

UNLEASHING AMERICA'S WORKFORCE AND
STRENGTHENING OUR ECONOMY

HEARING

BEFORE THE

COMMITTEE ON EDUCATION AND
WORKFORCE

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED NINETEENTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, DC, FEBRUARY 26, 2025

Serial No. 119-2

Printed for the use of the Committee on Education and Workforce



Available via: edworkforce.house.gov or www.govinfo.gov

U.S. GOVERNMENT PUBLISHING OFFICE

60-852 PDF

WASHINGTON : 2025

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UNLEASHING AMERICA'S WORKFORCE AND STRENGTHENING OUR ECONOMY

Wednesday, February 26, 2025

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND WORKFORCE,
Washington, DC.

The Committee met, pursuant to notice, at 10:16 a.m. in Room 2175, Rayburn House Office Building, Hon. Tim Walberg, (Chairman of the Committee) presiding.

Present: Representatives Walberg, Foxx, Grothman, Allen, Owens, Miller, Kiley, Rulli, Moylan, Onder, Mackenzie, Harris, Messmer, Scott, Courtney, Bonamici, Takano, Adams, DeSaulnier, Norcross, McBath, Hayes, Omar, Stevens, Casar, Lee, and Mannion.

Staff present: Mindy Barry, General Counsel; Sheila Havenner, Director of Information Technology; Libby Kearns, Press Assistant; Katerina Kerska, Legislative Assistant; Trey Kovacs, Director of Workforce Policy; Campbell Ladd, Staff Assistant; R.J. Laukitis, Staff Director; Georgie Littlefair, Clerk; C.J. Mahler, Professional Staff Member; Audra McGeorge, Communications Director; Daniel Nadel, Legislative Assistant; Kevin O'Keefe, Professional Staff Member; Ethan Pann, Deputy Press Secretary and Digital Director; Kane Riddell, Staff Assistant; Kelly Tyroler, Professional Staff Member; Ann Vogel, Director of Operations; Heather Wadyka, Professional Staff Member; Ali Watson, Director of Member Services; Joe Wheeler, Professional Staff Member; Ariel Box, Minority Intern; Ilana Brunner, Minority General Counsel; Ni'Aisha Banks, Minority Staff Assistant; Bryan Gonzalez, Minority Grad Intern; Jo Howard, Minority Grad Intern; Amanda Lee, Minority Grad Intern; Jessica Schieder, Minority Economic Policy Advisor; Hannah Seligman, Minority Legal Intern; Dhrtvan Sherman, Minority Research Assistant; Bob Shull, Minority Senior Labor Policy Counsel; Raiyana Malone, Minority Press Secretary; Kevin McDermott, Minority Director of Labor Policy; Marie McGrew, Minority Press Assistant; Ben Noenickx, Minority Intern; Eleazar Padilla, Minority Staff Assistant; Mason Pesek, Minority Labor Policy Counsel; Veronique Pluviose, Minority Staff Director; Theresa Tilling-Thompson, Minority Professional Staff; Banyon Vassar, Minority Director of IT.

Chairman WALBERG. Good morning. The Committee on Education and Workforce will come to order. I note that a quorum is present. Without objection, the Chair is authorized to call a recess at any time.

We are here today to discuss the challenges that American workers and businesses faced over the last 4 years, as well as the opportunities before us, as President Trump and the Republican led Congress move forward with solutions to get the Nation's workforce on track.

From his first day, the past administration implemented a policy agenda that I believe jeopardized the American workforce and economy. In the wake of COVID-19 pandemic the Nation experienced historic levels of job loss. I believe the problem was exacerbated by policies of the last administration enacting COVID mandates that rewarded Americans for staying home and out of the workforce.

Democrat stimulus spending hampered job creation and made more Americans dependent on the Federal Government. As a result of the Biden Harris administration's reckless spending spree, American families and businesses were rocked by record high inflation, which hit a 40 year high in 2022.

Workers saw their standard of living decline as inflation outpaced average wage growth. On top of that, the Biden Harris administration pursued a radical regulatory agenda, which put up barriers to hiring and harmed American workers and businesses.

One example of this regulatory onslaught included the National Labor Relations Board, its Joint Employer Rule, which threatened to upend the franchise business model, limit entrepreneurship and literally kill jobs, had it not been halted by a Federal Court.

An economic analysis found that a similar joint employer standard, which was in effect during the Obama administration cost the entire franchise sector 33.3 billion dollars annually, resulting in as many as 376,000 lost job opportunities.

Another regulation raised the salary threshold for employees to be considered exempt from overtime pay by more than 60 percent. This rule would have cost job creators an estimated 1.3 billion dollars, increased compliance burdens on small businesses, and limited workers opportunities for advancement had it not been halted by a Federal Court.

Another regulation made it harder for individuals to choose how they work. The war on independent contractors stifled innovation and creativity, ultimately harming workers, businesses, and the U.S. economy. This list is not exhaustive.

A recent study from the American Action Forum found that the Biden administration issued a staggering 1.8 trillion dollars in cumulative regulatory costs over 4 years, far exceeding any preceding administration on record.

Many of the challenges from the last 4 years still remain, but with President Trump back in office, and a Republican led Congress, workers and job creators are increasingly optimistic for the return of pro-growth economic policies that unleash the ingenuity and entrepreneurial spirit of the American workforce.

Following the 2024 election, small business optimism surged, reaching the highest point since October 2018. Just this week, Apple announced plans to invest more than 500 billion dollars in the U.S. and hire 20,000 workers over the next 4 years to support American innovation and manufacturing.

President Trump is already making good on his promise to root out wasteful spending, and to stop the job killing regulatory blitz. Upon taking office, he ordered a review of all pending regulations, and signed an executive order directing Federal agencies to eliminate ten existing regulations for each new regulation issued.

There is also optimism that Congress and the President will extend many provisions of the Tax Cut and Jobs Act of 2017, and enact new tax proposals to benefit working families and businesses. Following enactment of the 2017 Tax Act, working Americans saw real wages rise nearly 5 percent in 2018 and 2019, the fastest growth in 20 years.

In this Congress, the Committee on Education and Workforce will consider legislation proposals to improve the lives of American workers, reduce burdens on small businesses, address critical workforce shortages, and stimulate economic growth.

Before I turn to the Ranking Member for his opening remarks, I want to recognize a Committee staffer who has served both the majority and the minority. Sheila Havenner, the Committee's Information Technology Specialist, or guru, is retiring after more than a decade of public service.

She has been an invaluable asset, supporting the operations of the Committee and its staff, and may I add, getting our electronic voting up and running when everybody else was telling me, back off Walberg. Do not push it so hard, we have got to go through the process.

She got it done as you all know, and it worked flawlessly, except for my verbiage. She will be missed, and I wish her the best in her well-deserved retirement, and so I would ask if a suitable show of appreciation thank you, Sheila. With that, I yield to the Ranking Member.

[The statement of Chairman Walberg follows:]



**Opening Statement of Rep. Tim Walberg (R-MI), Chairman
Committee on Education and Workforce
Hearing: “Unleashing America’s Workforce and Strengthening Our Economy”
February 26, 2025**

(As prepared for delivery)

Good morning. We are here today to discuss the challenges that American workers and businesses faced over the last four years, as well as the opportunities before us as President Trump and a Republican-led Congress move forward with solutions to get the nation’s workforce on track.

From its first day, the Biden-Harris administration implemented a policy agenda that jeopardized the American workforce and economy. In the wake of the COVID-19 pandemic, the nation experienced historic levels of job loss. Democrats exacerbated the problem by enacting COVID mandates that rewarded Americans for staying home—and out of the workforce. Democrat “stimulus” spending hampered job creation and made more Americans dependent on the federal government. And as a result of the Biden-Harris administration’s reckless spending spree, American families and businesses were rocked by record-high inflation, which hit a 40-year high in 2022. Workers saw their standard of living decline as inflation outpaced average wage growth.

On top of that, the Biden-Harris administration pursued a radical regulatory agenda which put up barriers to hiring and harmed American workers and businesses. One example of this regulatory onslaught included the National Labor Relations Board’s joint employer rule,

which threatened to upend the franchise business model, limit entrepreneurship, and kill jobs—had it not been halted by a federal court. An economic analysis found that a similar joint employer standard which was in effect during the Obama administration cost the entire franchise sector \$33.3 billion annually, resulting in as many as 376,000 lost job opportunities.

Another regulation raised the salary threshold for employees to be considered exempt from overtime pay by more than 60 percent. This rule would have cost job creators an estimated \$1.3 billion, increased compliance burdens on small businesses, and limited workers' opportunities for advancement—had it not been halted by a federal court.

Yet another regulation made it harder for individuals to choose how they work. Democrats' war on independent contractors stifled innovation and creativity, ultimately harming workers, business, and the U.S. economy.

And this list is not exhaustive. A recent study from the American Action Forum found that the Biden administration issued a staggering \$1.8 trillion in cumulative regulatory costs over four years, far exceeding any preceding administration on record.

Many of the challenges from the last four years still remain. But with President Trump back in office and a Republican-led Congress, workers and job creators are increasingly optimistic for the return of pro-growth economic policies that unleash the ingenuity and entrepreneurial spirit of the American workforce.

Following the 2024 election, small business optimism surged, reaching the highest point since October 2018.

Just this week Apple announced plans to invest more than \$500 billion in the U.S. and hire 20,000 workers over the next four years to support American innovation and manufacturing.

President Trump is already making good on his promise to root out wasteful spending and to stop the job-killing regulatory blitz. Upon taking office, he ordered a review of all pending regulations and signed an executive order directing federal agencies to eliminate 10 existing regulations for each new regulation issued.

There is also optimism that Congress and the President will extend many provisions of the *Tax Cuts and Jobs Act of 2017* and enact new tax proposals to benefit working families and businesses. Following enactment of the 2017 Tax Act, working Americans saw real wages rise nearly 5 percent in 2018 and 2019, the fastest growth in 20 years.

And this Congress, the Committee on Education and Workforce will consider legislative proposals to improve the lives of American workers, reduce burdens on small businesses, address critical workforce shortages, and stimulate economic growth.

Before I turn to the Ranking Member for his opening remarks, I want to recognize a Committee staffer who has served both the majority and minority.

Sheila Havenner, the Committee's Information Technology Specialist, is retiring after more than a decade of public service. She has been an invaluable asset supporting the operations of the Committee and its staff. She will be missed, and I wish her the best in her well-deserved retirement.

Mr. SCOTT. Thank you, Mr. Chairman. Before I begin my remarks, let me associate this side with your remarks about Sheila Havenner. She is for the past 11 years worked tirelessly for the Committee, and has worked under Democratic and Republican leadership, handling a range of information and technology issues flawlessly, and so Sheila, thank you for your service, and look forward to your next step. Thank you.

I would like to thank our witnesses for being here today, and thank today's full Committee hearing, the first labor related one for the 119th Congress comes just as President Trump completed his first month in his second term.

It is important to be clear about the economy and labor market that President Trump and congressional Republicans inherited, as they are now completely in charge of the Federal Government.

During the previous 4 years, during the Biden administration, the economy created 16.2 million jobs, breaking the record for jobs created for any single Presidential term, and in fact, since Ronald Reagan in 8 years was the highest job creator for Republicans, he created 16.1 million jobs, so President Biden created more jobs than any Republican President in history, whether they served four or 8 years.

Are we going to have the charts? That is the other one. That is the deficit. Yes, okay. This chart shows the President's job creation, average monthly job, job change by administration showing Joe Biden leading the pack, and Donald Trump with the worst job performance in about 100 years.

The unemployment rate fell from 4.6 percent in January 2021 to 4 percent in January, 2025. The unemployment rate has been at or below 4.2 percent since November 2021, and as Dr. Shierholz will note in her excellent testimony, the last time the United States saw unemployment this low was about a half a century ago.

For those who are interested in fiscal responsibility, I will remind people next chart that every Democratic President since Kennedy has left office with a better deficit situation than they inherited, and every Republican President since Nixon has left office, and left for their Democratic successors a worse deficit situation than they inherited, all without exception.

Further, President Biden was the first President on record not to have a single month of seasonally adjusted job loss. At the same time between 2019 and 2023, the low wage workers experienced historically fast, real wage growth, and labor force participation for prime age workers reached the highest level in more than 20 years, and in 2023, roughly 22 percent of the people with a disability were employed, the highest recorded ratio since comparable data was first collected in 2008.

This remarkable progress came as our country emerged from the COVID-19 pandemic, and the progress was not inevitable, it was a result of policy choices made by congressional Democrats to ensure that workers were prioritized and benefited from public investments.

For example, the multi-employer pension fund on the brink of collapse, Democrats saved the pensions of more than 1.3 million retirees, protecting nearly 10,000 businesses already to date. Regrettably, not one Republican voted to save the pensions of these 1.3 million retirees.

Democrats also capped out of pocket insulin costs for Medicare at \$35 a month. Again, not a single Republican voted for this landmark reform. Unfortunately, the progress we worked so hard to achieve in the last 4 years, and the economic gains that were made as a Nation, while other countries struggle to overcome global inflation are at risk.

How can we be confident that the Trump administration and congressional Republicans, who again are in complete control of the Federal Government, President, House and Senate, will be effective stewards of the strong economy that they have inherited?

There is evidence that they are not going to be good stewards. It has been a little over a month and so far the second Trump administration has been filled with the same non-stop chaos, confusion and unprecedented, and in some cases, illegal, actions characterized by its first term.

So far, President Trump has rescinded the landmark Executive Order 11246 from the 1960's that protects Federal contract workers and job applicants from unlawful discrimination. He illegally fired Inspector Generals, Inspectors General at the Labor Department

and several other agencies who are charged with rooting out waste, fraud and abuse.

He illegally fired Gwynne Wilcox, the first black woman to serve on the National Labor Relations Board, leaving the NLRB without a quorum to function and issue decisions; fired two EEOC Commissioners, Charlotte Burrows and Jocelyn Samuels, who were in the middle of their terms. This has never happened before in the Agency's 60-year history, leaving the EEOC without a quorum to address claims of illegal workplace discrimination.

President Trump also allowed unelected billionaire, Elon Musk and his DOGE team to invade the Labor Department and apparently access sensitive data.

While the full extent of DOGE's intrusion into the Department's systems is unknown the fact is that they may have access to our constituents' personal and private data, as well as case files on active criminal and civil investigations, including ones that may relate to Elon Musk's own companies.

I have asked if this access includes access to files on investigations that include the name of confidential witnesses or whistle blowers, whether or not it includes access to sensitive information like job numbers before they become public, access to his company's, to his competitor's bids, so he will know how to bid, and Mr. Chairman, we have not received any answers.

We are now hearing about abrupt firings of civil servants in at least six Labor Department agencies, including Mine Safety and Health Administration, even though staffing disruptions at MSHA were among the factors that led to the Upper Big Branch mine disaster that killed 29 miners 15 years ago this April.

This is outrageous, and my Democratic colleagues and I have been demanding answers, and Mr. Chairman, I ask unanimous content to enter several oversight letters into the record that have been asking these questions.

Chairman WALBERG. Without objection, they will be entered.

[The information of Ranking Member Scott follows:]

Congress of the United States
Washington, DC 20515

January 25, 2025

The Honorable Donald J. Trump
President
The White House
1600 Pennsylvania Ave N.W.
Washington, D.C. 20500

Dear President Trump:

We write to express our grave concern about your recent attempt to unlawfully and arbitrarily remove more than a dozen independent, nonpartisan inspectors general without notice to Congress or the public and in the dead of night. Your actions violate the law, attack our democracy, and undermine the safety of the American people.

Congress established Offices of Inspectors General to independently and objectively hold federal government agencies accountable.¹ Independent inspectors general protect Americans' investments in the federal government and root out waste, fraud and abuse. Congress, in overwhelmingly bipartisan recognition of the value of independent inspectors general to the American people and our democracy, enshrined requirements for legal removal of inspectors general designed to protect their work from political interference and intimidation. Your actions fail to satisfy the legal requirements for lawful removal.

Late in the evening on January 24, 2025, more than a dozen inspectors general received an email informing them that "due to changing priorities" their position was "terminated, effective immediately."² The *Inspector General Act of 1978*, amended in 2022 with broad bipartisan support, requires the President to notify Congress 30 days prior to removal of an inspector general and provide "substantive rationale, including detailed and case-specific reasons" for such removal.³ The email terminating the inspectors general fails to provide the required notice and a legitimate rationale, as required by law.

Firing inspectors general without due cause is antithetical to good government, undermines the proper stewardship of taxpayer dollars, and degrades the federal government's ability to function effectively and efficiently. We urge you to withdraw your unlawful action and comply with your obligations to the American people.

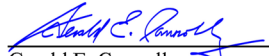
¹ Inspector General Act of 1978.


² Letter from Hannibal "Mike" Ware, Chairperson, Council of the Inspectors General on Integrity and Efficiency, to Sergio Gor, Director of Presidential Personnel, The White House (Jan. 24, 2025).

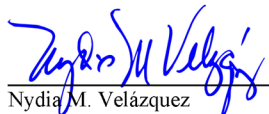
³ 5 U.S.C. § 403(b), as amended by the section 5202(a) of the *Securing Inspector General Independence Act of 2022* (Title LII, Subtitle A, of P.L. 117-263, 136 Stat. 2395, 3222).

The Honorable Donald J. Trump
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Sincerely,



Gerald E. Connolly
Member of Congress



Gregory W. Meeks
Member of Congress

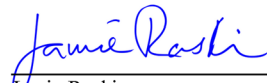

Nydia M. Velázquez
Member of Congress


Rick Larsen
Member of Congress



Robert C. "Bobby" Scott
Member of Congress


James P. McGovern
Member of Congress

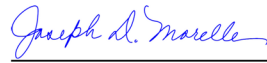

Maxine Waters
Member of Congress

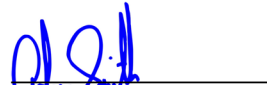

Jamie Raskin
Member of Congress


Angie Craig
Member of Congress

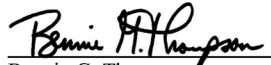

Mark Takano
Member of Congress

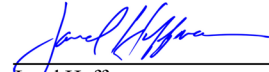

Zoe Lofgren
Member of Congress



Joseph D. Morelle
Member of Congress



Adam Smith
Member of Congress

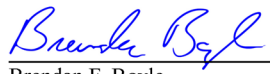
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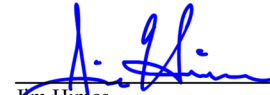

Bennie G. Thompson
Member of Congress

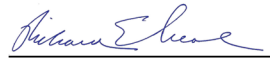

Jared Huffman
Member of Congress

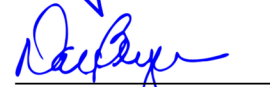

Rosa L. DeLauro
Member of Congress


Frank Pallone, Jr.
Member of Congress


Brendan F. Boyle
Member of Congress


Jim Himes
Member of Congress


Richard E. Neal
Member of Congress


Donald S. Beyer Jr.
Member of Congress

cc: James Comer, Chair, Committee on Oversight and Government Reform
Glenn Thompson, Chair, Committee on Agriculture
Tom Cole, Chair, Committee on Appropriations
Mike Rogers, Chair, Committee on Armed Services
Jodey Arrington, Chair, Committee on the Budget
Tim Walberg, Chair, Committee on Education and the Workforce
Brett Guthrie, Chair, Committee on Energy and Commerce
French Hill, Chair, Committee on Financial Services
Brian Mast, Chair, Committee on Foreign Affairs
Mark Green, Chair, Committee on Homeland Security
Bryan Steil, Chair, Committee on House Administration
Jim Jordan, Chair, Committee on the Judiciary
Bruce Westerman, Chair, Committee on Natural Resources
Virginia Foxx, Chair, Committee on Rules
Brian Babin, Chair, Committee on Science, Space, and Technology
Roger Williams, Chair, Committee on Small Business
Sam Graves, Chair, Committee on Transportation and Infrastructure
Mike Bost, Chair, Committee on Veterans' Affairs

The Honorable Donald J. Trump
Page 4

Jason Smith, Chair, Committee on Ways and Means
Rick Crawford, Chair, House Permanent Select Committee on Intelligence

Congress of the United States
House of Representatives
Washington, D.C. 20515

February 12, 2025

The Honorable Donald J. Trump
President
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Trump:

We ask that you reverse course on the illegal termination of National Labor Relations Board (NLRB) Member Gwynne Wilcox. In particular, we call for you to reinstate Member Wilcox immediately. This firing not only violates the law but also undermines and weakens our democracy; represents an intrusion into Congress's Article I constitutional legislative authority; and, puts workers in America at risk.

The NLRB enforces the law to ensure workers are protected from intimidation and unfair firings and other barriers to their right to organize a union. By firing one of the Board Members, the NLRB lacks the quorum necessary to continue its functions—thus grinding the agency to a halt. Furthermore, the firing of this independent agency officer has made it easier for companies, including Amazon,¹ Facebook,² Google,³ and SpaceX,⁴ to evade allegations that they have broken labor laws.

¹ See, e.g., Caroline O'Donovan, *Amazon violated workers' right at crucial air hub, labor regulators allege*, THE WASHINGTON POST (March 14, 2025), <https://www.washingtonpost.com/technology/2024/03/14/amazon-labor-law-violation-workers/>; Whole Foods Market Group, Inc. case number 04-CA-359040, National Labor Relations Board (Jan. 24, 2025), <https://www.nlr.gov/case/04-CA-359040> (Amazon owns Whole Foods); and Ashley Belanger, *Amazon illegally refused to bargain with drivers' union, NLRB alleges*, ARSTECHNICA (Oct. 2, 2024), <https://arstechnica.com/tech-policy/2024/10/amazon-illegally-refused-to-bargain-with-drivers-union-nlr-alleges/>.

² Parker Purifoy, *Meta's Severance Pacts Violated Federal Labor Law, Judge Rules*, BLOOMBERG LAW (July 19, 2024), <https://news.bloomberglaw.com/daily-labor-report/metass-severance-pacts-violated-federal-labor-law-judge-rules>.

³ Daniel Wiessner, *Google should be forced to bargain with contractor's union, US labor agency says*, REUTERS (Jan. 6, 2025), <https://www.reuters.com/technology/google-should-be-forced-bargain-with-contractors-union-us-labor-agency-says-2025-01-06/>.

⁴ *SpaceX accused of unlawfully firing employees who were critical of Elon Musk*, ASSOCIATED PRESS (Jan. 4, 2024), <https://apnews.com/article/spacex-elon-musk-employee-firings-nlr-6d92159b6c6519258757f9e3c58ed74f>.

The Honorable Donald J. Trump
February 12, 2025
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The *National Labor Relations Act of 1935* (NLRA), which created the NLRB, specifically precludes the President from removing Board Members without good cause and due process. The NLRB was established to adjudicate labor disputes and issue rules to ensure that employees have the freedom to decide whether they would like to be represented by a union. Under *Humphrey's Executor v. United States*,⁵ the Supreme Court ruled that the President is prevented from removing heads of independent agencies, as they serve quasi-legislative and judicial functions established by Congress to be beyond executive control, rather than exercise executive power. In enacting the NLRA, Congress expressly limited the ability of the Executive Branch to remove NLRB Members by specifying that a NLRB Member cannot be removed by the President unless there is notice and a hearing, and the removal is based on a "neglect of duty or malfeasance in office, but for no other cause."⁶ Having failed to provide Member Wilcox a hearing or to allege proper cause for her removal, the firing of Member Wilcox is unlawful.

Just today, the Department of Justice's Acting Solicitor General informed the Committee on the Judiciary that your Administration does not intend to defend the constitutionality of statutory tenure protections like the one in the NLRA. In doing so, the Acting Solicitor General implicitly concedes that the firing of Ms. Wilcox and members of other independent federal agencies violates both federal law and Supreme Court precedent.⁷

Setting aside the illegality, the termination of Member Wilcox lacks any merit. It is the express policy of the United States to "encourag[e] the practice and procedure of collective bargaining and by protecting the exercise by workers of full freedom of association, self-organization, and designation of representatives of their own choosing[.]"⁸ Member Wilcox faithfully fulfilled her duties to protect the right of American workers to organize free from intimidation and coercion by employers. Regardless of any Administration's views, it is directly contrary to longstanding federal law to fire Member Wilcox simply because of disagreement with her commitment to the statutory mission of the NLRB.

Further, the illegal and meritless firing of Member Wilcox undermines the ability of the NLRB to protect American workers. In fact, the rationale provided for Member Wilcox's termination mirrors the very arguments made by Elon Musk's SpaceX—who is a member of your Administration⁹—to quash complaints of violating labor law and dismantle the NLRB's

⁵ 295 U.S. 602 (1935).

⁶ 29 U.S.C. § 153(a).

⁷ Letter from Acting Solicitor General Sarah M. Harris, Department of Justice to Ranking Member Jamie Raskin, Committee on the Judiciary (Feb. 12, 2025), <https://democrats-judiciary.house.gov/uploadedfiles/20250212outraskin530d.pdf>

⁸ 29 U.S.C. § 151.

