on our past experience that the funding would be sufficient. National emergency grants will be able to help about half a million people with unemployment compensation.

**Ms. Woolsey.** Well, that is very important. And what is even more important is if we can spend \$15 billion to help the airline industry, we realize that we should be able to cover our workers as well. And that is your job, because you are the Secretary of Labor. So we want to help you to do that.

Thank you.

**Mr. Goodlatte.** [Presiding.] I thank the gentlewoman.

Secretary Chao, I apologize for not being here earlier. I very much appreciate the amount of time you have given the Committee today. And I don't know if this has been

asked already, but I am interested in knowing what criteria you impose in determining how much money goes to the States under these grants and which States are eligible to receive them.

**Secretary Chao.** Actually, I don't decide the eligibility of the criteria at all. It is done by a group of career professionals who have great experience in giving out these national emergency grants.

They know about the training needs. They know on an actuarial basis how much a person will need to make a child care payment, for example, or to get some training or to pay for other immediate living expenses. They have a lot of experience in giving out these grants, so they know how much it would cost per State.

And that is how they review the national emergency grants. If a grant comes in and it is just totally unrealistic in terms of the ability of the State to absorb that much money for the purposes that they stated, they will know that.

**Mr. Goodlatte.** Are there regulatory guidelines as to who in a State can be eligible for childcare assistance or things like that?

**Secretary Chao.** We are really weighing a lot of requirements under this proposal. Basically we are making it as flexible as possible. For example, these funds were not to be used for COBRA payments. We are asking for that permission.

**Mr. Goodlatte.** In addition to the grants, I understand that you have technical assistance that the Department can make available to the States. Can you describe that in some detail? What kind of assistance can you provide to State and local areas that are responding to this economic downturn?

**Secretary Chao.** We have a whole host of programs. For example, there is disaster unemployment assistance. There is America's Workforce Network. We have dislocated worker programs, online information and services, assistance for trade-affected workers, of course, unemployment insurance, individual training accounts, tax credit programs, worker adjustment and retraining programs, financial assistance programs. I mean, we have a whole host of programs that are available to workers who are unemployed or dislocated.

**Mr. Goodlatte.** Have you made any adjustments in any of those programs since September 11?

**Secretary Chao.** Aside from the ones that are incorporated in the President's proposal, we really do not see any.

**Mr. Goodlatte.** And when you refer to job search and training services, do you intend for eligible dislocated workers to be able to receive all unemployment and training activities under the WIA? When can a worker access intensive services and training



services?

**Secretary Chao.** A worker can access services as soon as they register. They can actually do this singly by going down to the one-stop centers, or they can do it through their workplace. We also have SWAT teams. These are out-placement teams that we can send in to help dislocated workers, to advise them of their rights, for example, with regard to pension benefits, their health benefits and what transitional programs are available to them.

**Mr. Goodlatte.** Is there a difference between the normal services and these intensive services that I see referred to? Are these a step up?

**Secretary Chao.** I am sure these are, and I am going to ask one of my assistants to get you a direct answer on that.

**Mr. Goodlatte.** Thank you very much.

And one more question. Of the existing government job training programs, what current government programs are you finding instrumental in assisting men and women back to work? For example, are the services provided under the Workforce Investment Act satisfying the needs of displaced men and women, or is it in need of help?

**Secretary Chao.** Well, the Workforce Investment Act is up for reauthorization in 2002, and we look forward to working with the Committee on some ideas. I don't want anyone to think it is one program. It is a whole array of assistance programs for the unemployed and dislocated.

**Mr. Goodlatte.** Thank you.

I believe the gentleman from New Jersey is next. Mr. Andrews?

**Mr. Andrews.** Thank you for being with us today to work on this very important issue. Your Bureau of Labor Statistics indicated that in August of 2001, there were 6.71 million Americans who were unemployed, and I want to talk about what we are able to do for them.

It is my understanding that the \$3 billion in special grants that you talk about is not only for COBRA benefits, but is also for job training. So not all of that \$3 billion is going to go for health benefits, correct?

**Secretary Chao.** It is very flexible. It is for whatever is needed.

**Mr. Andrews.** I want to explore how much is needed and whether what you are proposing is sufficient. Let us use some assumptions that I hope are optimistic ones. If unemployment goes up nationally by only 1 percent more than it was in August of 2001, I think that is a pretty optimistic scenario, which would add about another 1.3 million to

the rolls. We would have 8 million unemployed people. And if we assume for a minute that only a third of those unemployed people live in States that meet the 30 percent trigger, then two-thirds of the States don't hit the trigger. But one-third of the unemployed do live in such States. That would be about 2.5 million people who would be eligible for the extended benefits.

Now do you think that the \$4,000 figure that has been used here previously as an average COBRA benefit is a good estimate? Do you agree with that?

**Secretary Chao.** I believe I have heard of that used.

**Mr. Andrews.** I understand that not all of these 2.5 million people would be COBRA-eligible because some of them weren't insured in the first place. But if they track the pattern of the rest of the economy, you can assume that about 80 percent of them were COBRA-eligible. So we have 2 million COBRA-eligible people under your trigger. If you multiply 2 million by \$4,000 per average premium cost, that is \$8 billion. And if you are going to provide a 3/4 subsidy for those people, isn't that \$6 billion? And isn't that twice as much as you are proposing for the entire package?

**Secretary Chao.** Yes, assuming that your calculations are correct.

**Mr. Andrews.** Which of my calculations do you think is not correct?

**Secretary Chao.** The \$3 billion additional new funding for the national emergency grant is not the only program that exists to help dislocated and unemployed workers. We have a lot of programs at the Department of Labor to help dislocated and unemployed workers.

**Mr. Andrews.** How would their health benefits be paid from their COBRA benefits?

**Secretary Chao.** Forty percent of workers find work within 5 weeks; 57 percent of workers find work within 14 weeks. So we are already providing 26 weeks of unemployment insurance, and that is well within the time. This is a transitional program.

**Mr. Andrews.** Those statistics are drawn from the period prior to September 11, I assume, and they are drawn from a time when unemployment was under 4 percent, I assume.

**Secretary Chao.** No. These are figures from the Bureau of Labor Statistics, the Bureau that you cite.

**Mr. Andrews.** Are they drawn from the year 2001?

**Secretary Chao.** The Bureau of Labor Statistics has a long history of gathering data, so this is data that is pretty much what we call modern economies in the last year and a half, I would say.

**Mr. Andrews.** So you are saying, and you can correct this later if need be, that people were finding jobs at the same rapid pace in 2001 that they were in 1999 and 2001?

**Secretary Chao.** Probably at a slower pace.

**Mr. Andrews.** I would think so.

I want to come back to my main point. Which of my assumptions do you think is inadequate?

**Secretary Chao.** Well, you are obviously assuming that this is the only major program that is available to dislocated and unemployed workers.

**Mr. Andrews.** Tell me the others that are available for health insurance besides this.

**Secretary Chao.** What I am saying is that this is a transitional program and all 80 percent of people that you are talking about are not going to be unemployed. They are going to find new jobs. This is a transitional program.

**Mr. Andrews.** If a person loses her job and can't pay her COBRA, what other program does the Department of Labor have to pay the COBRA benefit besides the special grant?

**Secretary Chao.** There is none. We are asking for legislation to allow that. But may I also point out, respectfully, that your assumption that 80 percent of those people will need COBRA is not one that is borne out by the facts.

**Mr. Andrews.** Well, if it were 60 percent, you would still need \$3.6 billion or \$4 billion, which is more than you proposed for the whole thing? Is 3 billion enough?

**Secretary Chao.** Three billion is enough. And this is not an estimate that I have drawn up or the political team has drawn up. This is an amount that the career professionals have drawn up based on their past experience as to what is appropriate for a particular situation, and it is an adequately funded program. The balances are certainly there. There will be enough money for it.

**Mr. Andrews.** Would you agree to let those career professionals come here and testify before us so they could speak for themselves?

**Secretary Chao.** Well, it is a whole group.

**Mr. Andrews.** Well, we would welcome a whole group. We have room.

**Secretary Chao.** I am more than willing to work with you on that, sir.

**Mr. Goodlatte.** The time of the gentleman has expired. The Chair recognizes the other gentleman from New Jersey, Mr. Payne.

**Mr. Payne.** Well, thank you very much. I would like to express my appreciation for you coming and giving us the testimony that you have. I think that your previous experience with United Way and other nonprofits certainly trained you well for this position. We are very concerned, though, about the level of funding. I think my colleague from New Jersey sort of highlighted a number of those issues, and I know your will, your heart, and desires are in the right place.

Having said that, though, I get a little concerned about what it takes to get things done. And there are a lot of others that get involved such as the Ways and Means Committee, the Administration at the White House, and so forth and so on. Which brings me to my concerns.

As you know, close to 40 percent or higher of the nonunion uniformed casualties came from New Jersey. Certainly hard hit was Newark Airport, for example. I flew down when they started flying again to show my support for our airlines. And I fly down on Continental flights that are 10 and 15 percent full coming into National. This also impacts on two main cities in my district, Newark and Elizabeth where the Newark International Airport is because the cities get a percentage of the landing fees. Therefore, we can expect that the cities of Newark and Elizabeth are going to have even less revenue coming in, in addition to all of the other problems of unemployment.

So we really have a very tremendous situation facing us. The thing that sort of concerns me is the low dollar amount that Mr. Andrews was talking about. I hope that your Department can work very closely with Health and Human Services because many of the problems that we are going to be confronted with really emanate out of that Department.