⁹ Elena Moore et al., *Trump taps Musk to lead a 'Department of Government Efficiency' with Ramaswamy*, NPR (Nov. 12, 2024), <https://www.npr.org/2024/11/12/g-s1-33972/trump-elon-musk-vivek-ramaswamy-doge->

The Honorable Donald J. Trump
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independence.¹⁰ Additionally, it is not lost on us that Project 2025—the radical blueprint for the Administration—similarly takes aim at the NLRB to gut workers’ rights.¹¹

For the above-stated reasons, and in keeping with our Committees’ oversight responsibilities, we request any and all information, documents, and communications related to the decision and the termination of Member Wilcox, including the following:

- 1) All communications within the Office of Presidential Personnel (PPO) related to the decision and termination of NLRB Member Gwynne Wilcox;
- 2) All communications within the President’s Transition Team related to the decision and termination of Member Wilcox;
- 3) All communications exchanged between the PPO and private, nongovernmental organizations related to the decision and termination of Member Wilcox;
- 4) All internal documentation produced by the PPO regarding the termination of Member Wilcox;
- 5) All documents and communications from the President’s Transition Team regarding the termination of Member Wilcox, including any documents or communications from Peter Robb, Alice Stock, or any other individual associated with the President’s Transition Team;
- 6) A list, including contact information and professional affiliation, of all individuals representing, employed by, or contracted by private, nongovernmental organizations consulted or otherwise involved in the decision making execution of the termination of Member Wilcox; and
- 7) All documents and communications produced by any individuals representing, employed by, or contracted by private, nongovernmental organizations consulted or otherwise involved in the decision-making execution of the termination of Member Wilcox.

Firing a member of an independent agency without proper notice, hearing, or cause is a clear contravention of the law, separation of powers principles, and over 90 years of Supreme Court

government-efficiency-deep-state; Exec. Order No. 14,158, 90 Fed. Reg. 8441, (Jan. 20, 2025)(See <https://www.whitehouse.gov/presidential-actions/2025/01/establishing-and-implementing-the-presidents-department-of-government-efficiency/>).

¹⁰ Josh Eidelson, *The Email Firing Two NLRB Leaders Cites Conflicts With Trump Agenda*, BLOOMBERG (Jan. 31, 2025), <https://www.bloomberg.com/news/newsletters/2025-01-31/trump-email-firing-nlr-leaders-cites-views-similar-to-clon-musk-s-on-labor>; Haleluya Hadero, *Amazon and Elon Musk’s SpaceX Challenge Labor Agency’s Constitutionality in Federal Court*, ASSOCIATED PRESS (Nov. 18, 2024), <https://apnews.com/article/amazon-nlr-unconstitutional-spacex-elon-musk-ab42977117d883e97110a7bf8e8b257f>.

¹¹ See PROJECT 2025, HERITAGE FOUNDATION, MANDATE FOR LEADERSHIP: THE CONSERVATIVE PROMISE 601 & 603 (Paul Dans & Steven Groves eds. 2023), https://static.project2025.org/2025_MandateForLeadership_FULLL.pdf.

The Honorable Donald J. Trump
February 12, 2025
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precedent. It is also a direct attack on workers to remove an official charged with protecting their freedom to organize a union and collectively bargain for a better life, especially at the behest of a billionaire accused of violating the law. We strongly urge you to reverse this unlawful firing and comply with your obligations to the American people under the Constitution and the law passed by Congress.

We appreciate your attention to this matter. Please provide all documents responsive to this request by February 21, 2025. Should you have any questions, please contact the Democratic Staff of the Committee on Education and Workforce, Committee on the Judiciary, and the Committee on Oversight and Government Reform.

Sincerely,



ROBERT C. "BOBBY" SCOTT
Ranking Member
Committee on Education and Workforce



JAMIE RASKIN
Ranking Member
Committee on the Judiciary



GERALD E. CONNOLLY
Ranking Member
Committee on Oversight and
Government Reform

CC: Sergio Gor, Director, Office of Presidential Personnel
Trent Morse, Deputy Director, Office of Presidential Personnel



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February 6, 2025

The Honorable Gene Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Dodaro:

I write with urgency to request that Government Accountability Office (GAO) immediately engage in a review and assessment of the security of information technology (IT) systems at the Departments of Education, Labor, and Health and Human Services; interventions in those systems by a White House office that has been branded the "Department" of Government Efficiency (DOGE); the legality of such interventions; and potential consequences for children and vulnerable workers.

According to public reports, DOGE has already gained access to the IT system controlling all U.S. government payments—and may have even made changes to the code base, despite representations that their access would be limited to reading the code.¹ It also has been reported that DOGE has since gained access to the internal systems of the Department of Education and their vast collections of data, including very private information about those receiving federal student aid.²

Moreover, it is my understanding that DOGE has demanded access to all IT systems at the Department of Labor, starting this week. At stake are the integrity of investigations into workplace health, mine safety, and child labor violations, including the identity of witnesses and workers who file complaints; the personal privacy of workers and families who receive medical and financial support from the black lung program and other workers' compensation programs; the confidentiality

¹ Josh Marshall, *Musk Cronies Dive Into Treasury Dept Payments Code Base*, THE BACKCHANNEL (Feb. 4, 2025), <https://talkingpointsmemo.com/edblog/musk-cronies-dive-into-treasury-dept-payments-code-base>; Nathan Tankus, *Day Five of the Trump-Musk Treasury Payments Crisis of 2025: Not "Read Only" Access Anymore*, NOTES ON THE CRISES (Feb. 4, 2025), <https://www.crisisnotes.com/day-five-of-the-trump-musk-treasury-payments-crisis-of-2025-not-read-only-access-any-more/>; Richard Rubin, *Treasury Department Says DOGE's Access to Payment Data Is "Read Only"*, WALL ST. J. (Feb. 4, 2025), <https://www.wsj.com/politics/policy/treasury-department-says-doge-access-is-read-only-2563712d>.

² Laura Meckler et al., *Trump Preps Order to Dismantle Education Dept. as DOGE Probes Data*, WASH. POST (Feb. 4, 2025), <https://www.washingtonpost.com/education/2025/02/03/trump-education-department-dismantling-executive-order-draft/>.

The Honorable Gene Dodaro
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 Page 2

of whistleblowers under dozens of whistleblower protection laws; the trustworthiness of market-moving Bureau of Labor Statistics data; and confidential business information of countless companies, exposure of which could upend the nation's economy.

DOGE has similarly infiltrated the Department of Health and Human Services (HHS), gaining access to the Centers for Medicare & Medicaid Services (CMS) payment and contracting systems³—systems that implicate sensitive health and financial information of millions of seniors and other individuals. DOGE has made further moves into other HHS agencies, such as the Centers for Disease Control and Prevention,⁴ and will not stop there.

This is a constitutional emergency. Insofar as the Inspectors General of the Departments of Education, Labor, and Health and Human Services have been fired by President Trump, there is now a void of oversight for a very young and inexperienced team⁵ and their leader, the world's richest man, who operates with "autonomy 'almost no one can control,'"⁶ as they gain dangerously broad powers. The nation needs answers immediately about the scope of those powers; any laws, regulations, or other policies regarding access to these data and systems which may be implicated by DOGE's infiltration; and the integrity of government programs on which schoolchildren and working families depend for their lives and livelihoods. Additionally, please assess to what extent, if any, the provisions of the executive order establishing DOGE set in actual practice any controls over DOGE's infiltration into these systems, including whether DOGE is limiting itself to unclassified systems or complying with data protection standards. Please use all authority at your disposal to undertake this review and complete it as quickly as possible.

Should you have any questions about this request, please contact the Democratic staff of the House Committee on Education and Workforce.

Sincerely,

ROBERT C. "BOBBY" SCOTT
 Ranking Member

³ Press Release, CTRS. FOR MEDICARE & MEDICAID SERVS., *CMS Statement on Collaboration with DOGE* (Feb. 5, 2025), <https://www.cms.gov/newsroom/press-releases/cms-statement-collaboration-doge>.

⁴ Dan Diamond et al., *DOGE Broadens Sweep of Federal Agencies, Gains Access to Health Payment Systems*, WASH. POST (Feb. 5, 2025), <https://www.washingtonpost.com/health/2025/02/05/doge-health-agencies-labor/>.

⁵ Vittoria Elliott et al., *A 25-Year-Old With Elon Musk Ties Has Direct Access to the Federal Payment System*, WIRED (Feb. 4, 2025), <https://www.wired.com/story/elon-musk-associate-bfs-federal-payment-system/>; Vittoria Elliott, *The Young, Inexperienced Engineers Aiding Elon Musk's Government Takeover*, WIRED (Feb. 2, 2025), <https://www.wired.com/story/elon-musk-government-young-engineers/>.

⁶ Katie Hawkinson, *Musk Has Autonomy 'Almost No One Can Control' as He Oversees Unprecedented Overhaul of Federal Workforce*, THE INDEPENDENT (Feb. 4, 2025), <https://www.the-independent.com/news/world/americas/us-politics/elon-musk-doge-trump-government-overhaul-b2692074.html>.



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February 13, 2025

Vince Micone
Acting Secretary of Labor
U.S. Department of Labor
200 Constitution Ave., NW
Washington, DC 20210

Dear Acting Secretary Micone:

We write to express concerns about possible destruction of documents at the Department of Labor (DOL) and efforts by DOL to hide valuable information from the public.

As we compare the DOL website with archived versions of it, we are alarmed to find that at least one DOL agency, the Occupational Safety and Health Administration (OSHA), has removed several documents from public view. The now-missing documents include guidance related to protecting workers from toxic chemical exposures;¹ preventing workplace violence in health care facilities;² identifying ergonomic hazards and preventing crippling musculoskeletal disorders in nursing

¹ OCC. SAFETY & HEALTH ADMIN., OSHA 3370-11, OSHA BEST PRACTICES FOR PROTECTING EMS RESPONDERS DURING TREATMENT AND TRANSPORT OF VICTIMS OF SUBSTANCE RELEASES (2009).

<https://web.archive.org/web/20241128074409/https://www.osha.gov/sites/default/files/publications/OSHA3370-protecting-EMS-respondersSM.pdf> [hereinafter First Responder Toxic Release Guidance]; OCC. SAFETY & HEALTH ADMIN., OSHA 3249-08N, OSHA'S BEST PRACTICES FOR HOSPITAL-BASED FIRST RECEIVERS OF VICTIMS OF MASS CASUALTY INCIDENTS INVOLVING THE RELEASE OF HAZARDOUS SUBSTANCES (2005), <https://web.archive.org/web/20241007113337/https://www.osha.gov/sites/default/files/publications/osha3249.pdf> [hereinafter Hospital Toxic Release Guidance].

² OCC. SAFETY & HEALTH ADMIN., OSHA 3827, CARING FOR OUR CAREGIVERS: WORKPLACE VIOLENCE: A ROAD MAP FOR HEALTHCARE FACILITIES (2015), <https://web.archive.org/web/20241007045623/https://www.osha.gov/sites/default/files/OSHA3827.pdf> [hereinafter Workplace Violence Guidance].

Acting Secretary Vince Micone
February 13, 2025
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homes,³ shipyards,⁴ and retail grocery stores;⁵ and helping employers comply with OSHA rules and standards.⁶

These documents cover miscellaneous subject matters. The only common thread seems to be that they use words such as *diverse*, *diversity*, and *gender*.

If erasing these documents relates to President Trump’s executive orders on so-called “gender ideology”⁷ and “diversity, equity, and inclusion,”⁸ DOL appears to be implementing the orders as though there is a list of banned words, without any regard for the context in which words are used:

- For example, the workplace violence guidance describes one health care facility’s creative approaches as including an effort by managers to assemble “a diverse group of trainers— bedside nurses, team leaders, nursing supervisors, human resources staff, critical care personnel, medical/surgical staff, and security workers—with the aim of providing mentors, coaches, and ‘champions’ throughout the hospital.”⁹
- Guidance for emergency medical services (EMS) responders treating and transporting victims of toxic emergencies refers to “diverse conditions under which EMS responders would work,”¹⁰ the “numerous and diverse local programs” regulating EMS responders,¹¹ and the “diversity of roles and risks” in EMS work that “must be taken into consideration when identifying best practices.”¹²
- The missing ergonomics guidelines all advise employers that gender can be a factor, along with age and length of service, in a worker’s risk of musculoskeletal injury.¹³

³ OCC. SAFETY & HEALTH ADMIN., OSHA 3182-3R, GUIDELINES FOR NURSING HOMES: ERGONOMICS FOR THE PREVENTION OF MUSCULOSKELETAL DISORDERS (2009), https://web.archive.org/web/20241222215951/https://www.osha.gov/sites/default/files/publications/final_nh_guidelines.pdf [hereinafter Nursing Home Ergo Guidance].

⁴ OCC. SAFETY & HEALTH ADMIN., OSHA 3341-03N, GUIDELINES FOR SHIPYARDS: ERGONOMICS FOR THE PREVENTION OF MUSCULOSKELETAL DISORDERS (2008), <https://web.archive.org/web/20220127131357/https://www.osha.gov/sites/default/files/publications/OSHA3341shipyard.pdf> [hereinafter Shipyard Ergo Guidance].

⁵ OCC. SAFETY & HEALTH ADMIN., OSHA 3192-05N, GUIDELINES FOR RETAIL GROCERY STORES: ERGONOMICS FOR THE PREVENTION OF MUSCULOSKELETAL DISORDERS (2004), <https://web.archive.org/web/20250108213854/https://www.osha.gov/sites/default/files/publications/osha3192.pdf> [hereinafter Grocery Ergo Guidance].

⁶ OCC. SAFETY & HEALTH ADMIN., OSHA 3384-09, SMALL ENTITY COMPLIANCE FOR THE RESPIRATORY PROTECTION STANDARD (2011), <https://labor.hawaii.gov/hiosh/files/2020/02/OSHA-3384-small-entity-for-respiratory-protection-standard.pdf>; OCC. SAFETY & HEALTH ADMIN., OSHA 3352-02, ASSIGNED PROTECTION FACTORS GUIDE FOR THE REVISED RESPIRATORY PROTECTION STANDARD (2009), <https://web.archive.org/web/20241217064100/https://www.osha.gov/sites/default/files/publications/3352-APF-respirators.pdf> [hereinafter 2009 Respiratory Protection Guidance].

⁷ Exec. Order No. 14,168, 90 Fed. Reg. 8,615 (Jan. 30, 2025).

⁸ Exec. Order No. 14,151, 90 Fed. Reg. 8,339 (Jan. 29, 2025).

⁹ Workplace Violence Guidance, *supra* note 2, at 29.

¹⁰ First Responder Toxic Release Guidance, *supra* note 1, at 92.

¹¹ *Id.* at 93.

¹² *Id.* at 94.

¹³ Nursing Home Ergo Guidance, *supra* note 3, at 8; Shipyard Ergo Guidance, *supra* note 4, at 4; Grocery Ergo Guidance, *supra* note 5, at 6.

Acting Secretary Vince Micone
 February 13, 2025
 Page 3

- Guidance for testing the fit of respiratory protection explains that a particular testing protocol has a “built-in capability to [adapt for] unique work rate, mask, and gender situations that might apply in a specific workplace.”¹⁴

It is difficult to imagine how the ergonomic guidance documents in particular—which were developed by OSHA during the administration of President George W. Bush, as an offering by then-Secretary of Labor Elaine Chao to address the threat of disabling musculoskeletal disorders in lieu of a promised standard that never, ultimately, materialized¹⁵—could ever be deemed guilty of “gender ideology.”

Finally, it is our understanding that DOL is instructing staff not simply to erase these documents from the Internet but, worse, to destroy any physical copies. OSHA’s staff should be focused on making workplaces safer, not erasing valuable information for arbitrary reasons. If you are destroying documents, we demand that you cease doing so and refocus on DOL’s mission to protect workers’ lives and livelihoods.

We request your responses by no later than February 28, 2025, to the following:

1. Provide a chart of all documents that have been pulled from DOL’s websites, including the title, the original URL of the document, and a detailed explanation of the reason for its deletion from the website.
2. Provide all documents and communications between January 21, 2025, and the date of this letter regarding implementation of Executive Orders 14,151 and 14,168, review of documents for any keywords, elimination of documents from the DOL website, physical destruction or recycling of documents, and whether to continue or end distribution of documents.

We fully intend to monitor this development closely, as we conduct rigorous oversight of the Trump-Vance Administration’s interventions in DOL’s operations. In the aftermath of President Trump’s firing of the DOL Inspector General, there is now a void of oversight for DOL as a very young and inexperienced team¹⁶ and their leader, the world’s richest man, who operates with “autonomy ‘almost no one can control,’”¹⁷ gain dangerously broad powers to infiltrate DOL’s internal systems.¹⁸ At stake are the integrity of investigations into workplace health, mine safety,

¹⁴ 2009 Respiratory Protection Guidance, *supra* note 6, at 34.

¹⁵ See, e.g., *One Year Later: Inadequate Progress on America’s Leading Cause of Workplace Injury: Hearing Before the S. Comm. on Health, Educ., Lab. & Pensions*, 117th Cong. 10-12 (statement of the Hon. Elaine Chao).

¹⁶ Vittoria Elliott et al., *A 25-Year-Old With Elon Musk Ties Has Direct Access to the Federal Payment System*, WIRED (Feb. 4, 2025), <https://www.wired.com/story/elon-musk-associate-bfs-federal-payment-system/>; Vittoria Elliott, *The Young, Inexperienced Engineers Aiding Elon Musk’s Government Takeover*, WIRED (Feb. 2, 2025), <https://www.wired.com/story/elon-musk-government-young-engineers/>.

¹⁷ Katie Hawkinson, *Musk Has Autonomy ‘Almost No One Can Control’ as He Oversees Unprecedented Overhaul of Federal Workforce*, THE INDEPENDENT (Feb. 4, 2025), <https://www.the-independent.com/news/world/americas/us-politics/elon-musk-doge-trump-government-overhaul-b2692074.html>.

¹⁸ Sam Sutton & Victoria Guida, *DOGE Is at DOL: Here’s Why That Matters for the U.S. Economy*, POLITICO (Feb. 12, 2025), <https://www.politico.com/news/2025/02/12/elon-musk-doge-labor-department-data-00203655>; Eyal Press, *What Will DOGE’s Moves on Government Agencies Mean for OSHA?*, NEW YORKER (Feb. 10, 2025), <https://www.newyorker.com/news/the-lede/what-will-doges-moves-on-government-agencies-mean-for-oshla>.

Acting Secretary Vince Micone
February 13, 2025
Page 4

and child labor violations, including the identity of witnesses and workers who file complaints; the personal privacy of workers and families who receive medical and financial support from the black lung program and other workers' compensation programs; the confidentiality of whistleblowers under dozens of whistleblower protection laws; the trustworthiness of market-moving Bureau of Labor Statistics data; and confidential business information of countless companies, exposure of which could upend the nation's economy. We expect a prompt, thorough, and accurate response to this request and future inquiries.

Should you have any questions about this request, please contact the Democratic staff of the House Committee on Education and Workforce.

Sincerely,



ROBERT C. "BOBBY" SCOTT
Ranking Member



ILHAN OMAR
Ranking Member
Subcommittee on Workforce Protections



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JOHN W. MANNION, NEW YORK

February 19, 2025

The Honorable Robert F. Kennedy, Jr.
Secretary
U.S. Department of Health and Human Services
200 Independence Ave., SW
Washington, DC 20201

Dear Secretary Kennedy:

We write to request information and documents about reductions in capacity at the National Institute for Occupational Safety and Health (NIOSH), which is housed in the Centers for Disease Control and Prevention (CDC) of the Department for Health and Human Services.

NIOSH plays multiple important roles in ensuring the health and safety of American workers and providing scientific guidance to inform workers' compensation programs. As news reports circulate about staffing cuts at CDC, in addition to a host of reports about stalled contract and grant payments throughout the federal government, we need a focused accounting on the cost to NIOSH overall so that we can assess the consequences for NIOSH's capacity to get things done for American workers.

We request your responses by no later than March 6, 2025, to the following:

1. How many NIOSH staff have been terminated since January 21, 2025?
2. For each NIOSH staff terminated in that time, please provide a chart with the following:
 - a. Job title;
 - b. Office or division;
 - c. Branch or, where there is no relevant subdivision into branches, any identifiable program area; and
 - d. Number of years of federal service.
3. For every NIOSH grant, contract, contract indefinite delivery vehicle, direct payment, loan, or other approved spending terminated or paused since January 21, 2025, please provide a chart with the following:
 - a. Award ID;
 - b. URL for link to award on USASpending.gov;
 - c. Recipient name;
 - d. Total obligation;

The Honorable Robert F. Kennedy, Jr.
February 19, 2025
Page 2

- e. Amount of total obligation that has been paused or terminated;
- f. Description of award; and
- g. Reason for pause or termination of the award.

Should you have any questions about this request, please contact the Democratic staff of the House Committee on Education and Workforce.

Sincerely,



ROBERT C. "BOBBY" SCOTT
Ranking Member



ILHAN OMAR
Ranking Member
Subcommittee on Workforce Protections



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U. S. HOUSE OF REPRESENTATIVES
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February 21, 2025

Louis Charlier
Acting Chief Information Officer
U. S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Dear Mr. Charlier:

I write with serious concerns about recent actions that threaten the privacy of sensitive data housed by U.S. Department of Labor (DOL or the Department).

Through the "Department" of Government Efficiency (DOGE), Elon Musk and his staff have gained access to some of the federal government's most far reaching and sensitive data systems. Specifically, it is my understanding that DOGE has demanded access to all DOL's IT systems. At stake are the integrity of investigations into workplace health, mine safety, and child labor violations, including the identity of witnesses and workers who file complaints; the personal privacy of workers and families who receive medical and financial support from the black lung program and other workers' compensation programs; the confidentiality of whistleblowers under dozens of whistleblower protection laws; the trustworthiness of market-moving Bureau of Labor Statistics data; and confidential business information of countless companies, exposure of which could upend the nation's economy. Also at risk are highly classified information about nuclear facilities and processes entrusted to DOL staff with security clearances, for purposes of the *Energy Employees Occupational Illness Compensation Program Act of 2000*.¹ On Friday, February 7, a federal judge declined to block DOGE from accessing DOL's systems, which could allow DOGE access to all this sensitive data stored by the Department.² The full extent regarding the volume and nature of accessed protected information is still unknown.

¹ PUB. L. NO. 106-398, §§ 3601 *et. seq.* (2000).

² Lauren Kaori Gurley, *Judge Lets DOGE Access Sensitive Records at Labor Department*, WASH. POST (Feb. 8, 2025), <https://www.washingtonpost.com/business/2025/02/08/doge-labor-department/>.

Louis Charlier
February 21, 2025
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These actions could run afoul of federal laws, including the *Privacy Act of 1974*,³ which protects Americans' personal identifiable information. I urge you to protect private data within your Department to the fullest extent, and to encourage all officials at DOL to do the same.

Additionally, I request your responses to the following no later than March 7, 2025:

1. Please provide a list and detailed description of the agency databases DOGE has sought, been granted, or accessed.
2. Have DOGE employees been granted read-only access to agency databases, or do they have the ability to modify the data and/or the underlying software?
3. Have all DOGE employees granted access to agency databases been legally authorized to access such databases? If so, please provide all relevant authorization documentation.
4. Please provide a detailed description of the precautions DOGE or agency employees have taken to protect the security of agency data, pursuant to federal data privacy laws.
5. Please provide a detailed description of the legitimate purpose(s) for granting access to agency databases to DOGE.

I appreciate your attention to this matter. Should you have any questions about this request, please contact the Democratic staff of the House Committee on Education and Workforce.

Sincerely,



ROBERT C. "BOBBY" SCOTT
Ranking Member

Mr. SCOTT. Mr. Chairman, I invite you to join our efforts to ask Elon Musk and DOGE questions about what they are doing, and whether or not, so that we can get some sense of what they have access to, why they need access to it, and what they are doing with the information.

I would hope you would join us, and our staff will be contacting your staff to see what we can do get—to not do anything, just to ask questions to see what they are doing. Finally, I note that this hearing is about “Unleashing America’s Workforce.” It comes the same week as the House Republicans passed a budget resolution that would give trillions of dollars of tax cuts to billionaires and corporations at the expense of American workers and families.

Specifically, the budget resolution directs our Committee to come up with at least 330 billion dollars in savings. That means in the coming weeks the Republicans on this Committee are likely to massively cut critical student loan programs, and other educational programs, and school meal programs for our kids, other kinds of programs in the health and labor areas, all to help finance a 4.5-trillion-dollar tax cut for the wealthy.

The consequences of these cuts will hurt our workforce, harm the public, and threaten our economy. Just as smart, sensible pro-worker policies helped establish a stronger economy over the past 4 years, reckless and fiscally irresponsible policies will undo that progress.

I say fiscally responsible because after all the mean-spirited cuts and tax cuts for the wealthy, we end up with a deficit that is worse

than the one we have now. I would hope that we could do better,
and I thank you, Mr. Chairman, and I yield back.
[The statement of Ranking Member Scott follows:]



OPENING STATEMENT

House Committee on Education and Workforce
Ranking Member Robert C. "Bobby" Scott

Opening Statement of Ranking Member Robert C. "Bobby" Scott (VA-03)

Full Committee Hearing

"Unleashing America's Workforce and Strengthening Our Economy"

Wednesday, February 26, 2025 | 10:15 a.m.

Thank you, Mr. Chairman.

Before I begin my remarks, I want to associate this side with your remarks about Shelia Havenner. She has, for the past eleven years, worked tirelessly for the Committee and has worked under Democratic and Republican leadership, handling a range of information and technology issues flawlessly. Sheila, thank you for your service, and I look forward to your next step.

I would like to thank our witnesses for being here today.

Today's full committee hearing— the first labor-related one of the 119th Congress— comes just as President Trump completed his first month in his second term. It's important to be clear about the economy and labor market that President Trump and the Congressional Republicans inherited, as they are now completely in charge of the federal government.

During the previous four years, during the Biden Administration, the economy created 16.2 million jobs, breaking the record for jobs created for any single presidential term. And in fact, Ronald Reagan, in eight years, was the highest job creator for Republicans, creating 16.1 million jobs. So, President Biden created more jobs than any Republican president in history, whether they served four or eight years.

This chart shows the Presidents' job creation — the average monthly job changes by administration. Joe Biden leads the pack, and Donald Trump has the worst job performance in about 100 years.

The unemployment rate fell from 6.4 percent in January 2021 to 4 percent in January 2025. The unemployment rate has been at or below 4.2 percent since November 2021— and, as Dr. Shierholz notes in her excellent testimony, the last time the United States saw unemployment this low was about half a century ago.

For those of us who are interested in fiscal responsibility, I will remind people that every Democratic President since Kennedy has left office with a better deficit situation than they inherited, and every Republican President since Nixon has left their Democratic successors with a worse deficit situation than they inherited— all without exception.

President Biden was the first President on record not to have a single month of seasonally adjusted job loss. At the same time, between 2019 and 2023, low-wage workers experienced historically fast real wage growth. The labor force participation for prime-age workers reached the highest level in more than 20 years, and in 2023, roughly 22 percent of people with a disability were employed—the highest recorded ratio since comparable data was first collected in 2008.

This remarkable progress came as our country emerged from the COVID-19 pandemic, and that progress was not inevitable. It was the result of policy choices made by Congressional Democrats to ensure that workers were prioritized and benefited from public investments.

For example:

- With the multiemployer pension system on the brink of collapse, Democrats saved the pensions of more than 1.3 million retirees, protecting nearly 10,000 businesses already to date. Regrettably, not one Republican voted to save the pensions of these 1.3 million retirees.
- Democrats also capped out-of-pocket insulin costs for Medicare at \$35 a month. Again, not a single Republican voted for this landmark reform.

Unfortunately, the progress we worked so hard to achieve during the last four years and the economic gains we made as a nation— while other countries struggled to overcome global inflation— are at risk.

How can we be confident that the Trump Administration and Congressional Republicans, who— again— are in complete control of the federal government, President, House, and Senate, will be effective stewards of the strong economy that they have inherited?

But there is evidence that they will not be good stewards.

It's been a little over a month, and so far, the second Trump Administration has been filled with the same nonstop chaos, confusion, and unprecedented— and in some cases illegal— actions that characterized his first term. So far, President Trump has:

- Rescinded the landmark Executive Order 11246 from the 1960s that protects federal contract workers and job applicants from unlawful discrimination,
- Illegally fired Inspectors General at the Labor Department and several other agencies, who are charged with rooting out waste, fraud, and abuse,
- Illegally fired Gwynne Wilcox, the first Black woman to serve on the National Labor Relations Board (NLRB), leaving the NLRB without a quorum to function and issue decisions and
- Fired two EEOC Commissioners, Charlotte Burrows and Jocelyn Samuels, who were in the middle of their terms. This has never happened in the agency's 60-year history, leaving the EEOC without a quorum to address claims of illegal workplace discrimination.

President Trump also allowed unelected billionaire Elon Musk and his DOGE team to invade the Labor Department and apparently access sensitive data. While the full extent of DOGE's intrusion into the Department's systems is unknown, the fact is that they may have access to our constituents' personal or private data as well as case files on active criminal and civil investigations— including ones that may relate to Elon Musk's own companies. I've asked if this access includes files on investigations that include the name of confidential witnesses or whistleblowers, whether or not it includes access to sensitive statistical information like job numbers before they become public, access to his competitor's bids so he'll know how to bid, and Mr. Chairman, we have not received any answers.

We're now hearing about abrupt firings of civil servants in at least six Labor Department agencies, including the Mine Safety and Health Administration (MSHA), even though staffing disruptions at MSHA were among the factors that led to the Upper Big Branch Mine disasters that killed 29 miners 15 years ago this April.

This is outrageous, and my Democratic colleagues and I have been demanding answers. Mr. Chairman, I ask unanimous consent to enter several oversight letters into the record that have been asking these questions.

Mr. Chairman, I invite you to join our efforts to ask Elon Musk and DOGE questions about what they are doing so that we can get some sense of what they have access to, why they need access to it, and what they are doing with that information. I would hope that you will join us, and our staff will be in contact with your staff to see what we can do – not do anything but just ask questions to see what they are doing.

Finally, I note that this hearing about “unleashing America’s workforce.” It comes the same week that House Republicans passed a budget resolution that would give trillions of dollars of tax cuts to billionaires and corporations at the expense of American workers and families.

Specifically, the budget resolution directs our Committee to come up with at least \$330 billion in savings. This means that, in the coming weeks, the Republicans on this Committee are likely to massively cut critical student loan programs, other educational programs, school meal programs for our kids, and other kinds of programs in the health and labor areas, all to finance a \$4.5 trillion tax cut for the wealthy. The consequences of these cuts will hurt our workforce, harm the public, and threaten our economy.

Just as smart, sensible, pro-worker policies helped establish a strong economy over the past four years, reckless and fiscally irresponsible policies will undo that progress. I say fiscally responsible because, after all the mean-spirited cuts and tax cuts for the wealthy, we end up with a deficit that is worse than the one we have now. So, I would hope that we can do better.

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

Chairman WALBERG. I thank the gentleman, and I think you all see we will have a spirited debate that goes on here, and that is a good thing. I tell you, my Ranking Member, if all of that was true, I would not vote for myself, but I have, so let us get on with it.

Pursuant to Committee Rule 8(c), all members who wish to insert written statements into the record may do so by submitting them to the Committee Clerk electronically in Microsoft Word format by 5 o’clock p.m., 14 days after the date of this hearing, which is March 12, 2025.

Without objection, the hearing record will remain open for 14 days.

Mr. SCOTT. Reserving the right to object. Mr. Chairman, on my reservation, if you think anything I said was not true, I would like you just to name it, and we will discuss it. I withdraw my reservation.

Chairman WALBERG. I appreciate my Ranking Member bringing that up. We will have those opportunities, but today we have a hearing that I am looking forward to hearing the witnesses, and our discussion.

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

I will now turn to the introduction of witnesses. Our first witness is Ms. Rosanna Maietta, who is the President and CEO of the American Hotel and Lodging Association, which is located in Washington, DC. Welcome.

Our next witness is Dr. William Beach, who is a Senior Fellow in Economics at the Economic Policy Innovation Center located in Washington, DC. Welcome.

Our third witness is Dr. Heidi Shierholz, who is the President of the Economic Policy Institute in Washington, DC. Welcome.

Our final witness is Ms. Elizabeth Milito, who is the Executive Director of the National Federation of Independent Business, NFIB, Small Business Legal Center in Washington, DC. Welcome to the hearing.

We thank you all for being here today and look forward to your testimony. I would like to remind the witnesses that we have read your witness statements, which will appear in full in the hearing record. I would ask that you each limit your oral presentation to a 3-minute summary of your written statement. The clock will count down from 3 minutes because Committee members have many questions for you, and we would like to spend as much time as possible on questions and answers.

Pursuant to Committee Rule 8(d) and Committee practice, however, we will not cutoff your testimony until you reach the 5-minute mark. I also would like to remind the witnesses to be aware of their responsibility to provide accurate information to the Committee. I now first recognize Ms. Maietta for her testimony.

STATEMENT OF MS. ROSANNA MAIETTA, PRESIDENT AND CEO, AMERICAN HOTEL AND LODGING ASSOCIATION, WASHINGTON, D.C.

Ms. MAIETTA. Good morning, Chairman Walberg, Ranking Member Scott, distinguished members. Thank you for allowing me to testify today. My name is Rosanna Maietta, and I am proud to represent the American Hotel and Lodging Association as its President and CEO.

The 64,000 hotels across America support more than 9 million jobs. These hardworking Americans are in every community. The majority of hotels around the country are Main Street small businesses. We are a vital part of a thriving America, a place where the American dream can still be achieved.

Five years on from COVID-19, our industry has not recovered. At the height of the crisis America's hotels lost more than 680,000 workers. Now, we are down nearly 200,000 employees. We are taking major steps to address workforce shortages.

Hotels have not just increased wages, we have raised wages 15 percent faster than the national average. We have provided more flexible hours and expanded benefits. We invest in apprenticeships that help workers build new skills and advance their careers. Through partnerships with schools and local organizations, we are creating lasting career pathways.

Persistent workforce shortages remain. Inflation has been another headwind. Cost increases are far outpacing revenue growth. For America's hotels, costs have soared from goods to building materials, to property insurance. Many small businesses have been forced to raise prices but still struggle to keep their doors open.

Congress can help. First, until it was overturned, the NLRB's Joint Employer Rule would have led to higher costs and fewer opportunities for workers. We urge Congress to pass the Save Local Business Act and codify the traditional standard that serves millions of franchised workers and small businesses.

Second, we agree with President Trump that legal guest worker programs are part of the solution to workforce challenges. Third, like all small business owners, hotel owners need Congress to ex-

tend the Tax Cuts and Jobs Act. Without congressional action, hoteliers face a massive tax hike that would devastate our industry.

These important provisions include extending the small business deduction, renewing bonus depreciation for capital investments, and preserving the like-kind exchange to promote job growth and economic development. We urge Congress to allow the hardest working Americans to keep more of what they earn through no tax on tips.

As the cornerstone of every community around America, hoteliers are eager to work with Congress to drive more job creation around the country. We look forward to continuing to work with this Committee, and incoming Secretary Chavez-DeRemer to ensure our industry remains an essential contributor to our Nation's economy. Thank you.

[The statement of Ms. Maietta follows:]



**Written Testimony of Rosanna Maietta
President and CEO
American Hotel and Lodging Association**

**Submitted to the
U.S. House of Representatives Committee on Education and Workforce**

Unleashing America's Workforce and Strengthening Our Economy

February 26, 2025

Good morning, Chairman Walberg, Ranking Member Scott, and distinguished members of the committee. I appreciate the opportunity to speak about the state of the American hospitality workforce. My name is Rosanna Maietta. I am the President and CEO of the American Hotel and Lodging Association (AHLA), the national trade group representing all segments of the U.S. lodging industry. For over 115 years, AHLA has been dedicated to advancing the interests of the hospitality sector, its workforce and stakeholders, including hotel owners, franchisees, real estate investment trusts (REITs), iconic brands, management companies, independent properties, bed & breakfasts, state hotel associations, and industry suppliers.

Our industry is a vital part of the American economy, comprising nearly 64,000 hotels, 33,200 of which are small businesses. U.S. hotels generate more than \$352 billion in sales annually and support roughly one in every 25 jobs nationwide. The hotel industry contributes significantly to local communities, generating more than \$83 billion in tax revenue at the federal, state, and local levels.

The hotel industry offers more than just a job. It creates opportunities for fulfilling lifelong careers and pathways to accessing a better life – where, regardless of background or circumstances, hotel associates can achieve prosperity through perseverance and a commitment to service. The most distinguished leaders in our industry, from general managers to owners to brand CEOs, can recall starting on property washing dishes, making beds, and helping guests. In every corner of America, from city centers and interstate exits, to roadside attractions, and exotic destinations, hotels are more than just buildings – they are symbols of upward mobility and the success that comes with achieving the American Dream.

I appreciate the opportunity to share the story of the lodging industry with you today, and to emphasize how critical our sector is to job creation, economic growth, and the prosperity of communities across the United States.

Workforce Recovery Post-Pandemic

One of the most significant challenges our industry faced in recent years is the dramatic impact of the COVID-19 pandemic. At the height of the crisis, U.S. hotels lost over 680,000 employees virtually overnight – a significant blow to the industry and the employees who depend on it. While American hotels have largely recovered from the pandemic, hotel employment is still 8.8 percent below pre-pandemic staffing levels, with more than 200,000 fewer people currently working in hotels.

In 2024, hotels directly employed more than 2.15 million people and are on track to continue the upward trend of workforce growth this year. We anticipate an increase in total wages, salaries, and compensation surpassing \$128.47 billion in 2025. Despite these encouraging numbers, our industry continues to experience workforce shortages, inflationary pressures, and the negative effects of overregulation.

Strategies for Workforce Retention

Addressing workforce shortages has become a top priority for our industry. According to a December 2024 survey by AHLA, nearly two-thirds of hoteliers are still facing significant staffing challenges. To address these concerns, employers have adopted several successful strategies aimed at attracting and retaining workers including raising wages.

Since the pandemic, average hotel wages have increased more than 15 percent faster than average wages throughout the general economy. Hoteliers are not just offering jobs; they're creating career opportunities. Hotels are raising wages faster than the national average and providing flexible hours and better benefits to demonstrate the commitment to those who comprise the foundation of our industry.

Hoteliers are providing additional benefits for staff, including customizing shift lengths, tuition reimbursement, and personal travel discounts, amongst others. The lodging sector has a proven track record of creating not simply jobs, but pathways for sustained and rewarding careers. The leading job-listing website, Indeed, ranked hotel housekeeping positions near the top of careers for upward mobility. This highlights the tremendous opportunities for workers to transition from entry-level roles to management positions, often in just a few years. In fact, more than half of hotel general managers started in entry level positions.

The Hotel Industry's Dedication to Recruitment, Retention and Advancement

Early in my career at AHLA, I served as the President and CEO of the AHLA Foundation. The Foundation has been promoting the hotel workforce for more than 70 years and plays a critical role in addressing the ongoing workforce challenges within our industry. With more than a dozen programs, initiatives, and professional development resources to meet current and prospective employees where they are, the AHLA Foundation champions the hotel industry one career at a time. Since its inception, the AHLA Foundation has, through the generous contributions of industry leaders and hotel

companies, reinvested nearly \$44 million into the hotel industry and supported over 45,000 potential and current workers through its various initiatives.

Additionally, the Foundation provides approximately \$1 million annually in scholarships to students pursuing degrees in hospitality at academic institutions across the country, including first generation college students and older adults who are back in school for the second act of their career after working in a completely different industry. We also support the retention of current industry employees by providing professional development scholarships that bolster their ongoing skill-building and career advancement with courses and certifications helpful for advancement.

The Foundation partners with and funds a variety of community-based organizations to provide skill-building for workers. By combining our industry's opportunities with our partners' expertise in skill-building and support services, we create sustainable pathways to economic independence and career growth. These programs provide entry points to the engine of opportunity that is our industry, with skills that can lead to lifetime employment.

In the same spirit of supporting local communities, AHLA has long appreciated this committee's efforts to reform the Workforce Innovation and Opportunity Act (WIOA). WIOA helps Americans—particularly young people and those facing challenges finding work—get good jobs and build careers. Reforms to WIOA included in *A Stronger Workforce for America Act*, the bipartisan bill produced by this Committee last Congress, would improve WIOA to better connect employers to the workforce system, strengthening our ability to find and keep skilled workers.

Impact of Inflation on the Hospitality Sector

While the hotel industry has made significant strides in rebuilding the workforce, we continue to face economic pressures, particularly from inflation. The rising costs of goods and services, increasing labor costs, and increased tax burden on hoteliers have put a strain on hotel budgets. Inflation has dramatically impacted the hospitality sector, with operational cost increases outpacing revenue growth.

The need to address labor shortages and attract skilled workers has led to wage increases across various positions, but this has been accompanied by a significant increase in costs, including property insurance rising by over 15 percent last year, along with workers' compensation, and healthcare—among other expenses. Moreover, as the cost of goods and services continues to rise, many hotels are forced to adjust their pricing structures, even as they struggle to maintain profitability.

Labor shortages remain a key challenge, particularly for frontline positions, and contribute to inflationary pressures on employers and consumers. Even though hotels are expected to add more than 14,000 additional employees in 2025, employment levels will still fall short of 2018 and 2019 levels by nearly 200,000.

The Threat of Overregulation to Small Businesses and the Franchise Business Model

In addition to inflation concerns, the hotel industry is facing regulatory challenges that could exacerbate staffing issues. Hotels have recently faced aggressive overregulation by the federal government, particularly focused on the franchise business model.

Franchised hotels support more than 2.8 million jobs and account for nearly 60 percent of all U.S. hotels. They also generate nearly \$100 billion in economic impact annually. Franchising has proven to be one of the most successful drivers of entrepreneurship across the United States and throughout our history. However, recent regulatory actions, including the National Labor Relations Board's (NLRB) attempt to change the legal standard for joint employer liability, posed a significant threat to the franchise model. Had the NLRB's rule been upheld, it would have dramatically disrupted the franchise system and threatened protections for brand standards, including crucial standards related to health and safety standards and anti-human trafficking training.

Hoteliers and small businesses across the country were forced to rely on a court ruling to restore the traditional definition of a joint employer. While the court ruling was critical, **AHLA continues to urge Congress to codify the traditional joint employer standard into statute by passing the "Save Local Business Act,"** which will create much needed certainty for small hotel operators on this important issue.

U.S. Department of Labor Proposed Overtime Rule

Across the country, hoteliers have embraced higher wages, additional workplace benefits and increased flexibility to attract workers and create career opportunities. Against this backdrop, in 2024, the U.S. Department of Labor (DOL) implemented a new overtime eligibility standard. The DOL rule would have increased the minimum salary threshold by nearly 65 percent with only a few months for implementation.

AHLA opposed these changes to the law, as they would have disproportionately impacted small business hoteliers and likely forced them to eliminate key positions that serve as steppingstones for individuals pursuing lifelong careers in the industry. Our surveys revealed that the overwhelming majority of hoteliers expected to reclassify workers from salaried to hourly positions, which would have constrained access to benefits, hours, and flexible work arrangements. Further, the rule would not only have increased direct staffing costs, but also associated costs including payroll taxes, federal and state unemployment taxes, and insurance, all of which would have had adverse effects on employee morale and career advancement opportunities.

A federal court overturned the proposed rule at the end of the year. Ultimately, a federal one-size-fits-all approach that ignored market pressures and discounted regional considerations would have negatively affected the lodging workforce.

The Need to Expand the Seasonal Guest Worker Program

It's important to note that many hotels and resorts, by their nature, are located in seasonal destinations, or places that are difficult to travel to on a regular basis, making it challenging to attract employees. That's why we urge Congress to expand the H-2B program, which permits employers to hire temporary nonimmigrant workers for seasonal, intermittent, or peak-load employment.

Many hotels operate in areas where demand for accommodations fluctuates significantly based on the seasons, such as hotels in ski areas in the winter or hotels in coastal and lake regions in the summer. These seasonal positions are particularly difficult to fill given workforce shortages, so many of our members rely on the H-2B seasonal guestworker visa program to fill vital positions. Across the economy, there are simply not enough workers to meet demand, as evidenced by the 8 million job openings in the U.S. with only 6.8 million eligible workers to fill them. Despite efforts to attract American workers through higher wages, increased flexibility, and expanded benefits, gaps remain, especially in locations that depend heavily on seasonal tourism.

The H-2B program is a critical tool for America's hoteliers at times when they most need the help. Additionally, there are several protections built into the program. The U.S. Department of Labor ensures guest workers are not displacing Americans and that the employment of H-2B visa holders will not adversely affect the wages or working conditions of similarly employed U.S. workers.

AHLA urges Congress to provide additional relief by increasing the volume and expanding the availability of H-2B visas, which will provide U.S. employers the workforce certainty they need to plan effectively for their seasonal staffing needs and ensure the stability of the hospitality sector.

Support from President Trump on Legal Guest Worker Programs

President Trump, a hotelier himself and a longtime advocate for legal guest worker programs, has recognized their importance in supporting our business model. As an expert in the hospitality industry workforce, the President has often shared his experience of using guest workers at his own properties, underscoring the crucial role that legal guest workers play in filling staffing shortages and keeping businesses competitive.

Extending the Tax Cuts and Jobs Act is Critical for Job Creation

In addition to workforce concerns, our industry's growth and long-term stability are closely tied to the extension of the Tax Cuts and Jobs Act (TCJA). These tax provisions have been crucial in supporting job creation, driving economic growth, and ensuring that businesses—especially small businesses—remain competitive.

Tax Provisions Critical to the Hotel Industry

Make the Small Business Deduction Under Section 199A Permanent

The majority of hotel owners are small business owners who license their brand and operate independently. They own real estate, manage capital, employ workers, and take on significant financial risks. The Section 199A small business deduction provides essential tax relief to these owners, helping them reinvest in their businesses, improve operations, and create new jobs. Making this provision permanent will provide much-needed certainty for small hotel operators, ensuring that they remain competitive and continue to thrive.

Preserve the Like-Kind Exchange

Internal Revenue Code Section 1031 allows hotel owners to defer capital gains taxes when reinvesting proceeds into another property, stimulating investment, job creation, and economic growth. This provision has been instrumental in enabling hotel owners to upgrade properties, create new jobs, and boost local economies. Any limitations, caps, or repeal of this provision would significantly curtail investments and job creation, especially in the hospitality sector.

Permanently Extend Bonus Depreciation / Full Expensing

Full expensing allows hotel owners to immediately deduct the cost of capital improvements, which incentivizes reinvestment in properties and creates jobs. Hotels are constantly upgrading and modernizing their facilities to attract guests, and full expensing has been crucial in making these improvements while aligning the tax treatment of these investments with the economic impact. If this provision expires, it would severely limit small businesses' ability to make critical updates and reduce economic growth by stifling the demand for construction and skilled trades.

Support for "No Tax on Tips"

The hotel industry is a people-first business, with over 800,000 workers who receive tips. President Trump's proposal to eliminate taxes on tips is vital in ensuring that workers keep more of their hard-earned income, helping them achieve the American Dream. The proposal will support a workforce that is the backbone of the hospitality industry, allowing workers to retain more of their earnings.

Conclusion

The state of America's hotel workforce is one of both progress and challenges. While we have made significant strides in rebuilding the workforce and providing new opportunities for career advancement, we continue to face economic pressures from inflation, workforce shortages, and overregulation. The hospitality sector remains committed to attracting and retaining talent, investing in workforce development, and creating good jobs for millions of Americans. However, we welcome a regulatory environment that supports these efforts.

We look forward to continuing our work with the Education and Workforce Committee, and with incoming Labor Secretary Chavez-DeRemer, to ensure that our industry remains a vibrant, sustainable, and valuable contributor to the U.S. economy.

Chairman Walberg, Ranking Member Scott, and members of the committee, thank you for your time and support of America's hotel and lodging industry.

Chairman WALBERG. I thank the lady. Dr. Beach, and I recognize you for your testimony.

STATEMENT OF DR. WILLIAM BEACH, SENIOR FELLOW IN ECONOMICS, ECONOMIC POLICY INNOVATION CENTER, WASHINGTON, D.C.

Mr. BEACH. Thank you, Mr. Chairman. Chairman Walberg, Ranking Member Scott, and members of the Committee, I thank you for inviting me to testify today. Just as an additional biographical matter, and maybe I am a bipartisan witness this morning, I served as—I ran the Bureau of Labor Statistics for 2 years under President Trump and 2 years under President Biden.

There are two ways to view labor force trends. First, from a policymaker's perspective, and second, from a worker's point of view. Now, policymakers generally, and understandably, focus on broad indicators like unemployment and job growth. Workers, on the other hand, care more about job openings, wages and maintaining their standard of living.

Let me start with the policymaker's perspective, which is a big picture way of seeing labor markets. My submitted testimony underscores two big picture trends. Some data suggests growth, while others point to continued employment slowdown which began in 2022.

This slowdown has recently been accompanied by an uptick in unemployment. Then there is the worker's perspective, which include developments closer to home like job opportunities, job turnover, and the purchasing power of the worker's income. My submitted testimony shows that job openings are sharply down. Over a million fewer job openings than a year ago.

Wages have started to flatten, and inflation, since mid-2021 has eroded workers purchasing power making essentials like housing, food and gas more expensive. Wages have not kept pace with inflation, leading to a decline in living standards. What should Congress do in the face of these trends?

I believe that Congress must take action to support productivity and economic growth, primarily on two fronts, through regulatory relief, and making the Tax Cuts and Jobs Act permanent. On the regulation front, research that I just published shows that freezing or reducing regulations can stimulate economic activity as much as tax reform, and could lower the inflation rate by 7 tenths of a percent.