However, your Department of Labor certainly would be impacted by, for example, the 2 years off of welfare, 5 years you are off for life legislation. Under the circumstances that we have today, it appears to me that the legislation ought to sunset and we need to take another look at it. There is no way that we can see that persons who have in their lifetime been on welfare for 5 years at this time will have a prospect of finding employment. Now, that is Health and Human Services. However, the 2 years and 5 years for a lifetime is something, I think, that we are going to have to certainly consider revisiting.

The proposals that are being brought forth by the Ways and Means Chairman, we already have the \$3.5 trillion, are going back to the top 1 percent, 43 percent is going to 1 percent of the population. But here we are talking about accelerating that. We are talking about reducing capital gains taxes, which would encourage people to sell stocks when we are trying to tell people to buy, which I don't understand because I am not a big financial person; but to give an incentive for people to sell to have a tax break, to me is

just counterproductive to what we are trying to do.

And with the \$70 billion economic stimulus, many of the programs of tax breaks for the wealthy that have been talked about for decades seem like, in my opinion, the trickle-down theory. We found that the rising tides don't lift all ships as we talked about during the Reagan administration.

And so I have some very serious problems that will, I guess, come back to the Department of Labor by virtue of the fact that you are the recipient of unemployment and other problems that are created primarily over in Health and Human Services where many of these programs are administered such as programs of expanded assistance for HIV and AIDS or prescription drugs for seniors. I don't guess we will hear about that anymore at all. Section 8 housing for people who are underserved in housing, I guess we will take that off the board. I know that we certainly can't talk about full funding for Head Start because you even mentioned we are at war now.

So I just wonder, this is kind of maybe out of your realm of sector of labor, however, you have had such a broad background and experience, and I know there is no question you can't answer.

**Secretary Chao.** Is that a set-up or what?

**Chairman Boehner.** The gentleman's time is expiring quickly.

**Mr. Payne.** Let me just ask a question since you made the first shall be last, I guess, in your new philosophy here. I happened to miss that.

**Chairman Boehner.** Just today, Mr. Payne.

**Mr. Payne.** How do you see this overall picture, in a very small capsule, since my Chairman has told me my time has expired? Will there be this working together? Do we see the stimulus package being able to jump-start the economy? How will these capital gains get the taxi drivers back at the airports? I mean I saw one or two, not that I needed one. But I just wondered, where have all the taxi drivers gone? You know, these are questions that we have got to ask ourselves.

**Secretary Chao.** Well, obviously, we are all concerned that workers find new opportunities and that through work they can once again recapture their independence and their self-esteem.

In terms of the stimulus package, obviously, this President believes that if we can stimulate the economy, there will be more job opportunities for people. And as we have seen from 1993 to 2000 when the economy was very good, a lot of people were taken care of. They were able to find jobs. And so I think it is the hope that we would find an economic stimulus package that would enable more opportunities, so that workers can have jobs rather than go on government assistance programs that may not be self-

sustainable in the long term.

I think there are certainly those who feel that the tax cut is a better way to stimulate the economy rather than spending, but I think this is going to be a debate that our Nation will be having, and obviously you know which side I am going to be taking.

**Chairman Boehner.** We have kept the Secretary for an awfully long time. And it is the intention of the Chairman to recognize the two remaining Members who haven't had an opportunity to ask questions.

The Chair recognizes the gentleman from Michigan, Mr. Kildee, who has been very patient today, I might add.

**Mr. Kildee.** I thank you, Mr. Chairman.

It has been 25 years since I have been the second to last questioner and I appreciate that, Mr. Chairman.

**Chairman Boehner.** Well, you know, it's been only 10 years for me.

**Mr. Kildee.** Your point is well taken.

**Chairman Boehner.** It is a good opportunity to remind us of what it is like to sit in the last chair.

**Mr. Kildee.** Madam Secretary, I am really pleased that the Administration and the Congress recognize that assistance to workers is an important part of an economic stimulus package. Purchasing power is a tremendous stimulus for economic growth. I think that a program like this, with purchasing power assistance to workers, is both good for morale and good economics, and that is a happy conjunction, and I look forward to working with you.

We do, as you can tell from the questions up here, worry about the adequacy of the program; 13 weeks for those States that experience a 30 percent increase. And one of my calculations would indicate, and I know there are many calculations, that California would have to increase its unemployment by 240,000 in order to qualify, and I am not sure that is a good calculation or not. I guess none of us knows for sure.

**Secretary Chao.** The other thing I would like to point out is it's not as if there was just one big occurrence at one time. There is a time lag to all of this. And that helps in terms of administering the program and the dollars as well.

**Mr. Kildee.** Well, and I think that is why we work this through the legislative process and hopefully do it with dispatch because there are people out there who are in need. Both sides must remain somewhat flexible because nothing is written in stone at either end of Pennsylvania Avenue. Together we must work to be more assured on both sides

about the adequacy of this program. And I thank you for what you are doing.