Increased productivity is the key, since it enhances every aspect of working life. Additionally, addressing the Federal budget deficit is absolutely crucial. Since 2020, deficits have fueled inflation by distorting the price system and increasing debt. By practicing fiscal restraint and signaling lower future deficits, Congress could help the Federal Reserve fight inflation and support economic activity.

Combined with higher productivity and economic growth, these steps will strengthen wages and improve the standard of living for American workers and the families they support. I am eager to answer any questions you may have for me. Thank you.

[The statement of Dr. Beach follows:]



**Testimony by William W. Beach, D. Phil.
Senior Fellow in Economics
Economic Policy Innovation Center**

**The Committee on Education and Workforce
U.S. House of Representatives
February 26, 2025**

Chairman Walberg, Ranking Member Scott, and Members of the Committee, thank you for inviting me to testify today.

Summary

There are basically two ways to look at labor force trends: from the perspective of a policymaker or from the perspective of a worker. It makes sense to discuss the trends in big labor force indicators like the unemployment rate, labor force participation, non-farm employment changes, and so forth when we are thinking like policymakers. However, when we view changes in the labor force from the viewpoint of a worker, other things come to mind first: such topics as job openings, changes in pay, and how much work is required to maintain and grow a certain standard of living.

I have been asked by this Committee to present on the state of the U.S. labor force, and I certainly will address the concerns of policymakers. That said, an important part of this testimony is to alert the Committee to the ongoing struggle average workers are facing to regain the standard of living they enjoyed before the devastating effects of the ongoing inflation.

We appear to be at a turning point for America's workforce. Some labor force data point to growth, others to a continuation of the employment slowdown that started in 2022. Moreover, there appears to be little recovery in the average worker's purchasing power. Indeed, the high levels of inflation that began in mid-2021 substantially eroded the average worker's buying power, which resulted in diminished living standards. Everything from housing and food to gasoline and after-school tutoring cost more. The combined effect is that household budget costs are rising faster than wages.

Congress needs to make policy moves that support productivity and output growth in the private sector and improved living standards for working families. Foremost among these moves must be substantial regulatory relief and making the provisions of the TCJA permanent. Higher growth accompanied by higher and sustained worker productivity will support stronger income gains among wage and salary workers.

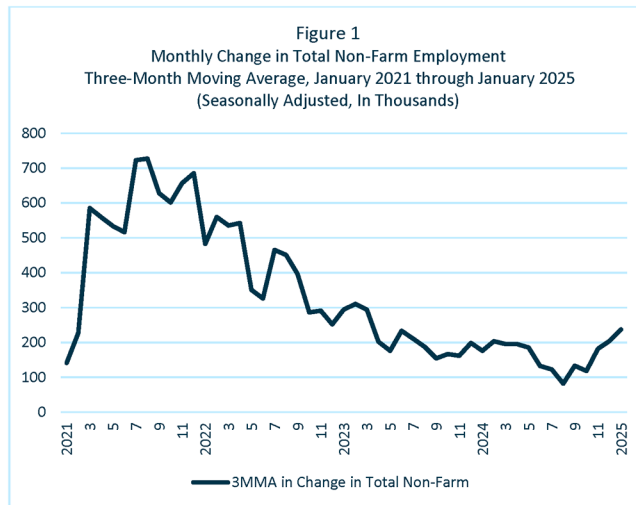
Parker Sheppard and I recently completed work that shows strong economic gains from regulatory relief. Just freezing regulations over a multi-year period can boost economic activity by as much as fundamental tax reform. Going further and reducing regulations, even modestly, can cut the inflation rate by 0.7 percent, which would bring us much closer to the Federal Reserve's target rate.

In addition, Congress needs to reduce its budget deficits substantially, which have done more to distort our price system and fuel inflation since 2020 than any other factor. Deficits become publicly held debt that becomes monetized and turns into demand deposits and private loans. Congress can help the Federal Reserve defeat this inflation by greater fiscal prudence and signaling lower future deficits. Just that, along with higher productivity and economic growth, will go a long way toward raising the standard of living for working Americans across each of your districts.

The Current Labor Market Situation

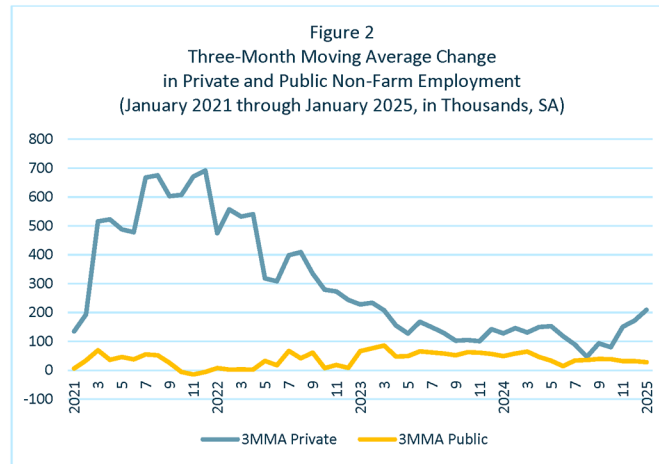
Let me start with the big picture.

Labor markets are producing distinctly mixed signals. Recent data clearly show signs of a recovery from a two-year slowdown in hiring and job creation.¹ While the last three months of change in total non-farm employment appears to show growth, we should keep in mind that these three months are subject to revision under BLS's standard updating procedures.



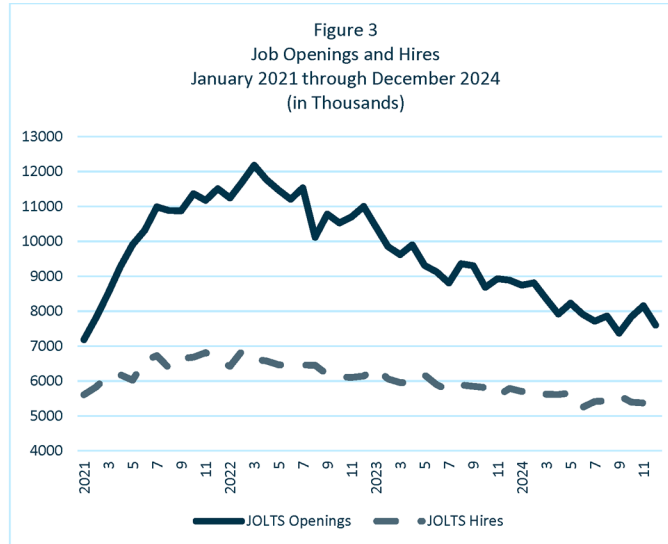
¹ Figures 1 through 5 use data available on the Bureau of Labor Statistics web site. These data will be provided in spreadsheet format upon request.

The labor market fully recovered to its pre-pandemic, February 2020 peak in June of 2022. The economy since then has added 6,777,000 jobs. Many of those new jobs stemmed from public sector hiring, but recently, the private sector has created the bulk of net employment gains.



At the same time, there is little doubt the overall job openings and hiring has cooled. BLS produces an amazing product called the Job Openings and Labor Turnover Survey (JOLTS). This survey provides monthly estimates of the millions of job openings generated by the US economy, as well as other helpful metrics like total hires, quits, and separations (retirements, dismissals, and so forth). It measures the demand for labor, and JOLTS is unique in providing these demand data.

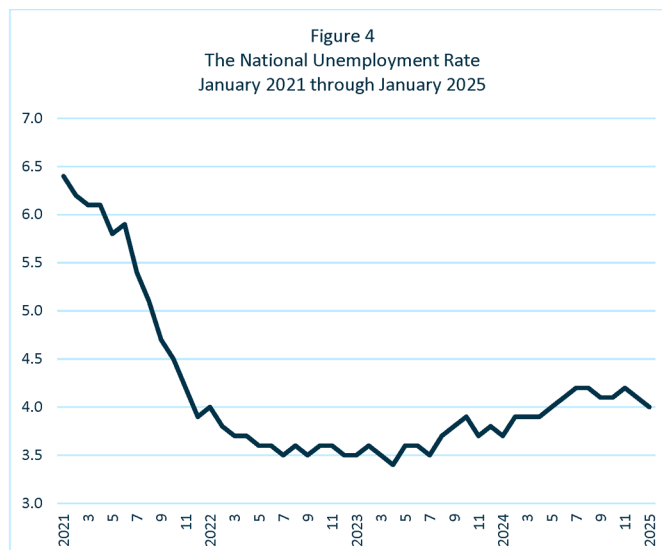
As Figure 3 shows, job openings and hires have been declining over the past 18 months and show no sign, so far, of the recovery we see in the *net* job creation data of Figures 1 and 2. (Note that the JOLTS data runs one month behind the job creation data).



One might conclude after looking at Figures 1 through 3 that the US labor market is tightening to the point where some unemployed workers are now being hired who previously had trouble finding work. That could well be the case. However, even this reasonable conclusion is confronted by a mixed signal: the unemployment rate is trending upwards.

Figure 4 shows the overall unemployment rate since January of 2021 through January of 2025. The graph has several important features. First, the rapid decline in 2021 reflects the general recovery of economic activity. Indeed, we regained what many economists believe is our full-employment unemployment rate of 3.5 percent in July of 2022.

Second, after remaining at or close to that rate for about a year, unemployment began rising again in the middle of 2023. In my view, the rising rate was yet another casualty of the significant inflation beginning in 2021 and the efforts of the monetary authorities to control price growth. The rate is now 50 to 75 basis points higher than the full employment rate. And it is trending up, despite choppy rate variations.



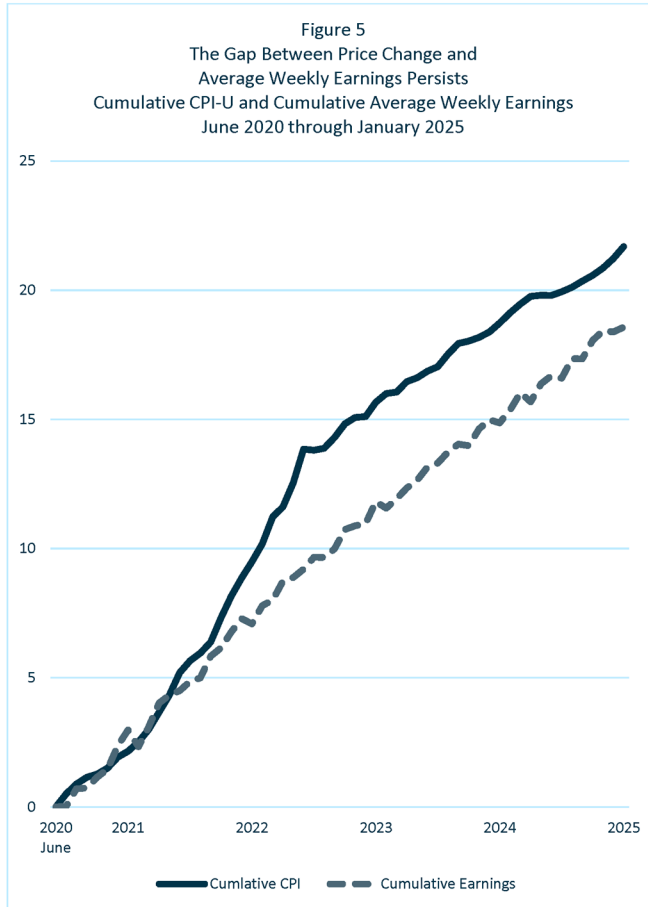
The Labor Market from the Worker's Perspective

There may be many reasons why people work, but certainly the dominant one is to secure a certain standard of living, including supporting oneself and one's family. True, we seek personal fulfillment, professional enhancement, and social connections; all of which are possible through the work we do. That said, paid work primarily functions to support a stable and, hopefully, growing standard of living.

It does so best, however, when price growth is low and stable. During periods of low-price change or inflation at or below 2 percent, wage growth exceeds or meets price growth. Thus, families dependent on wages and salaries can see their standard of living rise as their purchasing power grows. The opposite is true when price growth outstrips wage change. Now their purchasing power declines, even if wages continue to rise.

That unfortunate situation is what millions of Americans faced beginning in the middle of 2021. The rapid growth in overall prices exceeded the growth in average earnings from wage and salary sources. Figure 6 shows this growing difference. This chart displays the cumulative percent change in the Consumer

Price Index (CPI) against the cumulative percent change in nominal average earnings, as reported monthly by BLS.



The gap between the CPI and earnings as shown in Figure 5 has only closed by 30 percent since its peak in February of 2023. Until the cumulative rate of change in earnings meets or exceeds price growth, working families will continue to lose ground on their purchasing power and, thus, their standard of living.

If we combine the challenges faced by many workers in maintaining their standard of living with the decline in job openings and the disturbing rise in the unemployment rate, it is little wonder that many American wage earners are concerned about their economic future.

We who work in policymaking should constantly remind ourselves that the average worker's perspective is what ultimately guides our policy efforts. We do disservice to payroll employees if our focus is on anything other than how best to enhance worker productivity, pay, and living conditions.

What Can Congress Do to Support Working Americans?

Among the many options before Congress designed to support working Americans from their pay, working conditions, and standard of living, two stand out: preserve and extend the Tax Cuts and Jobs Act (TCJA) and significantly reduce regulatory burdens. Each separately would boost economic growth and enhance employment opportunities. Together, however, they can supercharge the economy.

Extending the TCJA will increase GDP by around 0.5 percent, according to work by Nicolo Pastrone and Erica York.² That is a significant contribution to the growth rate that would likely result in equally significant expansion of employment. However, vigorous reductions in regulatory burden promise even more growth, as well as price stability.

My recent research with Parker Sheppard shows that simply freezing new regulations for a decade would increase GDP by 1.8 percent — comparable to the economic gains from a major tax cut.³ Inflation would also ease, with the GDP deflator — a key measure of price levels — falling by 5.7 percent over the same period. That translates into a reduction in annual inflation of 0.6 percentage points, which would help the Fed get rid of stubbornly high inflation.

These results should not come as a surprise. Regulations function as a hidden tax, siphoning resources away from productive use. Businesses must redirect capital toward compliance instead of expanding current operations and researching new technological breakthroughs.

² Nicolo Pastrone and Erica York. Latest CBO Projections Highlight Fiscal Challenge of Full TCJA Extension. June 28, 2024. Tax Foundation. <https://taxfoundation.org/blog/full-tcja-extension-fiscal-challenge-cbo-projections/>. Accessed January 16, 2025.

³ William Beach and Parker Sheppard, "Reducing Regulations Produces Strong Economic Growth Responses," The Heritage Foundation *Backgrounder* no. 3890, February 19, 2025.

The burden of regulation that weighs on businesses is growing. Our measure of regulation shows that it grew 15 percent in the last decade and has nearly doubled since 1980. As regulations pile up over time, they force businesses to spend more on legal and bureaucratic overhead than on making products for consumers. This is especially damaging when it comes to small businesses.

This regulatory drag shows up in two ways: higher costs and lower growth. Compliance expenses drive up production costs, which are then passed on to consumers. Meanwhile, firms invest less in workers and innovation, reducing productivity and wage growth.

However, when businesses spend less time complying with government mandates, they spend more time expanding, hiring, and investing. Our findings suggest that deregulation's impact on economic output mirrors that of the TCJA, which boosted growth by lowering barriers to investment.

In addition,

- Investment surges by 7.8 percent. When compliance costs drop, businesses are more willing to deploy capital.
- Hours worked increase by 1.4 percent. More job opportunities mean greater workforce participation.
- Consumption rises by 1.7 percent. Households benefit from lower prices and stronger labor markets.

Conclusion

It is not often that the public sector, specifically the federal government, can support significant change in the American labor force. After all, nearly every change that matters stems from the free enterprise system that our laws protect.

However, we stand at a moment in recent history where actions by this 119th Congress can, indeed, shape the near-term productivity of our workforce.

This legislative moment stems from the unique constellation of required work on a law that fundamentally changed our tax code and new authority provided by the US Supreme Court to reform and refashion regulatory law. Many Congresses before you did not have this opportunity, for reasons of other pressing matters or political "gridlock."

If you embrace the opportunity, extend and improve the Tax Cuts and Jobs Act, and lead the way to substantial deregulation where safety and prudence permits,

then you will likely capture the growth, productivity, and price effects described in this testimony.

Those effects promise to massively boost the fortunes of America's workers and mark a turning point in US labor history.

Thank you, and I look forward to your questions.

Chairman WALBERG. Thank you. Dr. Shierholz, we welcome you to testify.

**STATEMENT OF DR. HEIDI SHIERHOLZ, PRESIDENT,
ECONOMIC POLICY INSTITUTION, WASHINGTON, D.C.**

Ms. SHIERHOLZ. Thank you. Chair Walberg, Ranking Member Scott and members of the Committee. Thank you for the opportunity to testify today. We are meeting to discuss unleashing America's workforce and strengthening the economy.

However, this discussion is occurring while this very chamber moves forward with a budget that will make draconian cuts to healthcare and food assistance for children and families, hurting millions of America's workers, and weakening our economy.

These cuts are not even being made in the name of responding to a national emergency, or reducing deficits to boost future growth. They are being made to create fiscal space for tax cuts that will go overwhelmingly to this country's wealthiest households, and those tax cuts are such massive giveaways to the rich, that they will increase the deficit by trillions, even with the draconian cuts for the most vulnerable.

Nothing about this serves America's workforce or strengthens the economy. To be clear, sometimes you do need larger deficits to spur a weak economy, but that is not where we are today.

Today's economy is very strong with historically low unemployment rates, which means larger deficits will likely put a drag on economic growth. The spending cuts will cause enormous damage to this country's most vulnerable households with tens of millions losing health coverage through Medicaid, tens of millions receiving less help in buying groceries from SNAP, or being cutoff completely.

Many others seeing the costs of their student loans rising, and on, and on. When the Trump administration took office last month, the unemployment rate was 4 percent, and it had been at or below 4.2 percent for 39 months.

The last time the unemployment rate was that low for that long was in the 1960's. Also, the Bureau of Labor Statistics Data showed that the purchasing power of America's workers wages, i.e. wages after taking inflation into account, that purchasing power was higher in 2024 than it was at the business cycle peak of 2019, and at any point before that. That was true across the board for low wage workers, middle wage workers, and high wage workers.

That is what unleashing America's workforce and strengthening the economy looks like. This administration's actions during its first month in office, along with its backing of the extremist House budget plan makes it abundantly clear that their agenda will be

profoundly destructive to incomes and economic security for both the most vulnerable families, and for the broad middle class.

Further, the chaos and uncertainty the administration is sowing in key economic institutions could cause a full blown crisis if it is not stopped.

If you were truly interested in unleashing America's workforce and strengthening the economy, you would enact policies designed to protect and fortify a strong public sector, and provide excellent public services, not gut an already tiny Federal workforce and attack State and local government workers.

You would help to ensure that all workers who want a union can get a union, and get a collective bargaining agreement, not strip the National Labor Relations Board of its independence and make it a tool for union busting.

You would implement tax policy that ensures the health of critical programs, like Medicaid, Society Security and SNAP, not advance measures that give tax cuts to the wealthiest at the literal expense of poor children, the sick, and the elderly.

None of these top administration priorities have anything to do with unleashing the country's workforce, or strengthening the economy. Theirs is not an agenda of prosperity. It is a reckless, cynical dismantling of the very foundations that make economic opportunity and progress possible. I look very forward to your questions.

[The statement of Dr. Shierholz follows:]

**Testimony prepared for the
U.S. House of Representatives
Full Committee on Education & the Workforce
for a hearing titled
“Unleashing America’s Workforce and Strengthening Our Economy”**

Heidi Shierholz, Ph.D.
President, Economic Policy Institute

Wednesday, February 26, 2025

Chair Walberg, Ranking Member Scott, and members of the committee, thank you for the opportunity to testify today.

My name is Heidi Shierholz, and I am an economist and the president of the Economic Policy Institute (EPI) in Washington, D.C. EPI is a nonprofit, nonpartisan think tank created in 1986 to include the needs of low- and middle-wage workers in economic policy discussions. EPI conducts research and analysis on the economic status of working America, proposes public policies that protect and improve the economic conditions of low- and middle-wage workers, and assesses policies with respect to how well they further those goals. I previously served as Chief Economist at the U.S. Department of Labor.

In considering the topic of “unleashing” America’s workforce and strengthening the economy, I make three main points in this testimony: (1) the Trump-Vance administration has inherited an unquestionably the strongest economy for an incoming administration in a quarter century¹; (2) that strength was driven in large part by economic policy choices by the prior administration and Congress; and (3) the Trump-Vance administration agenda will be profoundly destructive to incomes and economic security for both the most vulnerable families and the broad middle-class. The administration is aiming to gut key income support and safety net programs that provide direct support to tens of millions of working families, and the chaos and uncertainty they are intentionally sowing with reckless power grabs over key economic institutions will likely cause an economic crisis unless it is stopped.

The basic facts about the economy that the Trump-Vance administration inherited

The availability of jobs and the growth in real wages (i.e. growth in the purchasing power of wages after accounting for inflation) are where the rubber meets the road as far as “the economy” goes for working people. On both of these fronts, the economy that the Trump-Vance administration inherited is extremely strong.

In January 2025, when the Trump-Vance administration took office, the unemployment rate was 4.0%, and had been at or below 4.2% since November 2021. The last time the United States saw unemployment that low, for that long, was more than a half century ago. Further, the share of prime-age adults (25-54 years old) with a job was higher during January 2025 than at any time during the business cycle from 2007 to 2019, and near its highest rate in a quarter century. The labor force

¹ Bivens, Josh, “[President-elect Trump is Inheriting a Historically Strong Economy](#),” *Working Economics Blog* (Economic Policy Institute), January 17, 2025.

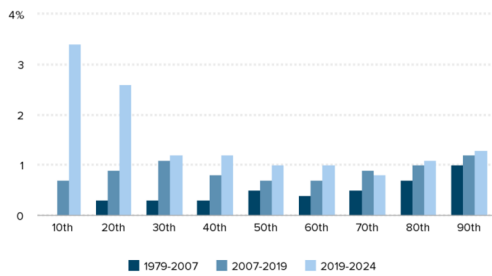
participation rate of prime-age adults was also higher than at any time during the business cycle from 2007-2019, and the labor force participation of prime-age women was near its all-time high. Finally, job growth averaged 168,000 per month over the 12 months ending January 2025—a very healthy pace of growth, particularly considering how close the economy is to full employment (when job growth would be expected to slow since there is no longer a large employment gap to be filled).

The purchasing power of workers' wages, after taking inflation into account, was higher in 2024 than it was at the most recent business cycle peak in 2019 or *any point before that*. (In other words, real wages were higher in 2024 than they were in 2019 or any point before that.) Further, this was true all across the wage distribution—for low-wage workers, middle-wage workers, and high-wage workers. In fact, bucking the trend of the business cycles of the prior 40 years, wage growth since 2019 has been stronger among low-wage workers than at any other point in the wage distribution. Real wage growth for workers at the 10th percentile, for example, rose by 3.4% annually between 2019 and 2024, for a total increase of 18.2%—the fastest five-year stretch of real wage growth for this group since data started being collected in the 1970s.

Further, as the chart below shows, average annual real wage growth between 2019 and 2024 was higher *across the board* than it was during the business cycle from 2007 to 2019 or during the stretch of four business cycles between 1979 and 2007. In other words, real wage growth in the current business cycle has not only been more equal, it has been stronger than in the prior four decades. And, the Black-white wage gap—after increasing substantially from 1979 to 2007 and then increasing further from 2007 to 2019—meaningfully declined between 2019 and 2024.²

Average annual real wage growth across business cycles

By percentile, 1979–2007, 2007–2019, and 2019–2024



Source: Author's analysis of Economic Policy Institute, *State of Working America Data Library* data.

Economic Policy Institute

² Economic Policy Institute, "[Black-White Wage gap - Black-White Wage Gap, Average](#)," *State of Working America Data Library*, 2025.

These facts highlight the remarkable strength of the labor market at the time the Trump-Vance administration took office, underscoring that their administration was preceded by a period of historically robust employment and wage growth and historically rapid movement in extending economic progress to a broader base of America's workers. *This is exactly what an unleashing of America's workforce looks like.*

It is also worth noting that the economy didn't just bounce back faster than it did after previous recessions³, it also continually outperformed forecasts. For example, real gross domestic product is currently well above where the Congressional Budget Office projected in January 2020 that it would be right now. In other words, the economy is stronger today than forecasters *who didn't know a global pandemic was about to happen* expected it would be.⁴ Further, the share of the population without health insurance was at an all-time low as the Trump-Vance administration took office⁵, owing in no small part to rapid growth in enrollment in the Affordable Care Act exchanges.⁶ And though the stock market matters far less to working people than wages, the fact that the stock market gets a great deal of attention makes it worth noting that the US stock markets hit all-time highs just prior to the Trump-Vance administration taking office, with the Nasdaq index rising by a whopping 36% in the 12 months before the election and 30% in the 12 months before their inauguration, and the S&P 500 up by 32% and 25% over the same time periods.

What caused the strong economy and strong labor market that the Trump-Vance administration have inherited?

The COVID-19 shock sent the unemployment rate to nearly 15% in April 2020 as the labor market lost nearly 22 million jobs in two months. With the help of the CARES Act of March 2020, those jobs came flooding back after the economy reopened in May, and by August more than 10 million jobs had been regained. But the job gains slowed dramatically throughout the fall of 2020, and the economy actually *lost* jobs in December 2020. The gains due to reopening had run their course, but we were still nearly 10 million jobs down.

There was an additional smaller-scale stimulus package in December 2020. The real difference-maker in jump-starting the economy, however, was the large (\$1.9 trillion) American Rescue Plan Act of March 2021 (ARPA). The boost to the economy ARPA provided helped drive the unemployment rate below 4% by the end of 2021. It then stayed at or below 4% for the longest period since the 1960s (and was 4% as of the day the Trump-Vance administration took office). This was an unprecedented economic policy success.

³ Center on Budget and Policy Priorities (CBPP), [Chart Book: Tracking the Recovery From the Pandemic Recession](#), April 2024.

⁴ Bernstein, Jared, "[No Delusions: Bidenomics Wasn't Perfect, But It Did Many Great Things](#)," Substack, February 12, 2025.

⁵ Tolbert, Jennifer, Sammy Cervantes, Clea Bell, and Anthony Damico, [Key Facts about the Uninsured Population](#), KFF, December 2024.

⁶ Tolbert, Jennifer, Sammy Cervantes, Clea Bell, and Anthony Damico, [Key Facts about the Uninsured Population](#), KFF, December 2024.

Some argue that this aggressive approach to restoring full employment was what caused the inflationary surge in 2021-2022. But the evidence shows otherwise. The post-COVID inflation spike was global, affecting literally every advanced economy, and the size of the spike across countries was unrelated to how aggressively they had moved to reduce unemployment.⁷ In comparative terms, the US inflation spike was of average size, and it was briefer than in other countries.⁸ In fact, as American voters were casting their ballots in November 2024, the US economy was the envy of the world in terms of growth, unemployment, *and* the inflation rate.⁹

ARPA's success in restoring full employment was the key buffer for workers against the effects of inflation, not the cause of it. It is difficult to imagine the pain that would have occurred if the U.S. had had to endure the global spike in inflation with millions more out of work, which is what would have happened without the bold steps taken by the administration and congress to generate our record-fast jobs recovery.

Further, as discussed earlier, real wage growth—growth in the purchasing power of workers' wages—was strong and positive between 2019 and 2024. That was due to the fact that though inflation spiked, nominal (i.e. not-inflation-adjusted) wages grew even faster than inflation over this period. This strong wage growth was due in large part to the tight labor markets that were driven by ARPA. When workers have outside options, as happens when unemployment is low and job openings are plentiful, employers must provide better pay in order to get and keep the workers they need.

After the initial rescue and recovery efforts, the Biden administration pursued its troika of “industrial policy” bills – the Bipartisan Infrastructure Law, the CHIPS and Science Act, and the Inflation Reduction Act (IRA) – which drove significant investment in public goods like transportation, ports, roads, clean-energy capacity, and supply-chain resiliency. Such investments will make inflation from supply-chain breakdowns (the kind that Americans experienced during the pandemic) much less likely. Further, they will promote America's future competitiveness. As the global economy inevitably moves toward decarbonization, they will help position the United States as a leader in producing the technologies that will define the next industrial age, including electric vehicles, battery storage, solar power, and other clean-energy sectors that could employ many U.S. workers for years to come.

Worker protections help the economy

The investment packages post-pandemic were key engines of economic growth. Further, where not blocked by a sharply divided Congress,¹⁰ those investments were structured to include incentives to

⁷ Bivens, Josh and Asha Banerjee, *Lessons from the Inflation of 2021–2022(?)*, Economic Policy Institute, April 2023.; Stiglitz, Joseph E. and Ira Regmi, “The Causes of and Responses to Today's Inflation,” *Industrial and Corporate Change*, Volume 32, Issue 2, April 2023, Pages 336–385, <https://doi.org/10.1093/icc/dtad009>

⁸ Organisation for Economic Co-operation and Development (OECD), “[Year-on-year OECD headline inflation stable at 4.7% in December 2024](#),” February 5, 2025.; Organisation for Economic Co-operation and Development (OECD), “[OECD headline inflation broadly stable at 4.5% in October 2024](#),” December 4, 2024.

⁹de Soyres, Francois, Joaquin Garcia-Cabo Herrero, Nils Goernemann, Sharon Jeon, Grace Lofstrom, and Dylan Moore, “[Why is the U.S. GDP Recovering Faster than Other Advanced Economies?](#)” Board of Governors of the Federal Reserve System, May 17, 2024.; Brusuelas, Joe, “[American Outperformance in the Global Economy](#),” RSM, November 4, 2024.

¹⁰ Such as when a provision offering a bigger tax credit for EVs made with union labor was stripped out of the final IRA.

create good jobs, for example by including strong incentives in renewable energy and energy efficiency projects for companies to pay prevailing wage rates. Further, worker protection agencies pursued policies that strengthened worker protections and the broader economy, which was particularly important given congressional dysfunction.

Regulations serve a crucial role in our economy, by putting laws into action. Congress passes laws, and then federal agencies set the rules for how those laws are followed. For example, if Congress passes a law directing the Occupational Safety and Health Administration (OSHA) to ensure “safe and healthful working conditions” in America’s workplaces, OSHA responds by promulgating specific rules that employers must follow in order to establish safe and healthful workplaces for their employees. Regulations therefore play an essential role in protecting workers—ensuring safe workplaces and fair pay and protecting workers’ rights to organize and join a union so they can bargain collectively with their employers.

But regulations don’t just provide essential protections; federal regulations also provide a large net benefit to the economy, as they often correct for profound market failures (like pollution or structural imbalances in market power). Rhetoric attacking regulations generally alleges that regulations are overly burdensome for employers and cost jobs. This is a myth perpetuated by those supporting an anti-regulatory agenda—an agenda that aims to take away basic rights and protections from working people. Careful research shows that federal regulations in fact provide an overall net economic benefit and that they have a modestly positive or neutral effect on employment.

To assess whether a regulation should be undertaken, agencies consider a comprehensive set of benefits and costs over a broad time horizon. For example, regulations establishing workplace safety standards may require substantial upfront investments in safety equipment, but those investments pay off over the long term through a reduction in illnesses like lung cancer and through lives saved over decades. In addition, the need for the safety equipment creates jobs for the people producing the equipment.

Each year the Office of Management and Budget (OMB) reports to Congress on the costs and benefits of federal regulations. These reports consistently find that the benefits of federal regulations far outweigh the costs. For example, in its most recent report, OMB found that for fiscal year 2023, the estimates of benefits range from \$48 billion to \$79 billion, while the estimates of costs range from \$15 billion to \$19 billion. Thus, even if one uses the most conservative estimates (the upper bound of the range of costs and the lower bound of the range of benefits), the net benefits (benefits minus costs) are \$29 billion.¹¹ Further, research on the relationship between employment and regulations generally finds that regulations have a modestly positive or neutral effect on the net number of jobs in the economy.¹²

When congress refuses to act, regulations also provide the only available mechanism for policymakers to protect workers’ rights and wages. For example, the most recent iteration of the Raise the Wage Act would have increased the federal minimum wage (still a meager \$7.25 per hour) to \$17 per hour in six steps over five years. However, like prior iterations of the bill, it died in Congress. As a small recompense, the Department of Labor was able to grant a higher minimum wage to workers on federal

¹¹ Desjardins, Dylan, *Digesting the Federal Government’s Annual Report on the Benefits and Costs of Federal Regulations*, George Washington University Regulatory Studies Center, January 6, 2025.

¹² Josh Bivens, “*Testimony before the Judiciary Subcommittee on Regulatory Reform, Commercial and Antitrust Law*,” February 24, 2016.

contracts in early 2022 through the regulatory process. The minimum wage for workers on federal contracts is indexed to inflation annually and is currently \$17.75 per hour.¹³

The increased minimum wage for workers on federal contracts is crucial because it ensures the government only contracts with companies that adequately compensate their employees. The increased wages for the lowest-paid government contractors reduce poverty and income inequality, while also generating higher morale, higher productivity, lower turnover, and lower absenteeism among affected workers, resulting in better government services. It also strengthens the economy overall, because it gets money in the hand of workers who are likely to have no choice but to spend it, which boosts economic activity.

The Department of Labor undertook other key regulations in recent years. For example, it increased the threshold below which even salaried workers are eligible for overtime pay if they work more than 40 hours a week. That level, \$35,568 for a full-year worker, had not been properly updated for several decades and was so low that it did not provide protections against exploitative overwork for low-paid salaried workers with some supervisory duties. In January of this year, the threshold would have been increased to \$58,656, which was well within historical standards. However, it did not go into effect because it is being held up in the courts.

The DOL also published a rule to help workers and employers better understand when a worker can be considered an independent contractor instead of an employee. The rule helps combat employer misclassification of workers as independent contractors, a key cause of wage theft, which often occurs when, for example, employers do not pay the minimum wages or overtime their workers would be legally entitled to as employees. An EPI analysis finds that in 11 commonly misclassified occupations, workers misclassified as independent contractors lose out on thousands of dollars in earnings and benefits per year, compared with workers doing the same job with employee status.¹⁴ Reducing these kinds of violations also reduces the ability of employers who engage in misclassification to undercut their law-abiding competitors, and strengthens the economy overall. This rule is in effect but is currently being challenged in the courts.

The Department of Labor also released a proposed rule that would require employers to develop an injury and illness prevention plan to control heat hazards in workplaces affected by excessive heat. Employers would need to, for example, evaluate heat risks and, where appropriate, implement requirements for drinking water, rest breaks, and indoor heat control, and provide training and have response procedures to help workers experiencing symptoms of a heat emergency.

The Trump/Vance agenda will hurt working families and the economy

Despite using pro-worker rhetoric, the first Trump administration consistently rolled back worker protections, proposed budgets that slash funding for agencies that safeguard workers' rights, wages, and safety, and steadily attacked workers' ability to organize and collectively bargain.¹⁵ It is clear that

¹³ Department of Labor, Wage and Hour Division (WHD), "[Final Rule: Increasing the Minimum Wage for Federal Contractors \(Executive Order 14026\)](#)" (web page), accessed on February 21, 2025.

¹⁴ Maye, Adewale A., Daniel Perez, and Margaret Poydock, "[Misclassifying Workers as Independent Contractors Is Costly for Workers and States](#)" (fact sheet), January 22, 2025.

¹⁵ Poydock, Margaret. "[President Trump has Attacked Workers' Safety, Wages, and Rights Since Day One.](#)" *Working Economics Blog* (Economic Policy Institute), September 17, 2020.

the Trump-Vance administration is using an amped-up version of that same playbook. For example, the Trump-Pence administration issued an executive order requiring federal agencies to identify at least two existing regulations to “repeal” when proposing a new regulation. The Trump-Vance administration has ratcheted that up to ten.¹⁶ We can expect that the Trump-Vance administration, while also employing strong pro-worker language, will build upon the Trump-Pence administration’s attacks on workers’ safety, wages, and rights.

While we don’t know exactly what the new administration has planned, we can nevertheless be quite certain in some cases, based on the track record of the first Trump administration. For example, it is highly unlikely that the Trump-Vance administration will defend the overtime regulation that is currently being held up in the courts, because there was a similar overtime regulation in a very similar situation when the first Trump administration took office, which they did not defend. In other words, we can expect to see the Trump-Vance administration let this regulation, which would have provided overtime protections to millions of workers, die.

The Trump-Vance administration has already officially delayed the defense of the independent contractor rule,¹⁷ and is likely to drop that defense entirely, given that the first Trump administration promulgated a rule that provided much weaker protections to workers in 2021. They might restore the weaker 2021 independent contractor rule, or might choose to let courts analyze questions relation to independent contractor classification without agency guidance. Either way, they would be abandoning a rule that helps combat misclassification of workers as independent contractors, costing affected workers thousands of dollars annually.

The Trump-Pence administration did not address regulations related to workplace heat hazards, but their track record on other workplace safety and health issues was abysmal. For example, after having halted all work in 2017 on a permanent infectious disease standard that would have protected workers from COVID-19 and mitigated the spread of the disease at work and back out into the community, and despite the widespread reach of COVID-19 in the workplace, the Trump administration’s Occupational Safety and Health Administration (OSHA) refused to issue any required measure to protect workers from the virus. It also proposed a rule allowing teenage workers to perform unsafe tasks in health care occupations, decreased worker safety inspections, weakened standards for mine safety inspections, repealed a requirement that employers report workplace injuries and illnesses, and more.¹⁸ Given Trump’s record on worker health and safety, it is highly unlikely the Trump-Vance administration will finalize the Biden administration’s proposed rule to protect workers from extreme heat. This will result in preventable deaths due to heat exposure on the job.

The Trump-Vance budget plan will hurt America’s families and the economy

The U.S. economy has generated highly unequal growth for decades and our system of social insurance and income support is uniquely stingy among the rich countries of the world. While our international peers have chosen to increase the share of national income devoted to public goods and

¹⁶ Economic Policy Institute, “[EO Unleashing Prosperity Through Deregulation](#),” Federal Policy Watch, February 5, 2025.

¹⁷ Economic Policy Institute, “[Department of Labor Delays Defense of Independent Contractor Rule](#),” Federal Policy Watch, January 29, 2025.

¹⁸ McNicholas, Celine, Lynn Rhinehart, and Margaret Poydock, [50 Reasons the Trump Administration is Bad for Workers](#), Economic Policy Institute, September 2020.

social protections—and to finance it with taxes—federal revenues as a share of GDP in the US are where they were 70 years ago.¹⁹

Today, the U.S. “fiscal gap”—the increase in net revenue through tax increases or spending cuts that would be required to keep public debt stable as a share of gross domestic product—is large but manageable, at roughly 2.1% of GDP.²⁰ It is important to note that the current fiscal gap was *entirely* created by the Bush tax cuts of 2001 and 2003 and the Trump tax cuts of 2017. The additional revenue we would have if these tax cuts hadn’t been enacted would mean the U.S. would have no fiscal gap today—i.e. we would have a fully sustainable fiscal situation—and on top of that, we would have roughly \$500 billion more each year to spend on socially useful public investments.²¹

Putting these facts together shows that to achieve smaller deficits in a way that increases social welfare and strengthens the economy, we should be leaning on long-overdue revenue increases, particularly from highly progressive sources, like increased taxes on capital income, wealth, and higher top ordinary rates.

The Trump-Vance administration agenda, however, does exactly the opposite. They have made it abundantly clear that one of their core priorities is to cut the benefits that ordinary people depend on in order to fund tax cuts that primarily benefit the rich, while also allowing the deficit to balloon. They plan to double down on the Tax Cuts and Jobs Act of 2017 (TCJA), which delivered tax cuts that overwhelmingly favor the very wealthy (in 2025, households in the top 1% of the income distribution will receive an average tax cut of \$61,090 as a result of the TCJA and the top 0.1% will receive an average tax cut of \$252,300, while middle-income people will receive an average reduction of less than \$1000 and low-income people will receive an average reduction of less than \$100).²²

The House Budget Committee, led by Republicans, voted along party lines two weeks ago to advance a sweeping budget plan that does the Trump-Vance administration’s bidding by taking the massive tax giveaways of the TCJA to corporations and the wealthy to the next level, with \$4.5 trillion in tax cuts over the next 10 years.

The Trump-Vance backed House budget plan would increase the deficit by trillions over the next 10 years, which would increase the fiscal gap dramatically. Further, given today’s historically low unemployment rate, deficit-financed tax cuts are more likely to put a drag on growth going forward. The 2001, 2003, and 2017 tax cuts were all deficit-financed, but because they were enacted during times of aggregate demand slack, they did not drag on economic growth. That would not be the case this time. Large deficit-financed tax cuts would likely push aggregate demand above the economy’s capacity to produce, which would either manifest as higher inflation or—if the Federal Reserve intervenes quickly and forcefully to forestall upward pressure on inflation—higher interest rates.

¹⁹ U.S. Office of Management and Budget and Federal Reserve Bank of St. Louis, “[Federal Receipts as Percent of Gross Domestic Product \[FYFRGDA188S\]](#),” retrieved from FRED, Federal Reserve Bank of St. Louis, February 21, 2025.

²⁰ Kogan, Bobby, and Jessica Vela, *What Would It Take to Stabilize the Debt-to-GDP Ratio?*, Center for American Progress, June 2024.

²¹ Bivens, Josh, *There Will Be Pain: Continuing Low Tax Rates for The Rich And Corporations Will Hurt Working Families*, Economic Policy Institute, February 2025.

²² Ross, Jean, *The Tax Cuts and Jobs Act Failed To Deliver Promised Benefits*, Center for American Progress, April 2024.

Higher interest rates would crowd out private-sector investment as the cost of borrowing to finance these investments would rise. Over time, the depressed investment would slow economic growth as future generations of workers have less capital to work with.²³

The Trump-Vance administration-backed budget plan also seeks to cut mandatory spending by at least \$1.5 trillion over 10 years to partially offset the cost of the tax cuts. This would mean massive cuts to social services. Social spending by the federal government in the U.S. is stingy relative to other advanced economies, but it is highly effectively targeted at lower-income households. Cuts to this spending would therefore cause great damage to the most vulnerable households—for example, tens of millions losing their health coverage through Medicaid, tens of millions receiving less help in buying groceries from SNAP (or being cut off completely), and many others seeing the cost of their student loans rising.

Consider the cuts to Medicaid. Health coverage is expensive in the U.S., and the value of Medicaid's coverage is equal to a huge share of the total income of poorer families. In fact, a family health insurance plan in private markets can cost more than what the bottom 20% of families earn in an entire year.²⁴ The figure below shows the House budget resolution's average cut to Medicaid benefits for the bottom 40% of the income distribution, expressed as a share of average income. It also shows how much extending the TCJA's expiring provisions would boost incomes for these groups, and the top 1%. The bottom 40% would be unequivocally worse off: Proposed cuts to Medicaid alone would reduce incomes for the bottom 40% far more than extending the TCJA would boost them.²⁵ And of course, many of these families will also be hit with other cuts.

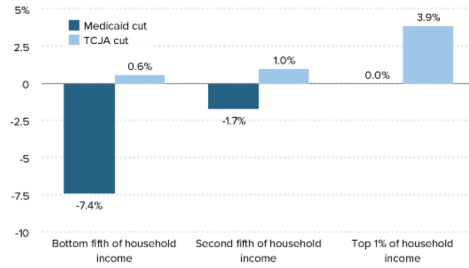
²³ It is worth noting that the crowding out of private-sector investment due to higher deficits is not always a major concern. If deficits are run to finance large increases in public-sector investment or to subsidize private-sector investments that would be otherwise under provided due to market failures—like investments in green energy generation—then the crowding out of private-sector investments does not lead to lower investment levels overall in the economy; investments just shift. If this shift leads to more capital that generates greenhouse gas abatements (like clean energy generation) and less “conventional” capital that generally supports higher greenhouse gas emissions, this shift can be very useful. But deficits run simply to finance low taxes for rich households and corporations simply crowd out private-sector investment.

²⁴ KFF, [2024 Employer Health Benefits Survey](#), October 2024

²⁵ Bivens, Josh, [There Will Be Pain: Continuing Low Tax Rates for The Rich And Corporations Will Hurt Working Families](#), Economic Policy Institute, February 2025.

Cutting Medicaid to pay for tax cuts benefits top 1% while harming the bottom 40%

Change to average household income stemming from proposed Medicaid cuts and extension of Tax Cuts and Jobs Act (TCJA)



Source: Data on value of Medicaid and household income from Congressional Budget Office (CBO) [Distribution of Household Income in 2021](#). Data on proposed \$880 billion in Medicaid cuts on overall Medicaid spending based on CBO [data on budget projections](#). Distribution of gains from extending expiring TCJA provisions from [Office Tax Analysis report](#).

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The damage spending cuts would cause goes even further than the current effect, because they would weaken the workforce of future generations and threaten the very strong economy inherited by the Trump-Vance administration.

Much of social spending in the United States does not just provide contemporary boosts to economic opportunity and security, it also constitutes a valuable investment in the long-run productivity of the workforce as a whole. For example, a well-developed literature finds that children's access to SNAP leads to better health outcomes, earnings, neighborhood quality, and home ownership, and reduces incidence of poverty and incarceration in adulthood. And, the longer children have access to SNAP as an income support, the better their outcomes are. All in all, it has been estimated that every \$1 spent on SNAP that goes to young children yields \$56 in net social benefits.²⁶

Similar findings hold for Medicaid. Access to Medicaid as children leads to significant long-run benefits—seeing improved school performance, educational attainment, earnings, and better health later in life. Studies have found that Medicaid coverage of pregnancy and infants provides benefits that fully pay for the expenditures in the long run.²⁷

It's also important to note that work requirements for Medicaid—which proponents typically claim will do things like “encourage people to get back into the work force, increase labor force participation and give people again the dignity of work”—in fact have nothing to do with getting people into the

²⁶ See Hoynes (2022) for the list of citations and a fuller description of the research literature on how SNAP and Medicaid spending on children leads to improved outcomes as adults. Hoynes, Hilary, “[Examining the Powerful Impact of Investments in Early Childhood for Children, Families, and Our Nation's Economy](#)”, Testimony delivered to the U.S. House of Representatives Committee on the Budget, July 20, 2022.

²⁷ Bivens, Josh, [There Will Be Pain: Continuing Low Tax Rates for The Rich And Corporations Will Hurt Working Families](#), Economic Policy Institute, February 2025.

workforce.²⁸ While increasing labor force participation and helping people obtain the dignity of work are important goals, people don't actually need *encouragement* to do this. The incentive to work is already there: It gives people sufficient income to not live in grinding poverty. People with income low enough to qualify for social safety net benefits also do not need new rounds of bureaucratic paper pushing, which is what work requirements mainly achieve. A careful review of the research on work requirements finds that almost none of the alleged employment benefits of ratcheting up work requirements are economically significant. If proponents of work requirements for Medicaid were actually serious about improving access to work, they would work to address the core barriers to work that low-income workers have traditionally faced: weak macroeconomic conditions, the volatile nature of low-wage work, and other barriers to work like caregiving responsibilities.²⁹

More broadly, a strategy that pairs large tax cuts for the rich that are substantially paid for with large cuts to programs serving low- and moderate-income families will leave the U.S. much more exposed to a recession. A dollar spent on providing a tax cut to rich families has a much lower "multiplier"—it generates less spillover economic growth—than one spent on providing income support for low- and moderate-income families. The reason is simple—rich households' spending does not respond one-for-one to marginal changes in their income—they have large savings rates that they can adjust to absorb income changes without radically changing their spending. Low- and moderate-income families live paycheck to paycheck and do indeed fully adjust their current spending to whatever happens to their incomes, good or bad.

Hence, the spending destroyed by cutting benefits to low- and moderate-income families will be far larger than the new spending supported by granting rich households tax cuts. Initially, this downward spending shock could likely be absorbed by the Federal Reserve cutting interest rates. But paying for a large portion of the tax cuts with spending cuts would require the Fed to use the lion's share of the space they have to cut interest rate, leaving monetary policy with limited tools to counteract any further economic weakness.

At best, this would leave the economy at the cusp of recession with all of the Fed's conventional tools for boosting a recovery nearly exhausted. This would be an extremely unwise policy decision—one made completely for the purpose of keeping taxes on high-income households and corporations historically low.

It is worth reiterating that the administration isn't back these draconian cuts in the name of responding to a national emergency or reducing deficits to boost future growth. They are backing these draconian cuts to provide tax cuts that overwhelmingly favor the extremely wealthy. They take food out of the mouths of poor children to line the pockets of billionaires, while simultaneously weakening our economy. It is a disgrace.

The potential financial crisis DOGE poses

²⁸ Wething, Hilary, "[Work Requirements for Medicaid Do Not Address the Real Barriers to Work and Risk Throwing Many into Health Insecurity.](#)" *Working Economics Blog* (Economic Policy Institute), February 3, 2025.

²⁹ Wething, Hilary, "[Work Requirements for Medicaid Do Not Address the Real Barriers to Work and Risk Throwing Many into Health Insecurity.](#)" *Working Economics Blog* (Economic Policy Institute), February 3, 2025.

Elon Musk's recent spate of illegal impoundments and firings is an economic crisis in waiting. Spending being controlled by the whims of a billionaire who bullied his way into being able to access the Treasury accounts that get spending where it is legally obligated to go and potentially throttling this spending at its source is a disaster in the making. Spending reductions strangle economic activity and, if large and sudden enough, could push the economy into a recession and crisis. And because these spending reductions would only relent at the whim of Musk's teams, the automatic stabilizer function of the federal government—particularly the fact that spending on unemployment insurance and other social insurance provisions rise as people lose jobs and income when the economy enters a recession—could not be relied upon to kick into gear.³⁰

So far, the illegal impoundments have not added up to a scale that would throw the economy into a recession, but, again, this is entirely because the Musk team has so far decided to not impound that much spending. If they decide to impound more and cause a crisis, what's to stop them? Having one person in charge of whether or not the U.S. government actually spends the money that's been legally obligated by Congress is not just a democratic disaster, it is absolutely a recipe for an economic crisis.