**Secretary Chao.** Thank you. Look forward to working with you.

**Chairman Boehner.** The gentleman knows the Chair is always rather flexible and will be glad to continue to work with you.

The Chair recognizes for our last questioner the gentlelady from Michigan, Ms. Rivers.

**Ms. Rivers.** Thank you, Mr. Chairman. Madam Secretary, I am very interested in what you are proposing. In my District I have 12 auto plants that are suffering some real setbacks right now. And I also have Detroit Metropolitan Airport, so I have people who have been part of the slowdown in general, as well as people who were affected by the September 11 situation.

I am trying to understand how they are going to be affected differently under the proposals that are being put forward. In other words, what is the difference between people who were laid off at the end of the summer, as a part of the normal economic slowdown versus people who are going to be a part of this September 11 thing?

So as I listened to your testimony, and I am really having a difficult time figuring out what I am supposed to tell my folks at home, because it sounds like you have proposed extending unemployment for 13 weeks. But you really can't say at this point which States are going to be affected.

**Secretary Chao.** No, because I can't predict what the upcoming 3-month rolling average will bring.

**Ms. Rivers.** You can't say at this point how many workers will be affected either.

**Secretary Chao.** No, because it hasn't occurred yet. It is a 3-month rolling average.

**Ms. Rivers.** But if you don't know how many workers, you don't know in which States, and you don't know how much salary loss that they are trying to replace, how do you know 3 billion is enough money?

**Secretary Chao.** We have some estimates.

**Ms. Rivers.** Based on what? Why can't you project out from there, how many workers and which States?

**Secretary Chao.** Because I think that is pretty dangerous territory for us to tread. We don't know what the economic circumstances would be in a particular State.

**Ms. Rivers.** Of course, when I go home next weekend that is the very question my people are going to ask. They are going to hear about extended unemployment benefits and they are going to want to know if they will qualify, if they will get them. They will also want to know, as Representative Andrews said, what about if I can't pay my COBRA? And I am really at a loss to explain how these new programs actually will help anybody in the 13th District in Michigan. Can you help me?

**Secretary Chao.** Yes, I would like to.

**Ms. Rivers.** Can you explain what to tell them?

**Secretary Chao.** Yes, I would like to. This Administration is not in favor of an industry-specific solution, because you have the Detroit metropolitan area, an area that is obviously hurt by the travel/airline situation, and then you have another of your industries that is automotive, and they are not included.

So first of all, we are trying to assist people in all industry groups, not just one. And secondly, Secretary Evans and I have just gone to Detroit to meet with both the management of the three automotive makers as well as their ancillary suppliers and organized labor to see what kind of programs we can work out with one another to make sure that they are being helped.

But again, the great advantage of the President's proposal with these national emergency grants is that they are flexible. They are not industry specific.

**Ms. Rivers.** Well, from a different perspective, yes, legislators and Governors want as much flexibility as possible. Individuals want as much certainty as possible.

**Secretary Chao.** They want flexibility, too.

**Ms. Rivers.** So the individuals who are being affected either by the economic slowdown or by the attacks want to understand what is going to happen to them and their families over the next few months. And I am trying to understand whom it is you expect to serve and how people can be informed of whether or not they are going to benefit.

For example, what is the basis for establishing the 30 percent trigger? Why did you decide on a 30 percent trigger?

**Secretary Chao.** The 30 percent trigger is actuarially arrived at through great experience in the Department with working with this kind of program. It is not an insurmountable trigger. That is not the intent. The intent is to have a trigger that is reflective of the special circumstances and that will assist people in need

This can be illustrated in a relatively simple way and that is what we are aiming for here, to make it very simple. If a State has a 3 percent unemployment rate and the



unemployment rate increases to 4 percent that is already a 33 percent increase.

**Ms. Rivers.** But what I am trying to understand is, and this is important to me, if you have programs that are going to apply to States and, therefore, people differentially, how do you explain to somebody who lives in Michigan who may not make the 30 percent trigger, that somebody who lives in Ohio will?

**Secretary Chao.** Okay. I think it is important to note that there are disadvantages to having one size fits all as well. We are trying to develop a program that can be customized to a particular State or a particular location. So the Governor, for example, and the State Department of Labor will be able to either use the unemployment insurance with the trigger, and if that doesn't work national emergency grants can be applied for.

**Ms. Rivers.** But from the individual point of view, isn't one size fits all better?

**Secretary Chao.** I don't think so. I think it would be very inflexible.

**Ms. Rivers.** That everybody would get benefits? That would be inflexible?

**Secretary Chao.** No. One size actually means there are cumbersome bureaucratic regulations, whereas right now, this national emergency grants program in combination with the extension of the unemployment benefits program is very flexible. You can go under one or the other and there are very few criteria. It is very open-ended. It is a block grant. The Governors and the States can do whatever they want with it.

**Ms. Rivers.** If they qualify.

**Secretary Chao.** But if they don't qualify under one, then the Governor can make it available through the other. So it is either one or the other and it is very flexible.

**Chairman Boehner.** Madam Secretary, we want to thank you for your willingness to come up today.

**Secretary Chao.** Thank you.

**Chairman Boehner.** We want to thank you for your continuing outreach effort to work with the Committee and we look forward to working with you as we continue through the legislative process on this important package to help those workers in our country and their families who need help.

**Secretary Chao.** Thank you very much for your leadership as well.

**Chairman Boehner.** This hearing is adjourned.

Whereupon, at 5:00 p.m., the Committee was adjourned.



***APPENDIX A - WRITTEN OPENING STATEMENT OF CHAIRMAN  
JOHN BOEHNER, COMMITTEE ON EDUCATION AND THE  
WORKFORCE***



**OPENING STATEMENT****REP. JOHN BOEHNER (R-OH)  
CHAIRMAN, HOUSE COMMITTEE ON EDUCATION AND  
THE WORKFORCE****HEARING ON  
PRESIDENT BUSH'S "BACK TO WORK" RELIEF PLAN****OCTOBER 16, 2001***(remarks as prepared)*

First let me welcome all of you. Let me extend a special welcome to the Secretary of Labor, who has taken time to be with us today to discuss a matter of great urgency to working Americans and their families.

The unspeakable events of September 11<sup>th</sup> shook the soul of our nation. In the month since that fateful morning, the shock waves have been felt across the globe, in every aspect of our lives.

America's economy has not been immune from these effects. Thousands of workers have lost their jobs. The airline industry and other related sectors have announced approximately 100,000 layoffs in the days since the tragic event. When combined with reductions in other affected industries, the number may be higher than 300,000.

Few of the areas we represent have been spared completely from the effects of September 11<sup>th</sup>. About 800 jobs are being eliminated from the General Electric Aircraft Engines plant near my district, affecting hundreds of local families. Delta Airlines, which employs 4,000 people in Greater Cincinnati, has warned that large-scale layoffs could be on the way.

Republicans and Democrats have spent years putting in place a safety net in anticipation of a period of mass layoffs such as this. But

in the days since the attacks, we've also made clear that **this Congress will not turn its back on workers who are in danger of slipping through the cracks.** We will do everything in our power to help every worker return to work as quickly as possible – and in the meantime, that they and their families have adequate relief.

In the days since the attacks, the Department of Labor has taken swift action to mobilize the safety net for displaced workers and their families. Today Secretary Chao has agreed to update us on the progress of these efforts – and the ways in which Congress can work with the Administration to further strengthen the safety net for these workers.

President Bush and Secretary Chao have outlined a series of reasonable steps Congress should take in the days ahead to bring further security to displaced workers as they look for new work. Our colleagues, Mr. Johnson of Texas and Mr. McKeon of California, have joined me in introducing the legislative version of the President's Back to Work plan. The proposal is designed to (1) help those who are losing their jobs because of the September 11 attacks; (2) put people back to work to help get the economy moving again; and (3) help ensure that displaced workers have access to health care.

**The President's plan is a compassionate one – not just because it provides the flexibility and resources to help workers in need, but because it recognizes that a displaced worker's true goal, ultimately, is to return to work.** A government program can help a worker survive. But until a worker returns to work, no economic recovery is complete.

The President's plan includes concrete actions that can be taken immediately by this Congress to strengthen the safety net for displaced workers. Some will argue these steps don't go far enough. I welcome that debate. But I would also respectfully ask that we not allow it to delay us from moving this plan forward. **If it will make a positive difference for even one worker in our economy, we have an obligation to proceed with enactment of this plan, even as we continue the debate over whether it's proper to go further.**

Once again let me welcome Secretary Chao to our committee.

We are honored to have you with us today.

With that, I would yield to the senior Democrat member of our committee, the gentleman from California, Mr. Miller.

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***APPENDIX B - WRITTEN STATEMENT OF THE HONORABLE  
ELAINE L. CHAO, SECRETARY OF LAOR, U.S. DEPARTMENT  
OF LABOR, WASHINGTON, D.C.***



**STATEMENT OF ELAINE L. CHAO**

**SECRETARY OF LABOR  
BEFORE THE  
COMMITTEE ON EDUCATION AND THE WORKFORCE  
UNITED STATES HOUSE OF REPRESENTATIVES**

**HEARING ON  
THE PRESIDENT'S BACK-TO-WORK RELIEF PACKAGE**

**OCTOBER 16, 2001**

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to speak with you today about President Bush's Back-to-Work Relief Package, and a special thanks to Chairman Boehner, Congressman Johnson and Congressman McKeon for introducing the Back to Work Act in the House last week.

The President and his administration are dedicated to providing swift and compassionate assistance to dislocated workers and their families, following the terrorist attacks against our country on September 11<sup>th</sup>.

What we have learned since that terrible, tragic day is just how great a country America is.