To date, the real damage done by the illegal impoundments and firings is the valuable work of federal employees that is not being performed.³¹ Our federal workforce was too small and too poorly-paid even before the Trump administration allowed Musk's teams to start arbitrarily hacking at it.³² Further constricting it will lead to a profoundly less functional government – and that matters a lot to peoples' lives. But if the DOGE team isn't stopped, their cuts won't just sap the long-run productivity and of the economy, they could easily cause a full-blown crisis.

Conclusion

The Trump-Vance administration inherited the strongest economy for an incoming administration in 25 years—an inheritance largely driven by the economic policy choices of the previous administration and Congress. However, their agenda threatens to undermine this progress, jeopardizing the economic security of both vulnerable families and the middle class. The draconian cuts in social programs they are backing aren't being done in the name of responding to a national emergency or reducing deficits to boost future growth, they are being done to provide tax cuts that overwhelmingly favor the extremely wealthy. They are cutting food aid to poor children and taking away healthcare from poor families to finance tax cuts that will overwhelmingly go to the very wealthy. Further, by gutting essential income support and safety net programs while sowing chaos in key economic institutions, they are setting the stage for a preventable economic crisis.

I implore you to recognize these risks for what they are and take action to protect the stability and well-being of America's workers and families.

³⁰ Bivens, Josh, "[Before DOGE, the Debt Ceiling Used to be the Only Quick Way Political Extremists Could Cause a Financial Crisis.](#)" *Working Economics Blog* (Economic Policy Institute), February 24, 2025.

³¹ McNicholas, Celine, and Patrick Oakford, "[A Snapshot of the Federal Workforce that is Now Under Attack from the Trump Administration.](#)" *Working Economics Blog* (Economic Policy Institute), February 21, 2025.

³² Bivens, Josh, "[DOGE is Not Worth Engaging. You Can't Cut Your Way to a Federal Government That Does More.](#)" *Working Economics Blog* (Economic Policy Institute), January 30, 2025.

Chairman WALBERG. Thank you. Now I recognize for her witness testimony, Ms. Milito.

STATEMENT OF MS. ELIZABETH MILITO, EXECUTIVE DIRECTOR, NATIONAL FEDERATION OF INDEPENDENT BUSINESS, SMALL BUSINESS LEGAL CENTER, WASHINGTON, D.C.

Ms. MILITO. Thank you, Chairman Walberg, Ranking Member Scott, members of the Committee, and staff who are here today. I very much appreciate your attention. NFIB, the National Federation of Independent Business represents small businesses nationwide in every industry and in every State.

NFIB members are your local hardware store, the restaurant where your family eats on Friday nights, the mechanic who fixes your car, the plumber, roofer and landscaper who work on your home. Small businesses employ nearly half the country's private sector workforce.

It is estimated that 68 cents of every dollar spent at a small business is reinvested in the community. When small businesses succeed communities flourish. Unfortunately, over the last 4 years small businesses have weathered storm after storm, including COVID shutdown, supply chain disruptions, historic inflation, a burdensome regulatory environment, and workforce shortages.

It is no surprise that small businesses were not particularly optimistic during the last administration. Following the November election, small business optimism surged, reaching the highest point since October 2018. The election results signaled that a major shift to the Nation's economic and regulatory policy was on the horizon.

Although small businesses remain optimistic, economic uncertainty lingers. The expiration of key provisions included in the 2017 Tax Cuts and Jobs Act, like the 20 percent small business deduction, creates the threat of a massive tax increase for over 30 million small businesses in a little over 10 months.

In fact, the January 2025 Small Business Economic Trends Survey showed that the uncertainty index had increased. This rating stresses the urgent need for Congress to provide small businesses with certainty so they can resume planned investments in their business and workforce without the possibility of a massive tax hike.

In addition, small businesses continue to struggle to fill positions. Owners are increasing compensation and benefits, but staunchly oppose one size fits all, inflexible and costly mandates from Washington, DC. and State capitals around the country. Between 2021 and 2024, small businesses experienced a regulatory tsunami that added 1.8 trillion in regulatory costs.

These costs disproportionately impact small businesses that operate without compliance officers, lawyers or human resource departments, making it more expensive to hire employees will not lead to more hiring. For this reason, small businesses viewed President Trump's commitment to rolling back unnecessarily burdensome and duplicative regulations as one of his first term's greatest accomplishments.

Small businesses are optimistic that the second Trump term and the 119th Congress will implement pro-growth tax, labor, regu-

latory and economic policies. However, threats do loom on the horizon. Congress and the administration can work together to create a pro-business environment, but you must reject policies that increase uncertainty.

On behalf of the small business owners of NFIB, thank you again for your time today.

[The statement of Ms. Milito follows:]

TESTIMONY BEFORE THE UNITED STATES CONGRESS
ON BEHALF OF THE

NATIONAL FEDERATION OF INDEPENDENT BUSINESS



Statement of Elizabeth Milito
Vice President and Executive Director, NFIB Small Business Legal Center

**United States House of Representatives
Committee on Education and Workforce**

Unleashing America's Workforce and Strengthening Our
Economy

February 26, 2025

National Federation of Independent Business
555 12th Street NW, Suite 1001
Washington, DC 20004

Chairman Walberg, Ranking Member Scott, and members of the House Education and Workforce Committee,

On behalf of the National Federation of Independent Business (NFIB), I appreciate the opportunity to participate in today's hearing on the state of the American workforce.

My name is Beth Milito, and I serve as Vice President and Executive Director of the NFIB Small Business Legal Center. NFIB is the nation's leading small business advocacy organization, advocating on behalf of nearly 300,000 small business owner members in Washington, DC, all 50 state capitals, and in our nation's courts. NFIB's mission is to promote and protect the right of our members to own, operate, and grow their businesses. NFIB is proud to represent small businesses nationwide from every industry and sector.

The NFIB Small Business Legal Center is a nonprofit, public interest law firm established to provide legal resources and be the voice for small businesses in the nation's courts through representation on issues of public interest affecting small businesses.

NFIB members are not publicly traded multi-billion-dollar corporations. Quite the contrary; the average NFIB member has 8 employees and every NFIB member is individually owned and not publicly traded. Small businesses employ nearly half this country's workforce and represent 99.9% of all American businesses.¹ It is no exaggeration to say that for the American workforce to be successful, small businesses must be successful.

Unfortunately, over the last four years, small business owners have weathered storm after storm, including COVID shutdowns, supply chain disruptions, historic inflation, a burdensome regulatory environment, and systemic workforce shortages. It is no surprise that small businesses have had little to be optimistic about over the previous four years.

In fact, according to NFIB's Research Center's October 2024 Small Business Economic Trends survey, small business optimism was below the 50-year average optimism

¹ *Frequently Asked Questions About Small Business 2024*, U.S. Small Business Administration, Office of Advocacy (July, 23, 2024), available at <https://advocacy.sba.gov/2024/07/23/frequently-asked-questions-about-small-business-2024/>.

rating for 34 consecutive months.² On top of low optimism, small businesses were more uncertain than ever about the landscape they would be facing while operating their business.³

Following the 2024 election, small business optimism surged, reaching the highest point since October 2018.⁴ The election results signaled that a major shift to the nation's economic and regulatory policy was on the horizon. Small businesses have hopes that more pro-business policies and a more favorable regulatory environment will provide them with much needed reprieve and opportunities for growth, allowing small businesses to reinvest in and grow their workforce.

Although small businesses remain optimistic, significant economic headwinds create uncertainty. For example, the expiration of key provisions included in the 2017 *Tax Cuts and Jobs Act*, like the 20% Small Business Deduction ("Section 199A"), creates the threat of a massive tax increase in a little over ten months. In fact, the January 2025 Small Business Economic Trends survey showed that the uncertainty index is at the third highest point in history, following two months of steady decline.⁵ This reading stresses the urgent need for our lawmakers to provide small businesses with certainty so they can resume planned investments in their business and workforce without the possibility of a massive tax hike.

Workforce challenges have also persisted with the change of administration. Nearly 25% of small businesses list "locating qualified employees" and "finding and keeping skilled employees" as critical issues facing their business.⁶ Further, 35% of small businesses continue to report that they have job openings that they cannot fill.⁷

² William C. Dunkelberg & Holly Wade, *NFIB Small Business Economic Trends Survey October 2024*, NFIB Research Center, November 12, 2024, <https://strgnfibcom.blob.core.windows.net/nfibcom/NFIB-SBET-October-2024.pdf>.

³ *Id.*

⁴ The Small Business Optimism Index rose 3.4 points to 105.1 in December, the highest since October 2018, NFIB, January 14, 2025, <https://www.nfib.com/news-article/optimism-index-reaches-six-year-high-as-inflation-remains-top-concern/>.

⁵ William C. Dunkelberg & Holly Wade, *NFIB Small Business Economic Trends Survey January 2025*, NFIB Research Center, February 2025, <https://www.nfib.com/news-article/monthly-report/sbet/>.

⁶ Holly Wade & Madeleine Oldstone, 2024 Small Business Problems & Priorities, NFIB Research Center, October 2024, <https://nfib.com/wp-content/uploads/2024/10/2024-Small-Business-Problems-Priorities.pdf>.

⁷ William C. Dunkelberg & Holly Wade, *NFIB Small Business Economic Trends Survey January 2025*, NFIB Research Center, February 2025, <https://www.nfib.com/news-article/monthly-report/sbet/>.

Small Businesses Reinvest Tax Cuts into American Workers

Any small business owner can tell you: their workforce is their greatest asset. The 2017 *Tax Cuts and Jobs Act* provided unique opportunities for small businesses to expand and grow, create more jobs, and reinvest in the American workforce. Specifically, the law created the 20% Small Business Deduction, which provided 9 out of 10 small businesses with tax relief that they utilized in unique ways to benefit their businesses, community, and workers.

NFIB members have used the tax relief provided to them through the *Tax Cuts and Jobs Act* to give bonuses to employees; hire new employees; keep up with inflation; purchase and maintain equipment that makes workers' jobs easier and safer; keep employees on year-round; increase wages; give back to their communities; and strengthen benefits packages to include health insurance, Health Savings Accounts, vision insurance, dental insurance, life insurance, retirement plans, more paid time off, profit sharing, and 401k matching of employee contributions.

Small business owners tell this story best. The testimonials below from NFIB members describe the importance of the 20% Small Business Deduction and how it has been utilized to reinvest in workers and create jobs:

"The 20% Small Business Deduction was a gamechanger for our business. We own and operate an electrical contracting company, servicing new home builds, home remodels, and commercial buildings throughout the state of Oklahoma. The Small Business Deduction allowed us to reinvest in our workforce and grow the business by hiring more employees, allowing us to take on more projects. We used the tax savings from the Small Business Deduction to stand up an apprenticeship and continued learning program that allows us to train new hires, giving them the skills necessary to do the job but also have a successful career, and provide continuing education to our employees, allowing them to obtain new certifications, grow within our company, and open new doors for their career."

- NFIB Member
Choctaw, Oklahoma

“Throughout this period of pandemic, labor shortages, increased regulation, and increased cost of materials my business has been able to grow. We have added to our payroll, and with the money that we haven't had to pay in taxes, now pay 100% of health insurance premiums for our 30 employees and their families.”

- NFIB Member
Cataumet, Massachusetts

“As a small business owner and member of NFIB, I urge you to provide permanent tax relief for small businesses... I'm sure you can understand that success within an organization includes planning and budgeting ahead. As our company works now to plan and project budgets for 2025, we remain concerned that the expiration of Section 199A would eliminate tax predictability; necessary for us to responsibly budget, plan, and continue to invest in our employees and our business with certainty in the coming years. Our company has been able to strengthen our small business in consideration of the retained funds that the 20% Small Business Deduction provides. With \$281,409 in Qualified Business Income deductions on line 13 of our 1040's over the last 4 years, we have been able to maintain competitive wages with consistent increases and bonuses, keeping our dedicated, skilled workforce motivated with payroll increases by 2% of revenue for 4 consecutive years. As employees continue to face new cost of living increases, we have maintained our same low health insurance premiums and competitive plans keeping employees happy and healthy. We added two new vehicles to our fleet creating monetary, delivery, and environmental efficiencies contributing to both customer and employee satisfaction. Losing the Small Business deduction will have a negative effect on this Windham Maine Small Business owner's employees, cash flow and our ability to grow.”

- NFIB Member
Windham, Maine

“The uncertainty looming behind possibly losing [the] small business deduction has us terrified as we attempt to navigate mounting uncertainty across the board in our construction field. With uncertainty in interest rates, and inflation in general, people are already pulling back on building, and if our taxes are going to jump 20% in 202[6] I don't know how I will keep our business afloat and manage the cash flow to keep our employees paid on a steady weekly pay cycle. As you know, with the current state of the economy, many of our employees live paycheck-to-paycheck. Because we care about them, we make it a point to pay them weekly (versus a bi-weekly or monthly pay schedule), but the uncertainty and volatility in cash flow makes this hard enough as it is. I

could not imagine losing the 20% tax reduction for our small business. We opened our business in 2021, and thus have always had that 20% reduction, but last year as it stood, our tax payment was a significant hit to our business' cash flow, and things got scary for a moment. I do not know how we would manage if it jumped the 20% and we were forced to take a loan out to be able to make those payments... [W]e have been using the 20% savings to pour back into our business and increase our business cash flow, so we can take on larger projects, while still continuing to better the lives of our employees by raising pay and continuing a weekly pay schedule. Because cash flow in our small business is volatile, it takes a large cash reserve to take on bigger scale projects since we must be able to front the cost of materials and labor for so long. To keep our employees busy, and have the ability to employ more people, we have had to continue to increase the size of projects we take on. The tax savings have helped with that. If it can continue, we will continue to re-invest [those] savings into our business and hope to be able to move to a larger business location so that we can give our employees more space to work, which we feel is safer for them. We would also like to be able to provide more benefits to our employees, which to date as a new small business owner (of just 3 years) we have only been able to add time off benefits. We would love to invest more in our employees and provide retirement benefits as well as insurance but need the cash flow to do so... We love our employees and their families, and know they depend on us. We want to ensure we can stick around and keep providing them with that steady paycheck [and] we hope to add additional benefits too."

- NFIB Member
Tallahassee, Florida

Burdensome Regulatory Environment

Between 2021 and 2024, small businesses experienced a regulatory tsunami that added \$1.8 trillion of regulatory compliance costs and 356 million paperwork hours for America's job creators.⁸ These compliance costs disproportionately impact small businesses that often do not have dedicated compliance officers, lawyers, or human resources departments who can keep up with new laws and regulatory requirements.

In 1980, Congress and President Carter recognized the disproportionate impact that burdensome regulations had on small businesses and unanimously approved the Regulatory Flexibility Act (RFA). The RFA requires federal agencies to analyze the impact

⁸ Dan Goldbeck, *Week In Regulation, The Final Week of Biden*, American Action Forum, January 21, 2025, <https://www.americanactionforum.org/week-in-regulation/the-final-week-of-biden/>.

their regulatory actions will have on small entities. The law states that when the regulatory impact is likely to be significant or affect a substantial number of small entities, federal agencies are required to seek less burdensome alternatives for regulatory action.

In the 40-plus years since the RFA became law, however, agencies have found ways to disregard or bypass many of the RFA's requirements. In 2023, NFIB's Small Business Legal Center analyzed the Small Business Administration (SBA) Office of Advocacy's comment letters to federal agencies from January 2021 to January 2023 and found significant noncompliance with the RFA.⁹ For example, agencies improperly certify that rules will not have a significant economic impact on a substantial number of small entities, or disregard RFA requirements to examine alternatives to regulation or the indirect costs of regulations.¹⁰

Below are examples of rulemakings conducted by federal agencies that failed to comply with the existing law, for which the Committee on Education and Workforce has jurisdiction:

- **Standard for Determining Joint-Employer Status, 87 Fed. Reg. 54641**
 - *“Advocacy is concerned that the Board has underestimated the compliance costs and burden of this rule for small businesses. In the IRFA, the Board only estimates one hour of time for a small employer to read and understand the rule, at a cost of under \$150 per small business. The Board acknowledges that employers may choose to rearrange their business relationships ‘to minimize risk of joint employer status’ but does not estimate any employer compliance costs. Small businesses commented that franchisors may pull back involvement with their franchisees to indemnify themselves from liability. Franchisors may also provide less legal and human resources advice, which will result in hiring outside professionals to provide guidance, documents, and compliance training. Franchisees reported that this proposal may add costs of thousands of dollars a year and may require hiring a dedicated staffer. A restaurant franchisee owner stated that these costs will prohibit small*

⁹ Rob Smith, The Regulatory Flexibility Act: Turning a Paper Tiger into a Legitimate Constraint on One-Size-Fits-All Agency Rulemaking, National Federation of Independent Business Small Business Legal Center, May 2023, <https://strgnfib.com/blob.core.windows.net/nfibcom/NFIB-RFA-White-paper.pdf>.

¹⁰ *Id.*

business expansion, as restaurants are currently facing increased food prices and labor shortages.”¹¹

- Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales, and Computer Employees, 88 Fed. Reg. 62152
 - *“Advocacy is concerned that DOL has proposed a costly increase to the EAP overtime exemption, which will have a significant economic impact on a substantial number of small entities. DOL’s rule will increase the standard salary levels under the EAP overtime exemption by over \$24,000 and almost 70 percent. Advocacy believes that DOL’s Initial Regulatory Flexibility Analysis (IRFA) is deficient because it underestimates the economic impact of this rule on small entities. Small entities have commented that this rule will have detrimental impacts to their operations, particularly during the current difficult business environment of high inflation, supply chain disruptions, shutdowns, and tighter labor markets. This rule may also lead to unintended negative consequences for employees, as it may affect worker morale, limit flexible working arrangements, and access to benefits.”¹²*
- Employee or Independent Contractor Under the Fair Labor Standards Act (FLSA), 87 Fed. Reg. 62218
 - *“Advocacy is concerned that DOL’s Initial Regulatory Flexibility Analysis is deficient for this rule. DOL significantly underestimates the economic impacts of this proposed rule on small entities at less than \$25 annually per business. Small businesses told Advocacy that they are very confused on how to classify their workers and comply with DOL’s regulations. DOL’s proposed rule may be detrimental and disruptive to millions of small businesses that rely upon independent contractors as part of their workforce. Independent contractors who may also be small businesses also believe that they may lose work because of this rule.”¹³*
- Heat Injury and Illness Prevention in Outdoor and Indoor Work Settings [Docket No. OSHA-2021-0009] (RIN 1218-AD39)
 - *“Based on the input from small entities, Advocacy is concerned that the proposed rule is inflexible, overly rigid, and fails to account for sector-specific*

¹¹ Major L. Clark, Deputy Chief Counsel, Office of Advocacy, U.S. Small Business Administration, *Comment Letter to the National Labor Relations Board’s Joint Employer Rule*, November 29, 2023, <https://advocacy.sba.gov/wp-content/uploads/2022/11/Comment-Letter-NLRB-Joint-Employer-Rule-508c.pdf>.

¹² Major L. Clark, Deputy Chief Counsel, Office of Advocacy, U.S. Small Business Administration, *Comment Letter to the Department of Labor’s Overtime Regulations*, November 7, 2023, <https://advocacy.sba.gov/wp-content/uploads/2023/11/Comment-Letter-DOL-Overtime-Regulations-508.pdf>.

¹³ Major L. Clark III, Deputy Chief Counsel, Office of Advocacy, U.S. Small Business Administration, *Letter to U.S. Department of Labor*, December 12, 2022, <https://advocacy.sba.gov/wp-content/uploads/2022/12/Comment-Letter-DOL-independent-Contractor-508c.pdf>.

*and regional differences for many small entities. Small entities raised these concerns during the SBREFA panel and Advocacy's roundtables, and they remain concerned that OSHA has proposed a one-size-fits-all rule that lacks needed flexibility and is unduly burdensome as proposed.*¹⁴

- Worker Walkaround Representative Designation Process (“Worker Walkaround”) Rule [Docket No. OSHA-2023-0008] (RIN 1218-AD45)
 - *“OSHA’s certification under the RFA that the proposed rule, if promulgated, will not have a significant economic impact on a substantial number of small entities is improper because OSHA has failed to consider the direct and foreseeable costs that small employers would incur as a result of the rule.”*¹⁵

Congress can protect small businesses from burdensome regulations as described above by strengthening the RFA and enacting much-needed regulatory protections for small businesses, such as H.R. 1163, the *Prove It Act of 2025*. Alternatively, Congress could empower the Office Advocacy to enforce RFA compliance on the front end, ensuring that every final rule complies with the RFA before the final rule takes effect.

Do No Harm, How Congress and the Administration can Strengthen the Small Business Workforce

Following the November 2024 elections, small businesses are optimistic for a more business-friendly approach to regulations and employment and labor law. Congress and the Administration can make good on these prospects by not imposing more labor and employment mandates on small businesses that only make it harder for small businesses to hire and onboard new workers.

Proposals such as the *Protecting the Right to Organize Act* and the *Warehouse Worker Protection Act* would rewrite labor and employment law, impose onerous new regulations and mandates on small businesses, lead to frivolous litigation, and only harm small businesses and the American workers who work for these small businesses.

¹⁴ Major L. Clark, Deputy Chief Counsel, Office of Advocacy, U.S. Small Business Administration, *Comment Letter to the Heat Injury and Illness Prevention in Work Settings*, January, 13, 2025, <https://advocacy.sba.gov/wp-content/uploads/2025/01/Comment-Letter-Heat-Injury-and-Illness-Prevention-in-Work-Settings-011325.pdf>.

¹⁵ Major L. Clark, Deputy Chief Counsel, Office of Advocacy, U.S. Small Business Administration, *Comment Letter to the Worker Walkaround Rule*, November 13, 2023, <https://advocacy.sba.gov/wp-content/uploads/2023/11/Comment-Letter-Worker-Walkaround-Rule-508.pdf>.

Specifically, the *Warehouse Worker Protection Act* is a major threat to small businesses. Far from being legislation targeting large, publicly traded businesses, this major federal expansion would also ensnare small businesses. We urge Congress to reject the *Warehouse Worker Protection Act*.

Further, Congress should reject the *LETS Protect Workers Act*, which would drastically increase fines for labor and employment law violations, even for accidental and first-time violations. Minimum wage and overtime violations currently operate under a strict liability standard, meaning the law does not account for employers who have an honest misinterpretation of the law or make an isolated mistake. This legislation could force small businesses to close their doors forever for making a simple and innocent accounting error, leaving American workers worse off and out of a job altogether.

Instead, Congress and the Administration should reestablish the payroll audit independent determination program, which would allow employers to self-report and correct minor minimum wage and overtime violations before incurring a penalty, as proposed by the *Ensuring Workers Get PAID Act*. This program could also be expanded or recreated to include first-time Occupational Safety and Health Administration violations for small businesses.

The Administration should rescind or withdraw many of the burdensome rulemakings of the Biden Administration, including those that were listed in the section above and return to the more business-friendly approach of the first Trump Administration. For example, the Administration could rescind the Biden Administration's Independent Contractor Classification rule and return to the first Trump Administration's Independent Contractor rule that provided a simplified and flexible employee or independent contractor classification test and allowed workers the flexibility to work independently.

Lastly, Congress should proactively prevent future burdensome labor and employment regulations by clarifying that the Occupational Safety and Health Administration does not have the authority to regulate business operations solely based on the temperature in the workplace and by passing the *Save Local Business Act*, which would codify the traditional understanding of joint employment and prevent a future burdensome joint employer rulemaking.

Conclusion

Small businesses are optimistic that the Trump Administration and 119th Congress will implement pro-growth tax, labor, regulatory, and economic policies. However, major threats loom on the horizon. Congress and the Administration can deliver pro-business policies for small businesses, but they must reject policies that increase uncertainty, regulatory burdens, and red tape.

Chairman WALBERG. Thank you. I thank each of the witnesses. Under Committee Rule 9, we will now question the witnesses under the 5-minute rule, ask members to keep your questions succinct, so the witnesses have time to answer. I will recognize myself for 5 minutes for questioning.

Ms. Milito, you have pointed out that business optimism surged after the November elections. You also pointed out in your testimony that surveys found that challenges remain, which are leading to uncertainty for small businesses.

Can you elaborate further on how the Biden administration's policies have created these challenges for small businesses, and also what are some of the ways that the Trump administration and Congress could address these challenges. Please elaborate further.

Ms. MILITO. Thank you, Chairman Walberg for that question. Small business optimism, as I said, surged in November and again in December. Highest level since 2018, so there is no denying the Trump effect, I will call it. October, November saw the largest increase in our optimism index in the 41-year history of the survey, so that is pretty astounding there.

Small business owners are impatient. They want to get going, so they are going to hold President Trump to his promises for the de-regulatory efforts there. They are eager for, you know, ten out one in, to get underway there, so they are very, very optimistic that things are going to improve. The landscape is going to improve.

There are a lot of expectations though, however, that Congress is going to need to come through, and you know, extend or make permanent the tax cuts from 2017. That is just absolutely critical.

As I mentioned in my opening statement, those tax cuts, there are over 30 million small businesses that are depending on this Congress to pass the Main Street Tax Certainty Act, and make sure that small business, 20 percent small business deduction is made permanent, so that is just absolutely critical, and uncertainty regarding what Congress is going to do with that.

Chairman WALBERG. Which impacts uncertainty with the employees of the small businesses as well.

Ms. MILITO. Absolutely. Absolutely. My written testimony talks about ways that my members have used that tax cut to invest directly in the workforce, in the business, in the employees, and in the communities, that is how they are using that tax cut.

Chairman WALBERG. Thank you. Ms. Maietta, the Biden National Labor Relations Board's Final Rule, the Joint Employer Rule upended traditional direct and immediate control standard, and create an expansive and vague standard for determining joint employer. The Biden Joint Employer Rule was rebuked by bipartisan

majorities in the House and Senate, during the 118th Congress, and was ultimately vacated by the Federal Court.

For franchise hotels, how important is it to have a clear joint employer standard, and would the Save Local Business Act provide that clarity?

Ms. MAIETTA. Thank you, Chairman Walberg. Absolutely. Clarity and certainty is needed in business. That joint employer measure under the Biden administration would have devastated our industry, decimating it virtually overnight by creating and injecting an incredible degree of uncertainty around who controls the relationship between the employer and the employee.

Eliminating the ability for a small business owner to make decisions about how to run their business day to day, and removing some of the protections that are so important around brand standards, around health and safety protocols that our guests and our employees rely on. The Save Local Business Act eliminates that, and also what is really important for us is to ensure that as administrations change, the legal standard is codified into law, so that we do not have to worry, from administration to administration, what is going to happen next.

Chairman WALBERG. Okay. Thank you. Dr. Beach, inflation has attacked Americans over the past 4 years, even with decreasing inflation rates since 2022, how has inflation affected workers the past 4 years, and how has it affected those wanting to start or expand businesses?

Mr. BEACH. Well, thank you very much for that question. When we look at inflation, we take—we need to take a longer view, and we need to begin with that month when inflation really took off, and look at its cumulative effect over time. About 30 percent of the loss in purchasing power that workers experienced from mid-2021 on has been regained, but that means 70 percent has not. Those are my calculations.

That means that it is still difficult to purchase the things that were discretionary before. For example, if you were doing after school tutoring of your children, that might be sacrificed now in order to pay your rent, your rent and your food, might exclude insurance payments. It might exclude the purchase of a new vehicle.

They might force you into a bus route, and that is one of the worst things for low-income people and middle-income people when they have almost no discretion on where to purchase, so it reverberates on and on and on. The point is we have made progress on inflation, but we still have a long way to go.

Chairman WALBERG. Thank you. I appreciate your responses. Now, I recognize the gentlelady from Oregon, Ms. Bonamici.

Ms. BONAMICI. Thank you very much, Mr. Chairman. This is a hearing about unleashing America's workforce and strengthening the economy, and I am not going to sit here and pretend that everything is normal. My mother was a small business owner. I have family members who are small business owners, but right now there are many unprecedented and illegal actions that the Trump administration and DOGE are taking against the Federal workforce.

Donald Trump and Elon Musk and DOGE have fired more than 30,000 Federal workers across the country, and with what appears

to be little planning and even less justification. Needless to say, this has created an enormous amount of chaos, which is harmful, not just to the Federal workforce, but also to the economy. I have had five town hall meetings in Oregon, and not just in urban areas, and people are stressed and really anxious. They are concerned that Musk and DOGE are accessing their sensitive personal data, and the government's previously secure and confidential data systems.

They are worried about social security numbers, their home addresses, citizenship and disability status, work records, family income and maybe bank account information. Well, now I believe it was yesterday, the White House said well, Elon Musk is not in charge of DOGE. Well, maybe that is because Elon Musk now appears to have access to his business competitors' tax records, and financial information in what could be a pretty flagrant and massive case of corporate espionage.

Let us just say people are really concerned, and that is having implications. Despite the title of this hearing, The American workforce has not been unleashed, and our economy has not been strengthened, quite the contrary. In my home State of Oregon, agricultural researchers in rural Oregon were purged as a result of cuts at the USDA.

The Oregon Health and Sciences University, Oregon's largest recipient of funding from the National Institutes of Health could lose tens of millions in Federal funding. That is going to halt medical research, and upend the lives of patients and with the work of scientific researchers.

The cuts to the U.S. Forest Service will leave Oregon more vulnerable to wildfires, and shockingly, about 100 staff at the Bonneville Power Administration, their purging could leave northwest Oregon and the entire region facing brownouts and blackouts, so that would be devastating for the entire economy of the Pacific Northwest.

It is especially outrageous because the Bonneville Power Administration is rate-payer funded, so it does not save any money, but still those people were purged. There is a lot of chaos out there. Now Bloomberg is reporting that this mass government employee termination that we have seen at other agencies is happening at the Department of Labor.

Dr. Shierholz, I am going to ask you, because I know Ms. Milito talked about how we have to resist uncertainty, there is a tremendous amount of uncertainty. Dr. Shierholz, if Elon Musk and DOGE fire large numbers of employees at the Department of Labor, safety inspectors, people who assist with unemployment, or workers compensation, or do the work—other work of the Department, what effect does that have on the working people in Oregon and across the country?

Also, what effect does this kind of chaos have on the economy overall?

Ms. SHIERHOLZ. This has a devastating effect on the ability of DOL to do their work. The chaos and attacks on Federal workers will deeply harm the Labor Department's ability to attract and retain top talent, for example. When career officials feel undervalued or face instability, which is clearly what the Trump administration

is trying to make them feel, it slows policy development, it slows policy implementation, it weakens enforcement.

It ultimately just hurts their ability to serve America's workers, and I believe that is a core reason behind the actions of the Trump administration. It seems abundantly clear that the administration views that as a feature, not a bug, of what they are doing.

Ms. BONAMICI. Well, how does that affect the economy overall?

Ms. SHIERHOLZ. It puts a big strain on the economy. One of the things I think that people do not understand that the work of Federal workers is so much a part of our daily lives that people do not even understand what is happening. Like you go into the grocery store, you know you can buy food that is safe because of the work of workers at the Federal Food and Drug Administration.

You drive on roads, and you know you can arrive where you want to go safely because of the standards and the enforcement of the Department of Transportation, and on and on and on. The crucial work of our Federal workforce is what is the underpinning of public services, and our stable economy, and you gut that workforce, and you see a lot of those things crumble.

The other thing that is useful saying our Federal workforce is tiny. It is already very, very shoestring. It is less than 2 percent of all payroll employees. The idea that we are going after this workforce that is protecting the American people is just outrageous.

Ms. BONAMICI. I just want to thank you, Dr. Shierholz. I just want to emphasize again, as I yield back, that these purges of Federal employees are going to create long-term harm, but also we have thousands of people now additionally unemployed because they lost their job with some promise of payout, which apparently has not been authorized.

Again, uncertainty is what is happening, not what this administration is fighting. I yield back.

Chairman WALBERG. The gentlelady's time is expired. I now recognize the gentleman from Georgia, Mr. Allen.

Mr. ALLEN. Thank you Mr. Chairman, and I would note I just looked, there are 7.6 million job openings in this country right now that need to be filled, so I think there is plenty of opportunity for those folks who are looking for a change in career to apply for a private—a job in the private sector.

It is stunning to me that people do not think that folks who work for the government are capable of working in the private sector. I mean for crying out loud, you have got to be kidding me. With the staggering number of issues facing our workforce, I am honored that Chair Walberg asked me to serve as Chairman of the HELP Subcommittee at this Congress.

By showcasing this hearing we have no shortage of work to get done. With that being said, Ms. Milito, why do small businesses choose to offer health benefits to their employees, even if they are not required by law?

Ms. MILITO. Thank you very much. First of all, Mr. Allen, I would like to thank you for your support of the Main Street Tax Certainty Act and the 20 percent small business deduction. We are very grateful and thankful for your support on that there.

Small businesses—when they look to hire, retain employees, and as you mentioned, there is a tremendous workforce shortage

there—they look first to boost wages, and then the second benefit they will offer is paid time off, and the third benefit they try to offer is healthcare, so healthcare is critical.

Over 30 percent of small businesses do offer healthcare. It is a costly benefit as you know.

Mr. ALLEN. Right.

Ms. MILITO. It is so important for, you know, attracting and retaining employees, and allowing small businesses to compete with larger employees that sometimes have more what I will call Cadillac or robust healthcare coverage. It is, you know, that expanding access to ERISA plans is very important there for protecting employees, and of course a lot of small business owners get their own healthcare coverage for their families too through the business as you know.

Mr. ALLEN. Well, you know, the Affordable Care Act has made ERISA unaffordable.

Ms. MILITO. Yes, very true.

Mr. ALLEN. Companies and I mean the costs are skyrocketing, and then President Obama promised that the price was coming down. They have made it impossible, and there needs to be something done there to make it more beneficial, and more cost-efficient for both the employers and employees, some flexibility.

What role does the Employee Retirement Income Security Act play in helping small businesses offer robust and affordable health benefits to employees, and what should this Committee do to better help small businesses who offer high-quality coverage?

Ms. MILITO. Thank you for that question. ERISA is really the foundation for employer sponsored health insurance, and you know, robust plans can come with a strong framework under ERISA, lowering costs and enabling, as I said, small business owners to compete.

Options that small business owners tell us they are looking for, being able to band together to form association health plans, and other pooling arrangements that some states allow their protecting self-insurance through stop loss insurance and reducing red tape and unnecessary paperwork, and of course, increasing price transparency, which is a big thing NFIB has been pushing for for probably now decades.

Mr. ALLEN. Right.

Ms. MILITO. The cost and availability of healthcare insurance is our No. 1 on our problematic priority survey. It has been No. 1 now for decades.

Mr. ALLEN. Sure. Ms. Maietta, the Biden administration—the Biden Harris administration's over regulation negatively affected American workers and job creators last Congress. My bill, the Employee Rights Act, or ERA addressed various harmful Biden administration rules, including the Independent Contractor Rule, and Joint Employer Rule.

In his first term, President Trump's NLRB proposed a common-sense Joint Employer Rule that provided clarity to franchises and franchises alike. How important is it for the Trump administration and the current NLRB to announce—to once again support a narrow Joint Employer Rule that gives clarity to small businesses, either via a regulatory action, or through a permanent legislative fix?

Ms. MAIETTA. Thank you for your question, Congressman Allen. HLA was proud to support your bill, the Employee Rights Act, codifying the traditional standard of joint employer is fundamental to our industry. Franchising is the backbone of the hotel industry. Half of our hotels are franchised hotels, 700,000 people work in franchised properties right now. That certainty is critical to ensuring that a business owner can make decisions about their own business.

The franchise model in our industry is unique because our small business owners own the building, they own the capital, and they directly employ the employees. It has led to a pathway of entrepreneurship in effect.

Mr. ALLEN. Yes, I am out of time, but let me just add that the only way to get out of this fiscal crisis is to grow private jobs. That grows GDP, grows small businesses and I yield back.

Chairman WALBERG. I thank the gentleman. Your time has expired. I now recognize the gentlelady from North Carolina, Dr Adams.

Ms. ADAMS. Thank you, Mr. Chairman, and to our witnesses, thank you for being here. Dr. Shierholz, the Wage and Hour office in my district in North Carolina provides jobs and helps protect all of my constituents from harm. These are people who are committed to serving the community, to stop child labor, and protecting their fellow workers from abuse.

As far as I am concerned, firings at Wage and Hour Division seems like a ploy to roll back the clock on child labor protections without consulting Congress. What sort of information might be contained in the case file systems handled by Wage and Hour offices, and how sensitive is it?

Ms. SHIERHOLZ. Okay. Many sensitive data sources and processes are housed at the Department of Labor. For example, because DOL administers all worker compensation claims for Federal employees, it is responsible for all of those records, which includes highly sensitive personal information like medical, financial, and other personal information that is gathered in connection with all of those claims.

The Trump administration is viciously and illegally going after Federal workers. It is no wonder they want access to that information. DOL data also includes confidential information about those who have reported OSHA violations by their employers.

Those workers make those reports under the promise that it will be kept confidential, so that they are protected from retaliation. The disclosure of those records presents a huge risk to those workers, and it poses a risk to the Department's enforcement efforts, particularly going forward as employers will—workers will no longer come forward because they know that they cannot be promised confidentiality.

Ms. ADAMS. Okay. Let me move on. I have a few more questions. In terms of what you are saying, the issues that might arise are problematic if a billionaire industrialist like Elon Musk has access to this information, would you say yes?

Ms. SHIERHOLZ. Yes, absolutely, yes.

Ms. ADAMS. Okay. What kind of impact would layoffs in this office have for workers and children in my district?

Ms. SHIERHOLZ. Layoffs—Federal worker layoffs will reduce the services that those Federal workers do, the public services, the crucial public services, food safety, research, health, all of those kinds of services will be hurt by this.

Then—particularly in a district with higher unemployment rates, it could—you know, you fire workers if there are not other jobs available for them, then it could reduce public spending, and actually have a drag on the economy.

Ms. ADAMS. Okay. OSHA appears to have complied with President Trump's executive orders by going through all of its guidance documents and materials, looking for certain banned words like diverse, like gender, and deleting any documents with these words. Is this a good use of staff's time in your opinion?

Ms. SHIERHOLZ. It is not a good use of staff time. What it does it serves to divert the staff from the true mission of their organization, so you spend time doing these other kinds of activities, and what you are not doing is developing and implementing policies that protect the safety and health of workers and enforcing workers—existing workers regulations.

Ms. ADAMS. OSHA, as far as I am concerned, is already understaffed, and so we are wasting OSHA's already limited capacity on banned word witch hunts, putting workers, people in safety and putting the people, the worker's, their safety at risk as well as their health?

Ms. SHIERHOLZ. That is exactly right.

Ms. ADAMS. Okay. Let me ask Ms. Milito. I noticed that in your testimony that you expressed concern over the proposed OSHA heat injury standard, and I was co-lead on the bill calling on OSHA to make a heat injury standard last Congress.

I notice in your testimony that you claim the proposed rule is too burdensome. I think that those are your words. Let me ask you this, is your position that the current situation, a situation where hundreds of workers die from heat illness is more acceptable, and are you telling the Committee that you think the deaths of hundreds of workers are acceptable?

To me, that is an erroneous burden of providing workers cool water, shade, air-conditioning, those things outweigh the lives of hundreds of human beings, so is that—was that your testimony?

Ms. MILITO. That was not my testimony, no. Many employers have designed and take very seriously, effective heat injury and illness prevention programs. They have them. Small business owners—let me back up and say, small business owners live and die on the reputation of their business.

They do not want to get—have employees get hurt. They certainly do not want to have a fatality at their business. That would kill—I mean it would just kill the business, so they take very seriously their duty to keep employees safe.

Ms. ADAMS. Thank you.

Chairman WALBERG. The gentlelady's time has expired.

Ms. ADAMS. Thank you. I was just reading your testimony, and I am out of time. Thank you Mr. Chairman.

Chairman WALBERG. I thank the gentlelady. Now I recognize the Vice Chairman of this Committee, and the gentleman from Utah, Mr. Owens.

Mr. OWENS. Thank you so much, Chairman Walberg. First of all, for organizing this very timely hearing. There is no more important topic for us. This is one that is getting my heart, by the way. If we are to grow our American middle class, we need to unleash the unlimited potential of the independent contractor.

By the way, for those who do not understand, this middle class is with the remarkable American culture. It is the culture founded on the freedom of dream big and taking risks with the knowledge that in America we can embrace the concept of second chances if we fail.

I look forward to working with my colleagues on this Committee to address never again allowing the D.C. bureaucrats to have the power to stand in the way of that promise. For the sake of transparency, after retirement from the NFL, I worked over 25 years in the corporate sales. Every year during that time, I worked also for myself part-time, as an independent contractor.

I understand first-hand the passion of an entrepreneur who want to craft and control their own future, and not leave it up to the whim of someone else. Ms. Mietta, in your written statement you say that that franchising is proving to be one of the most successful drivers of entrepreneurship across the United States throughout our history.

Can you discuss how franchising in the hotel industry has created opportunities for entrepreneurship, and how it has allowed Americans to become small business owners to live out the American dream?

Ms. MIETTA. Absolutely. Thank you for the question. The franchise model in our industry is the epitome of the American dream. Of the 64,000 hotel properties around the country, half of those are franchised properties. That is the very epitome of entrepreneurship and allowing people to own a property. Once they own one, we have seen many of my members own many, several, or hundreds, and it has allowed them to be real job creators in this country.

Small businesses and the franchise motel in the hotel industry is really the economic engine of this country. We want to do everything we can to help preserve that.

Mr. OWENS. Thank you. How would these opportunities be harmed by the Biden National Labor Relations Board Joint Employer Rule, which is an attack on these independent contractor status?

Ms. MIETTA. That is exactly right. The concern was very high in our industry about the Joint Employer Rule under the Biden administration, adding more uncertainty, and burdensome regulations to an already stressed small business owner exacerbates the challenges that they have day to day. At the same time, if you think about the last year alone, operating costs have risen twice as fast as revenue.

More uncertainty creates even greater stress for many owners who are questioning whether they can stay in business, and that is the last thing we want to see.

Mr. OWENS. Okay. Thank you. Ms. Milito, as many as one-third of American workers now earn at least part of their living through opportunities as independent contractors, such as freelancing, and at base work. This is happening despite the Biden administration

issuing of a 2024 Rule that would strip away from entrepreneurs their status as independent contractors.

Now that we are entering the America First Innovative Entrepreneur First era, how can we assure that the Federal Government protects and supports independent workers?

Ms. MILITO. Thank you for that question, Representative Owens, and thank you also for our support of the Main Street Tax Certainty Act. The Department—the Biden Administration’s rule on the independent contractor was very biased, as you pointed out, defining individuals classified employees.

You know, the administration seemed to want everybody to be receiving a W-2. As you pointed out, small businesses often start out, business owners start out as an independent contractor. They may have just one client, and that is how they get going, and then they build their reputation, and they take on other clients there.

Under the Biden Rule, it would have been very difficult for an individual, say an IT person, who wants to go out and starts off with just one client because the way under the Biden Rule would have been you are really an employee of that, even though the individual may have been marketing, and trying to get other clients there too.

It really would have threatened the flexibility of individuals to start out and start their own business there, and it also would have, of course, you know, created a lot of liability for businesses that contracted with independent contractors there too, and discouraged that, so it was bad on both fronts.

Mr. OWENS. Thanks a lot. I think one of the possibilities as an Education Workforce, we need to teach the power of entrepreneurship, that this capitalism system we have is why we have the greatest country in the history of mankind.

That in every industry there is right sizing, we call it RIF, I have gone through that several times in the private market, so I think it is important that federal employees understand that when we are too big, we need to make adjustments so that we get the best product possible.

There is a remarkable private sector out there waiting for people to come and work for them, big time. Thank you so much. I appreciate what you guys are doing, and I yield back.

Chairman WALBERG. I thank the gentleman. I recognize the gentleman from California, Mr. DeSaulnier.

Mr. DESAULNIER. Thank you Mr. Chairman. Dr. Shierholz, thank you so much for being here. I have two questions, and a followup if we have time. You already alluded to the illegal actions by the current administration in regards to NLRB. Maybe you could tell us your perspective of how that undermines workers—working people’s ability to create a union and be able to fight for their rights by illegally terminating Board Member Wilcox.

Ms. SHIERHOLZ. Yes, thank you for that question. Workers whose employers who are violating their rights to organize will no longer get a fair decision when they bring their case to the Trump NLRB because it is no longer an independent agency.

President Trump fired Member Wilcox because she had, and I am now quoting from the email she got announcing her retiring because she was “unduly disfavoring the interests of employers.” That

means that anyone who serves on the Trump NLRB will know that in order to keep their job, they have to favor and vote and rule on the side of employers.

Member Wilcox would actually have to be reappointed in order to restore the independence of the Trump NLRB.

Mr. DESAULNIER. I want to ask you a question about some of the comments I am hearing. It is sort of hard to imagine about research on trickle down and Reaganomics and Milton Freedman's views. We have had plenty of time to analyze that. It does not work. People with a lot of capital investment keep the money. All you have to read is Piketty, and the inevitability of people fighting back when wages are so disproportionately represented in GDP versus capital.

Is there any research that shows that this—what is referred to some of my colleagues as the innovation of completely free market actually works? It does not work.

Ms. SHIERHOLZ. Nope, it does not. It used to be like this sort of neo-liberal approach really was what economists—and I am an economist by training, what economists really thought was how, you know, like it was a reasonable model for how the economy worked, but in the recent period it has become empirical research has come out showing that is actually not the case.

Trickle down does not work. There is another, there is sort of a counterpart to that, the middle out, or bottom-up approach to the economy, where you get money in the hands of people who are the most likely to have no choice but to have to spend it. That generates economic activity. That generates goods and services, that is what is good for the economy.

Mr. DESAULNIER. As somebody who met a payroll for hundreds, thousands of them as a small business owner, as a restaurant owner, I knew that from the California Restaurant Association, all the research we did that for whether you are a franchise or an independent owner of retail, middle income people spend it and go out to eat, and it gets multiplied in the economy.

I wanted to ask you about another vulnerable population in your background. The administration seems to have attack on both special needs and the disabled community. Gerald Ford signed IDEA, to make sure that special needs kids, which has expanded, would get free public education, so that they could go out and be in the workforce.

We have made great strides in this country to get disabled individuals to be able to work and contribute, and they have contributed disproportionately I would say, given their amazing ability for empathy. Do you have any comments about that, both on the education side, as a workforce development tool for this community, but also the actual employment of it, and what the administration is doing to attack disabled people, and what might happen if they close down the Department of Education.

Ms. SHIERHOLZ. Yes. Oh, am I on? I am on. The Trump administration has been very clear that they do not care about discrimination against people with disabilities. Like Trump openly and publicly mocked a reporter with a disability. That is the backdrop against which they are operating.

The Trump administration has made it clear that not discriminating against workers with disabilities is just not something that employers need to deal with. Like it is just not a priority. That is something that employers just will be able to take a pass on during the Trump administration.

Mr. DESAULNIER. How will they enforce all these laws that were signed by a Republican President so frequently?

Ms. SHIERHOLZ. That raises a very, very, very good question. When we have these laws that are in place, and we have an administration that has been clearly flagrantly going against them.

Mr. DESAULNIER. I have 30 seconds. Do you have anything to add on your own on any of the other comments or questions you've heard here?

Ms. SHIERHOLZ. Oh, there is so many.

Mr. DESAULNIER. I know. You have got 20 seconds.

Ms. SHIERHOLZ. I do not even know. One thing, I will just say one thing. On the independent contractor thing, I just want to be clear that the Biden administration, what their Independent Contractor Rule did was codify the independent contractor definition that had been in place for decades.

It was the 2021—no. I will not even try to get the year right now, but it was the Trump Rule that went backward, that made it much more difficult for workers to get—made it much easier for workers to get classified as independent contractors.

Chairman WALBERG. Thank you. The gentleman's time has expired. I now recognize the gentleman from Ohio, Mr. Rulli.

Mr. RULLI. Thank you, Mr. Chairman. Ms. Maietta, you said in your testimony that nearly 800,000 workers in the hotel industry rely on tips. You even joined President Trump on stage supporting legislation to stop tax on tips. Whenever we have this subject, I try to think in my mind how I could apply this to normal, everyday people, and I am fortunate because I was raised in retail stores that my family ran for over 100 years.

I was analyzing different customers that come in, and how no tax on tips could affect them. What I was thinking was if you have a single mom who is raising several kids on her own, and she is a waitress, and she is working hard, and/or she is working at the casino, and we all see the tip jar.

You know, so like whether you are actually giving tips to them personally, or in a jar, however that works out, in my math I am thinking \$150 to \$200 extra a week, you know, that could add up to 5, 6, 700 dollars a month, and here are the things that a single mom could do with that extra money in her pocket.

She could actually perhaps maybe upgrade her car that keeps breaking down, that she is getting her kids late to school with. Perhaps she could maybe take a vacation because she has not taken her kids to Disney ever. Perhaps she could even maybe perhaps find a better school.

She could be in an urban situation where it could be limiting her kid's possibility for a future. There are so many wonderful things that could happen if we could get the cash in the hands of someone crucial like that. When you think about it, that is why we are all here to support the blue-collar worker.

You know, no one, I do not think, probably in this room really cares about the billionaires. We care about the average day Joe bag of doughnuts that is working their heart out, and barely making ends meet. When you think about something like tax on tips, and we know that President Trump was the first one to come up with this idea, can you perhaps talk a little bit about how this could only not only affect that single mom that is trying to raise her kid, but other parts of the industry?

How deep would this tax on tips break really be for the blue collar worker? Thank you.

Ms. MAIETTA. Absolutely. Thank you for that question. I was proud to represent the hotel industry with President Trump at that event. No tax on tips would benefit some 800,000 individuals in the hotel industry, and so we are proud to work with Congress to ensure that all the job classifications in our industry that benefit from tips, whether it is the valet or the bellhop, or the housekeeper, or the bartender, are part of the rule that is being advanced in Congress right now.