We have seen it in the heroism of firefighters and police officers. We've seen it in the overflowing generosity of American citizens to volunteer relief agencies. And we've also seen it in the rapid, coordinated response of our government at every level.

It's important to note that most of what the government has been doing since September 11<sup>th</sup> – in caring for those who have lost jobs and livelihoods – flows out of programs that have been in effect for

years, designed just for times like these.

Over the years, our government has created a strong safety net for families at risk. And today, the Bush Administration is making sure that this net is catching as many of those who need help as possible.

USDA is offering food stamps as a bridge for struggling families. Social Security provides cash benefits for widows. FEMA administers disaster housing assistance and crisis counseling services. And even the IRS – not usually noted for its compassion – provides tax refunds for casualty losses.

The Department of Housing and Urban Development is working with lenders to make sure that families affected by the attacks won't lose their home or ruin their credit rating just because they can't pay the mortgage for a few months.

The Small Business Administration has dispersed nearly a million dollars in low-interest loans since September 11<sup>th</sup>, as part of its disaster loan program.

All this assistance – totaling billions of dollars – is proof that our government will not neglect those who need help in a time of crisis.

But this Administration is committed to going even further than current programs allow, to help families, industries and regions that have been hardest-hit by the terrorist attacks and their aftermath.

As President Bush has said: "One person laid off is one person too many." That's why he has offered a plan to massively build up our Department's programs helping dislocated workers.

I often say that we are the Department of Compassion for workers in need.

In the President's 2002 budget, we invest nearly \$6 billion in helping workers – such as job placement counseling, training for a new career and even relocation expenses. Most of this help is provided through state-level agencies that are closest to the workers.

The Department oversees a national network of One-Stop Career Centers, where unemployed workers can register for benefits, find out who is hiring, and learn how to start their own business.

By calling our toll-free number, 1-877-US-2-JOBS, workers can find the location of the One-Stop Center closest to them.

When people lose their jobs suddenly – because of a plant closing or a disaster – we offer emergency grants to states to help pay for training and career counseling.

The Department also helps manage the nation's unemployment insurance system, funded at \$88 billion, offering reemployment services and a steady income to workers and their families.

Helping workers in crisis is what the Department of Labor does. Getting them back to work is our job.

Before anyone started talking about how to help dislocated workers, the Department was already on the job. Barely 10 days after the attack on the World Trade Center, we recommended – and the President approved – a \$25 million emergency grant for dislocated workers in New York.

We also sent New York \$3.5 million to help them hire extra people and buy computers to handle unemployment insurance claims.

Three weeks ago, we distributed \$100 million from the federal unemployment account to help states provide reemployment services to laid-off workers.

I have been to Ground Zero and the Department is helping in other ways as well:

- OSHA is providing safety expertise and asbestos monitoring to help rescuers and those who returned to work nearby.
- Our Office of Worker Compensation Programs (OFWCP) is expediting benefits payments for the

survivors of federal employees who were killed – and for injured federal employees as well.

- The Pension and Welfare Benefits Administration (PWBA) is reaching out to employers inside the disaster areas, offering them extensions on form filings and ensuring that benefits plans are safe.
- The Office of the Inspector General is helping the F.B.I. with rescue and recovery efforts and sending its Critical Incident Response team – a group of agents who are specially trained to assist people who have suffered traumatic events.
- We're helping outside of New York and Virginia as well. For example, our regional office in Atlanta is setting up an emergency One-Stop Center in the city, to help people who are losing jobs in the airline industry.

I say all this not to impress the Committee with how much work we have done thus far, but to point out how much can be done through *current* Department of Labor programs.

The bipartisan Workforce Investment Act, which this Committee helped pass in 1998, gives us a flexible and vigorous framework to help workers – and we need to use it.

*That* is the strength of the President's proposal: rather than creating new programs that may take years to get up-and-running, we take the current structure and turbo-charge it for the crisis we face right now.

We automatically extend unemployment benefits to states hit hardest by the September 11<sup>th</sup> attacks – and we pay for it with 100% federal money, instead of the usual 50-50 split with the states.

This will immediately cover New York and Virginia, and also other states where the unemployment rate rises 30 percent above the pre-September 11<sup>th</sup> level. In these states, dislocated workers will have

nine months of compensation in which to find long-term employment.

We also massively expand our National Emergency Grant program by \$3 billion –

- These cash payments can be used by workers to pay for their healthcare insurance premiums so they can keep their health benefits during these trying times;
- It will pay for training programs that lead to new jobs;
- It will extend financial assistance to low-income workers who may not qualify for unemployment insurance coverage.

This is a proven program and the state departments of labor know how to access it quickly. All a governor would need to do is apply, and certify that the attacks of September 11<sup>th</sup> contributed importantly to layoffs or dislocations in his or her state.

Instead of Washington dictating how these funds should be spent, governors would have the flexibility to decide what needs were most pressing for workers in their states:

- They could use this money to pay 75% of workers' COBRA premiums for up to ten months.
- They could add on an additional 13 weeks of unemployment insurance to the already existing 26 weeks, if their state didn't qualify for extended benefits under the President's plan.
- They could pay for training programs for workers, pick up their child-care costs, and pay for relocation expenses when they find a new job.

We believe that the President's plan fulfills every expectation we should have of a strong and compassionate response to those whose

livelihoods have been harmed by the attacks of September 11<sup>th</sup>.

Workers need help now, not down the road. The President's plan achieves that by creatively expanding current programs, instead of starting from scratch.

Workers need flexibility, not a one-size-fits-all approach. The President's plan gives states the power to target assistance and customize it where it will do the most good.

Workers need help regardless of what industry they work in – not just a chosen few. The President's plan gets money to wherever people are hurting.

And most important of all, our workers need to get *back to work* – not just get lost in a bureaucracy of dead-end social services. That's why the President focuses not only on the workers who are currently laid off, but also on the economy that will hire them back.

At the Department of Labor, we run programs and activities that have a proven record of performance. Our career professionals know their programs, what works, and they want to do their job to help workers and America. Our nation's governors have the urgency and the infrastructure to help us deliver these services directly to those who need our help. Let's build on the firm foundation we have, not start something brand-new on untested ground.

The consensus of the nation is that the attacks of September 11<sup>th</sup> will not change the way we live. We need to maintain that approach as we decide what to do for those who need our help in this temporary season of crisis.

Mr. Chairman, this concludes my prepared testimony. I would be pleased to answer any questions that you or other committee members may have.

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***APPENDIX C – SUBMITTED FOR THE RECORD, LETTER TO  
CHAIRMAN JOHN BOEHNER, COMMITTEE ON EDUCATION AND  
THE WORKFORCE, FROM RANKING MINORITY MEMBER  
GEORGE MILLER, ET AL, OCTOBER 16, 2001***



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COMMITTEE ON EDUCATION  
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 U.S. HOUSE OF REPRESENTATIVES  
 2181 RAYBURN HOUSE OFFICE BUILDING  
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October 16, 2001

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Honorable John A. Boehner  
 Chairman, Committee on Education and the Workforce  
 2181 Rayburn HOB  
 Washington DC 20515

Dear Chairman Boehner:

Pursuant to House Rule 11 and Committee Rule 12(d), we request a separate day of hearings on matters relating to economic recovery and assistance to workers.

Although we value the testimony of Secretary Chao, we believe it is essential to hear directly from working families whose lives have been so severely impacted by recent layoffs, and well as other expert witnesses who could provide valuable assistance to the Committee as it develops a legislative response to America's serious economic conditions.

We would like to work with you and your staff to arrange a mutually convenient time for this hearing to be scheduled.

Sincerely,

George Miller

Ade E. Kildoe

Billy McAllister

Rush Holt

David W. W.

Susan Davis

Peggy T. Orvik

Dennis J. Kucanish

Lynn Woolsey

Lynn v. Kweis

Donald McPhee

Hilda L. Solis

Rubin Hinojosa

Conroy McCarty

Loretta Sanchez

Ron Kind

Harold E. Ford

Jim F. Tunney

Robert E. Ford

Bob Myer

Tim Roney

Major F. Roney

***APPENDIX D – SUBMITTED FOR THE RECORD, STATEMENT OF  
CONGRESSWOMAN HILDA SOLIS, 31<sup>ST</sup> DISTRICT OF  
CALIFORNIA, U.S. HOUSE OF REPRESENTATIVES***



HILDA L. SOLIS  
31ST DISTRICT, CALIFORNIA  
website: www.house.gov/solis

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PUBLIC LANDS

*Hilda J. Solis*

**Congress of the United States  
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**Statement of Congresswoman Hilda L. Solis  
Hearing on Economic Stimulus with Secretary Chao  
October 16, 2001**

Today our committee will hear testimony on the proposed Economic Stimulus plan meant to help the men and women of our nation recover from not only the horrific attacks of September 11<sup>th</sup>, but also from the economic downturn facing our country. I must say that I had hoped we would consider a bill to address worker relief earlier, but I am pleased that we are now moving forward with the process. I would also like to thank Secretary Chao for joining us today and for helping us to understand the Administration's economic goals during this difficult time.

I am very concerned with several aspects of the economic stimulus legislation proposed by the Administration and those on the other side of the aisle. Perhaps most importantly, I am troubled by this bill's inability to help those most in need.

The current Unemployment Insurance (UI) application restrictions will automatically rule out workers who move from job to job frequently and who work part-time. Individuals who work in circumstances such as these tend to either work in the service sector or as migrant farm laborers. And as we know, the service sector, and especially the hotel and restaurant industry, has suffered heavy losses since September 11<sup>th</sup>.

One in five Latinos work in a service occupation. The Latino population is over-represented and is therefore disproportionately affected by the dramatic drop in tourism. I fear that an extension of the *current* UI rules will only serve to compound the problem. I believe we need to address the fundamental problems with UI and then use the reformed version to address this national crisis.

Additionally, there are other UI restrictions contained in this bill that will exaggerate this nation's unemployment problem. This bill fails to acknowledge that we were facing an economic downturn even before the tragic terrorist attacks. It also establishes an almost unattainable trigger for additional federal funding.

In fact, some estimates (Center on Budget Policy Priorities) suggest that *only seventeen states* will benefit from the bill we are discussing today. In my home state of California alone, we would have to lose an additional 270,000 jobs since September 11<sup>th</sup> in order to qualify. In my opinion, this bill falls extremely short of what the people of my district and this country not only need, but deserve.





***APPENDIX E – SUBMITTED FOR THE RECORD, STATEMENT OF  
CONGRESSMAN DONALD PAYNE, 10<sup>TH</sup> DISTRICT OF NEW  
JERSEY, U.S. HOUSE OF REPRESENTATIVES***





Congressman Donald M. Payne  
Statement for ““Economic Recovery and Assistance to Workers””  
October 16, 2001

---

Thank you Mr. Chairman for holding this hearing on such a crucial issue today. The attacks that occurred on September 11 have had such a rippling effect upon this nation. In some way, we have all been touched by those tragic events. But there are many in this nation that face a future of uncertainty. Open the newspaper, turn on the television, listen to the radio, America's workers need our help now. Unemployment is on the rise, and with future job losses anticipated, it is imperative that we do all we can to assist them.

But this is not a new issue, no; prior to the attacks on the World Trade Center and the Pentagon we were already in the midst of an economic slowdown. The attacks have merely exacerbated the issue. In my state of New Jersey, it was fortunate that the state economy held up well in the face of a slowing national economy during the year of 2000. But early this year, we began to feel the slowdown and many of our industries have experienced significant losses. We cannot solely blame the events that took place on September 11 for economic conditions that we are in today. Nor can we simply ignore the thousands of people who were out of work prior to the terrorist attacks.

We must focus more on immediate help for our nations workers, such as extended and expanded unemployment benefits, increasing minimum wage, assistance for working families to afford

health insurance and job training and retraining for laid-off workers, rather than hefty tax breaks for the well-off which the Bush plan proposes to do.

The White House plan does too little for our nation's workers, especially those who were hardest hit by the attacks- our low-wage workers. In the last year, low-wage workers have seen smaller paychecks in 22 states. While being generous to large corporations, the assistance the plan would provide to the unemployed is insufficient. Those prior to the attacks would be ineligible for extended unemployment benefits. Many former welfare recipients- the very ones who are recruited for low wage positions would not be eligible for benefits as well. The Administration's plan to provide an additional 13 weeks of unemployment aid on top of the 26 weeks provided by most states will not go into effect in most of the country any time soon because the rules are too stringent thus leaving many essentially penniless.

We would compound our nation's tragedy if we deny assistance to the very families that need it the most. I look forward to hearing from Secretary Chao today in hopes that we can find solutions to this crisis we are in today.

***APPENDIX F – SUBMITTED FOR THE RECORD, STATEMENT OF  
CONGRESSMAN RUBEN HINOJOSA, 15<sup>TH</sup> DISTRICT OF TEXAS,  
U.S. HOUSE OF REPRESENTATIVES***



*Rubén E. Hinojosa*  
TRIF

Madame Secretary **CHAO**:

~~*Thank you for agreeing to meet with me*~~

This is my first opportunity to meet you. I look forward to working with you in developing programs and policies that will have a positive impact on the American workforce.

Today, I would like to point out some issues of concern to Hispanic families and the Hispanic border communities of Texas.

I have been working with the National Council of La Raza in <sup>*an effort*</sup> ~~order~~ to develop national priorities to help Hispanic families.

Latinos are more likely to be employed in low wage, unstable work. However, eligibility for Unemployment Insurance is established through sustained employment at a monetary level above what these workers are likely to earn. Extended Unemployment Insurance will, therefore, not assist individuals who have not qualified for the insurance in the first place.

Rubin Henriquez

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Moreover, less than one fourth of the states currently have a plan in force for alternative eligibility for unemployment insurance that addresses this issue.

Another related issue is the current TANF Welfare to Work program which disproportionately tends to exclude the Latino worker. This suggests that more targeting of resources is needed rather than a more general approach to targeting underserved groups. In that regard it would be better to target resources to those workers not eligible for other training, income support, and health services.

I am afraid that the <sup>6</sup>3 billion dollars of Emergency Grants is insufficient to address the displaced worker situation. Finally, several states but especially Texas have Unemployment Insurance trust funds that are dangerously under-funded by department standards. How does your department plan to help Texas in this regard?



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