It is so important for individuals to take home more of what they earn every day, and that's why we are supportive of that proposal.

Mr. RULLI, I love that. Could you maybe go into maybe a little bit of a deeper dive when you think about the employee and the owner relationship? Like anyone that is a small business owner, and I think we know a lot of the hotels in my district in particular, you have people that actually started in that industry, and saved up, and perhaps whoever owned the hotel before them, decided to retire.

I know even as a small business owner, a lot of times if there is not a structure within your own personal family, you would look to someone that was running the business for you to pass that small independent business off to. When you look at that relationship, and you look at probably the No. 1 problem that an employer has, or a hotel owner would have, would be employee retention.

We all know that that is such a crucial part of existing as a small business owner, employee retention, because just the cost to get a new employee, and to train that employee, while another employee that is at full throttle has to pull back just to make that happen.

Does this, no tax on tips, actually help with employee retention if you are a small business owner trying to get ahead?

Ms. MAIETTA. We believe it will. I mean retention is something that keeps our hoteliers up at night because, of course, it is such a competitive labor market right now. Our industry provides a pathway for opportunity, and so in addition to no tax on tips, our hoteliers are continuously providing upskilling and new trainings, and the ability for certification so that they can get ahead.

50 percent of general managers today started out in entry level positions, so the ability to go from an entry level position all the way through and rise up to become a general manager, or even own their own hotel, is the very epitome of the American dream.

Mr. RULLI. Real quick, can you leave us what is the thought within the industry? Are people excited about this no tax on tips? Is it an exciting thought?

Ms. MAIETTA. I can tell you that when I was at the rally the hotel employees who were there were incredibly excited that they get to take home more of what they earn every day.

Mr. RULLI. We really appreciate your time. With that, Chair, I yield my time.

Chairman WALBERG. I thank the gentleman. I recognize the gentleman from New Jersey, Mr. Norcross.

Mr. NORCROSS. Thank you, Chairman, and thanks for bringing this subject up, Unleashing America's Workforce, I think is a great topic that we are all focused on, and I love the idea of no tax on tips. I have been working on it for 2 years, and I am glad the President is joining me.

We have to be very careful here that the abuses do not come in with it that all of a sudden you are changing a salary structure, and making it oh, we will call it a tip, so you can be tax free. The real potential for abuse here, is it cash, is it electronic, how do you report it? The concept of that for the working schmucks of the world, give them a break.

We give enough breaks to the billionaires, help out the little guy, so we are all in, and hopefully he will do this. He also talked about no tax on overtime. Now, they want to eliminate overtime. I am trying to figure out what is going on here. I am a little confused. You know, a fair day's pay for a fair day's work, 40 hours has been the backbone.

If you work more than 40 hours, then you are paid overtime. I think it is a concept that we can all deal with. You want to be home, but if they need you more, they pay you more. We are trying to roll that back, and this is the stunning part for me, and I have great respect for people who served in this institution.

They are fighting to pay people less. They want to take away overtime. It is just stunning that we cannot work together on this issue, so that everybody makes out, because when you do not make it overtime, the employer is doing better. It is not the worker, so certainly something that I want to work with the other side.

The ERISA issue. The biggest tax break to have the employer pay for the health insurance is no taxes. Holy smoke. That is the greatest deal we ever gave the employer because salary comes first, time off—I will change that, paid time off is what they are looking for, and then the third one is healthcare.

Well, healthcare would be even more difficult if we did not have the ERISA and what comes with that. The idea that we give a tax break for employers and employees under ERISA to get healthcare is an excellent idea.

I just want to finish up by asking Dr. a question. There is a bill out there to eliminate OSHA. I do not know how many people in this room have been on a job when somebody is killed, but I will tell you, you will never forget it. Unfortunately, it happened twice in my career. Somebody gets killed right in front of you. You know what stops that? OSHA.

The deaths on the job today compared to where they were 50 years ago have changed night and day. Yes, there is a little bit of work involved in it, but to save somebody's life, to save somebody from being injured, OSHA stands between that and somebody who

does not have the expertise because they are a one man or two man show.

The idea that OSHA will now put out the Heat Rule is just common sense for anybody that has been there. It is not to be punitive; it is to save lives. Dr., talk to me about OSHA. Have we saved lives?

Ms. SHIERHOLZ. Yes. OSHA regulations, they are what—take a look at workplaces, and see what are the broad safety and health concerns that we have that workers have, and do smart regulations with net benefits that will protect America's workers. It saves workers from getting injured, it saves workers from getting sick on the job. It saves workers from dying on the job.

Then, so it is not just the regulations, it is also strong enforcement. That needs to—I mean what we know is that no regulation is—a regulation is only as strong as its enforcement, so we also need strong enforcement to make sure that it does not follow.

Mr. NORCROSS. Let us be clear, when you start to cut the Department of Labor, and it goes into OSHA, it is already decades. If they average out often OSHA gets out to inspect the job.

Ms. SHIERHOLZ. Yes.

Mr. NORCROSS. They are not there to hurt them. They Are there to save lives. Next time you think about cutting, getting rid of it, think about somebody not going home to their children because they were killed on the job, and I yield back.

Chairman WALBERG. I thank the gentleman. I recognize the gentlelady from Illinois, Ms. Miller.

Mrs. MILLER. Thank you. First of all, Dr. Shierholz, earlier in this hearing you said, "The Federal workforce is tiny." I think the American people would disagree with you and find that laughable. I do not know what you are basing it on. The Federal workforce is 2.4 million people, and that excludes the military and postal workers.

Such an out of touch comment. To my fellow member on the other side, you just said that we need to give the working schmucks of the world a break. I hope you did not really mean it. A schmuck is a foolish, stupid, dummy, sucker, loser. Okay. It is time for the government to be transparent and accountable.

That is what the American people want. We want businesses and workers want less regulation and lower taxes. Now, Executive Director Milito, is it true that small business optimism has surged since President Trump has been elected?

Ms. MILITO. It is very true. The Trump effect is real. I will tell you that. It surged, you know, in 2018 too. As I said before, small business owners are anxious for President Trump to get started on this regulatory rollback there.

Mrs. MILLER. That is great.

Ms. MILITO. As the Chairman said in his opening statement, President Biden's policies hampered job creation. We have talked about some of those rules here today too, so yes, my members are very happy, and are looking forward to, you know, blue skies ahead.

Mrs. MILLER. That is great. Can you be specific on why that is the case? How would you define a pro-business environment that

President Trump is implementing that is causing the surge in optimism?

Ms. MILITO. Well, first I think business owners are very happy to know that, you know, they have heard President Trump talk about the small business tax deduction. Representative Miller, I want to thank you for your support also on that front too. Preservation of those tax cuts, the Tax Cuts and Job Act.

I will take issue, too, with Dr. Shierholz's characterization of the tax cuts for billionaires and corporations because my members would most definitely disagree with that. That 20 percent small business deduction has been critical for so many small businesses, and they have used that to reinvest, not just in the business to buy new equipment, but I have stories, you know, they have used it to pay for healthcare, 100 percent.

They have used it to bonuses, they have used it to pay for, you know, community things, sponsored the Little League things, things like that. Again, they use that money to reinvest in the business in employees, and in their communities, so that they are very excited.

Mrs. MILLER. That is great. We join the excitement as we set the government back, reducing the government, making it more transparent and accountable, like the American people want. Ms. Maietta, in your testimony you State the hotel industry has a proven track record of creating not simply jobs, but pathways for sustained and rewarding careers.

Can you speak more about the potential for upward mobility for workers in the hotel industry?

Ms. MAIETTA. Absolutely, and thank you for the question, Congressman Miller. There is so much opportunity in the industry. 80 percent of entry level employees get promoted within the first year. 50 percent of our general managers started in entry level positions.

On top of that, our HLA Foundation has invested some 44 million dollars back into the industry through retention and recruitment programs, allowing us to help our industry identify new groups of young people, individuals who are empowering youth program, that attracts young people who are out of a job, or out of work, for training to get jobs in the industry.

When you are in the industry we have—we work with the Department of Labor on an apprenticeship program that has seen a 90 percent completion over the last 5 years, and finally, we also provide for the last several years, a million dollars every year in scholarship funding to hospitality school students who are aspiring for jobs in the industry.

Then for professional development scholarships for people who are already in the industry to get ahead and pay for certifications to get to that next level in their career.

Mrs. MILLER. Such great news. We are not tired of winning. Thank you, and I yield back.

Chairman WALBERG. I thank the gentlelady. Now I recognize the gentlelady from Georgia, Ms. McBath.

Mrs. MCBATH. Thank you so much, Chairman Walberg. Thank you to our witnesses that are here today. I have read your testimonies. Thank you to Ranking Member Scott, and thank you so very, very much, Dr. Shierholz. I would like to ask you is there

anything that you would like to say in response to my colleague's comments to you across the floor? Is there anything you want to say?

Ms. SHIERHOLZ. Yes. The Federal workforce is tiny, and I gave the benchmark for what I mean by tiny, and it is from the Bureau of Labor Statistics data, including the postal service workers, the Federal workforce makes up less than 2 percent of all payroll workers in this country.

It is just the idea that we are attacking this already extremely strapped workforce just does not make any sense.

Mrs. MCBATH. Okay. Thank you. Well, I would like to say that instead of taking action to address the cost of living crisis in this country, Republicans are trying to distract the American people from their plans to put Americans out of work, increase their taxes, and cut programs like SNAP and Medicare and Medicaid.

Since taking office over a little over a month ago, President Trump and Republicans in Congress have only made life more chaotic, more expensive, and more dangerous. President Trump's hand-picked Postmaster General just announced plans to resign, after his proposed changes caused major delays and destroyed the American people's trust and confidence in the post office.

They have pardoned and released violent felons and rabid antisemites back onto our streets, criminals that attacked police, and were directly involved in the death of an officer, who once protected the building that we sit in today, Brian Sicknick.

They forced the head of the Federal Aviation Administration to resign, and just 10 days later we had the deadliest air disaster in this country in almost 25 years. While this administration promised to bring down the cost of eggs, prices continue to skyrocket.

Waffle House and Denny's have added a new surcharge on eggs, and instead of doing anything about it, the Trump administration chose to fire 10 percent of the staff at the Centers for Disease Control, which is in my home State of Georgia. They chose to fire doctors and researchers at the CDC, the National Institutes of Health and the FDA, the very people who are directly involved with responding to outbreaks like bird flu.

Time and time again, they say one thing, but they do another, and it is the American people who are paying the price. Paying the price at the grocery store, as well as with their lives. The American people deserve better. They deserve a government that is truly representative of their needs, not the wants and the needs of Elon Musk.

If you really want to unleash America's workforce at this hearing as it is entitled, give workers paid family leave. Let us make sure that they can take paid time off to have a child, or to take care of an aging loved one or parent. Let us ensure that every American can have access to the skills that they need to get a good job that they can raise a family on, without going into a lifetime of debt.

We could reauthorize WIOA, update our Federal job training programs, and finish the bipartisan work that former Chairwoman Foxx, Ranking Member Scott, and this Committee has been trying to get signed into law since I came to Congress 6 years ago.

Great work from members of both parties is being left unfinished in this Committee and all over this Hill because of a single tweet

from an unelected billionaire. That is wrong. That is not how our democracy is supposed to function. I look forward to a time when I can work with my colleagues on the other aisle, on the other side of this aisle, on issues that will truly make life better for the folks who are relying on us every single day to care for their interests.

We do a great disservice to them when we hold hearings like this that disparage their ability to live life freely in this country as they deserve, and I yield back.

Chairman WALBERG. I thank the gentlelady. I recognize now the gentleman from Indiana, Mr. Messmer.

Mr. MESSMER. Thank you, Chairman Walberg. Ms. Milito, in your written testimony you State that the Trump administration should rescind or withdraw many of the burdensome rulemakings of the Biden administration. Does that include the Heat, Injury, and Illness Prevention in Outdoor and Indoor Work Settings Rule?

Ms. MILITO. Thank you for that question, Representative Messmer, and also thank you for your support of NFIB, and for the Main Street Tax Certainty Act. Yes. NFIB requested that the Department withdraw the proposed rule, and proceed no further with the rulemaking.

We certainly recognize that excessive heat can adversely affect the health of workers, too, and when I talked in response to an earlier question too, the length that small business owners go to, to ensure that their employees are protected and safe from all hazards, including heat hazard there.

Not every misfortunate in society necessarily calls for a burdensome Federal regulation. I mean that is the fact of the matter too. OSHA is constrained by the statute under which it was created by Congress here, this body here, a broad public health hazard like heat is not an occupational hazard unless Congress opts to, you know, change the statute, so there is no authority to regulate. Thank you.

Mr. MESSMER. Thank you. I plan on introducing legislation that would prevent this rule from every being implemented, since it exceeds OSHA's authority, does not meet the needs of small businesses, and fails to take into account differences between regional climates, job functions, and medical conditions of individuals. Do you consider this legislation the right step forward?

Ms. MILITO. I absolutely do, yes. NFIB does, and thank you for your efforts on that ruling, thank you.

Mr. MESSMER. The 199-A small business deduction is probably one of the biggest provisions in the 2017 Tax Cut Act that we are going to try to extend. Would you classify your members as billionaires?

Ms. MILITO. Absolutely not. No. They would not call themselves billionaires or rich corporations.

Mr. MESSMER. I would agree with that. Thank you. Ms. Maietta, the persistent workforce challenges that businesses face today is finding qualified workers and filling open positions. This challenge is particularly pronounced in the hotel industry where seasonal changes affect demand.

How could apprenticeships help fill the gap and create a more resilient workforce for the hotel industry?

Ms. MAIETTA. Thank you, Congressman, for that question. Apprenticeships have been a very important part of what our industry has done in the last 5 years. We have been working very successfully with the Department of Labor on that program, and have added three different tracks that have seen some 1,200 individuals participate, and go through the program, and at the end get an increased wage.

Of course, we would love to continue to work with the Department of Labor on helping to eliminate some of the burdens and barriers to entry for some of our members, and to ensure that there is ongoing incentive funding that is a significant attraction for the employers, and changing some of the rule requirements and the reporting, which can be burdensome when you are also running a hotel.

Mr. MESSMER. Okay. Thank you. Dr. Beach, in your written testimony you note that the burden of regulation has grown significantly since 1980.

Mr. BEACH. Yes.

Mr. MESSMER. Has this reduced economic growth?

Mr. BEACH. It most definitely has.

Mr. MESSMER. You also stated that freezing new regulations for a decade would increase GDP by 1.8 percent. Could you go into some detail how that freeze would—

Mr. BEACH. Well, yes. The freeze would increase the output because it would allow investment to occur at a much greater level. In fact, the response that we got in our research from the investment variable, if you will, was much stronger than the output variable.

Now, what would that be the case? Well, regulations are costs on businesses, and they have to allocate money to those employees, which they hired to fill out forms, and to comply with the business. When those costs come down, then they can allocate it, those dollars, to more productive purposes.

That happens. Also, the price system is positively affected. We see a reduction in the CPI as goods to households cost less. Well, when goods to households costs less, that means that households can allocate funds to repairing that car that does not work, or to ordering that after school tutoring, so there are a lot of impacts that come from reducing regulation.

Mr. MESSMER. Thank you, and I yield back my time.

Chairman WALBERG. I thank the gentleman. I recognize the gentlelady from Connecticut, Mrs. Hayes.

Mrs. HAYES. Thank you, and thank you to our witnesses for being here today. I think much of the testimony that we are hearing lacks context. The timeframes that you are citing occurred during COVID, when 1.2 million Americans died, and our economy was deeply impacted.

Ms. Maietta, like you, House Democrats were incredibly sympathetic to the hotel industry, which is why in the first CARES Act where we expanded SBA loans, hotels took advantage of about a billion dollars in funding. In fact, in 2020, the largest recipient of CARES Act funding was a Dallas based hotel. We understood the need to stabilize that industry.

I would also like to say when we talk about small businesses, it is just not true to say that President Biden hampered job creation. You do not have to listen to Democrats, listen to the data. The data tells the story of what has happened. Under President Biden the economy added 16.2 million jobs. That is more jobs in 4 years than any President on record, and more jobs than any Republican President, whether they served four or 8 years.

That is not Democrats, that is data. He also made history as the first President of the United States on record to not have a single month of seasonally adjusted job losses during his entire term. The Federal Government has awarded small businesses more than 183 billion dollars in contracts, and 28 percent of all Federal contracts go to small businesses.

We have tried to do our part to invest in this economy and help these industries. A lot of what I am hearing today, we have some choices to make, and right now we are being faced with a 4.6 trillion dollars in tax cuts. I heard you say that only about 30 percent of small businesses provide healthcare benefits.

I am sure that many of those employees who have children take advantage of programs like Medicaid, which many working people take advantage of, so that would be a huge detriment to employees and small businesses. You talk about—I have heard you say on three different occasions the after school and tutoring programs at the exact same time that this budget will cut Title I funding that provides for those programs to low-income students.

Head Start would definitely be—slashing programs like Head Start would definitely hurt employees who are trying to work, and have to make sure that their kids have child care. On the topic of putting money back into the pockets of workers, we are dangling no tax on tips as if this is the answer to it.

While I support no tax on tips, I will tell you what else I support, raising the Federal minimum wage, which currently stands at \$7.25 an hour. That is \$2.90 a week, or \$15,000 a year for an employee. I could tell you they could do a lot more for getting their car repaired, or their child a uniform, or after school tutoring services if they were making \$17 an hour, or \$680 a week, which is still only \$35,000 a year.

If we really want to have a conversation about engaging the workforce, we would be talking about actually helping employees, making sure that we are spreading the wealth amongst everyone. The mission of the Department of Labor is actually to protect the employees, improve the welfare of the American workforce by promoting job opportunities, safe working conditions, and benefits.

OSHA and the protections that OSHA provides through the Department of Labor, are doing exactly what they are supposed to, protecting employees, and I would argue that heat related job conditions are a health hazard. They are a health hazard. I am not really sure. I have a bunch of questions, but I do not even think it would make sense for me to ask these questions because I do not believe the witnesses are here to provide context or information.

We have had hearing after hearing where the same people who appear at this table are at events at the White House and come here to promote the dangerous agenda of this administration. I am open to working with anybody on this Committee to making sure

that we are stimulating the economy, and promoting small businesses, but also helping employees.

If we want to have no tax on tips, let us also raise the minimum wage. If we want to provide benefits to people, let us make sure that we are not cutting Medicaid and dental services and community healthcare programs for children, for the elderly, for many working people who still make below the poverty line and have to depend on these programs.

I am here for all of those things. I yield back.

Chairman WALBERG. I thank the gentlelady. Now, I recognize the gentleman from New York, Mr. Mannion.

Mr. MANNION. Thank you, Mr. Chair, and thank you to the witnesses for being here today. Dr. Shierholz, a couple questions. Thank you, I am over here, yes. If a complaint comes before the National Labor Relations Board, this is one of their functions, what happens at that point?

Ms. SHIERHOLZ. Yes, this is a really important thing. I think it is not really well understood. One thing is individual citizens do not have a private right of action as it relates to the National Labor Relations Act. If their employer is getting in the way of them being able to organize, breaking the law, they cannot actually hire a lawyer and go out and sue that employer. They cannot do that.

The NLRB is the only game in town if they want to get a fair hearing, so that is what the NLRB is for. It is there to adjudicate whether—one of the things it does is to adjudicate when there are issues related to like if an employee feels like they are not being—their employer has violated their right to organize, that is one of the places the NLRB steps in.

Mr. MANNION. Thank you so much. Are there any outstanding complaints before the NLRB related to Elon Musk's holdings, or any companies that he runs?

Ms. SHIERHOLZ. Yes. Elon Musk has been under investigation, either himself personally, or by actions taken by the companies he owned by multiple Federal agencies from OSHA to SEC to the NLRB. The New York Times found that 11 Federal agencies were looking into violations of companies owned by Musk, and surprise, surprise, there were also—those same agencies are also the ones being faced with DOGE actions.

Mr. MANNION. Can a President remove a member of the NLRB without any process?

Ms. SHIERHOLZ. No. It needs a process. What the President did with Gwynne Wilcox was an illegal firing. What it did was take away the independence of the NLRB by saying that she was unduly favoring the rights of employees. It just made it very clear to the rest of the people on the NLRB that if they want to keep their job, they need to rule on the side of employers. It is no longer independent.

Mr. MANNION. The NLRB members serve a 5-year term. Is it intentional why that is a 5-year term?

Ms. SHIERHOLZ. Yes, it is supposed to be a case where it is an independent agency. It is not, you know, and if a Democrat is there it actually can go over into a Republican President's term as an independent agency, but President Trump has undone that.

Mr. MANNION. Thank you so much. Dr. Beach, you were the Commissioner of the Bureau of Labor Statistics?

Mr. BEACH. That is correct.

Mr. MANNION. I appreciate your service to this country, and how long was your term?

Mr. BEACH. Four years.

Mr. MANNION. Four years. Those terms generally move from one potential administration to another with their timing. Is that correct?

Mr. BEACH. Yes, sir, 4 years, but I served at the pleasure of both Presidents. They could have dismissed me at any time.

Mr. MANNION. Thank you. If they had chosen to dismiss you, would there have been a process that would have had to have been followed, or could they have just indiscriminately let you go?

Mr. BEACH. As far as I know the process would be packing up some boxes and leaving the office.

Mr. MANNION. I believe that the process would require, just like your approval in that position, a Commissioner approval, advice and consent of the Senate. It would also require advice and consent of the Senate for removal, congressional authority.

Mr. BEACH. Yes.

Mr. MANNION. I yield back, Mr. Chair.

Chairman WALBERG. I thank the gentleman. I recognize the gentleman from Missouri, Mr. Onder.

Mr. ONDER. Thank you, Mr. Chairman, and thanks to all the witnesses who came here today. The 2020 CARES Act with enhanced unemployment benefits cost 900 billion dollars over a year and a half, followed by then the 2021 Appropriation's Act, and then ARPA of course, has in addition to generating extraordinary inflationary pressures that our American economy, businesses, and individual Americans struggle under today.

In addition to that, it resulted in a decrease in workforce participation. The Ranking Member was bragging about so called job creation under the Biden administration, and yet workforce participation is at a historic low. We have 7.6 million unfilled jobs.

I would note that 60 percent of all job creation since 2021 has been recovery of job loss during the pandemic, not new job creation. I would further note that 22 percent of all new jobs created in 2024 were due to—were government jobs, not jobs in the private sector.

Finally, then in 2024, the last year of the Biden administration, the average inflation rate was 4 percent, compared to the Trump pre-COVID inflation rate, unemployment rate of 3.5 percent. You know, we talk a lot when in this Committee we talk about, a lot about, skilled workforce, workforce training, career and technical education.

A lot of this job loss has been in entry level jobs, the kind of jobs one might take in small business franchises, in the hospitality industry and the hotel industry. Could you comment, Ms.—pronounce your name for me, I apologize.

Ms. MAIETTA. Maietta.

Mr. ONDER. Maietta. Maietta, could you comment about the effect of that loss of entry level workers because I think I was once in an interview, a hostile interview. He said, well, you Republicans

want everyone to be punching a clock. I said well, my first three jobs were I punched a clock. Are you demeaning the value of that?

I think this loss of entry level workers in our economy has been devastating. Would you care to comment on that?

Ms. MAIETTA. Absolutely. Thank you, Congressman, for the question. You know, as I said earlier in my testimony, the hotel industry is down some 200,000 jobs since the pandemic. It has been increasingly difficult to fill those positions. We have tried to be as competitive as possible by raising wages.

Mr. ONDER. Right.

Ms. MAIETTA. 15 percent faster than the national average, expanding our benefits, making sure that, you know, some members have started to implement sign on bonuses, offering transportation credits, healthcare for part-time employees, discounts and perks, and yet we are still seeing difficulty in hiring and competing with, you know, big box retail, that has millions of dollars to invest in advertising.

Mr. ONDER. Yes.

Ms. MAIETTA. A lot of our small businesses simply cannot compete with that. One thing that is critically important for our industry is the H2B Legal Guestworker Program. Many of my members rely on that to fill, especially peak and seasonal jobs. Some of my members are actually in town today to meet with your colleagues here on the Hill from the resort and independent community.

One member was telling me that he has a resort on a small island that inhabits 500 people, including babies. At peak season he employs 5,000 people. Without the H2B program, he would simply not be able to function.

Mr. ONDER. Sure. Thank you. Mr. Beach, you made a number of points about macroeconomics, would you care to comment? Yes?

Mr. BEACH. Well, I would like to comment on this last point.

Mr. ONDER. Sure.

Mr. BEACH. One of the casualties of increasing costs on low-income households is the increasing inability of those households, or those individuals to travel to another part of the country to take a job.

Mr. ONDER. Yes.

Mr. BEACH. By increasing these costs, by slowing down job—wage growth, we are actually locking people into places where there may not be jobs. I think that is one of the things that we need to be increasingly attuned to.

Mr. ONDER. Yes, thank you. Yes. I would just make the additional point that even though wages, and you mentioned 15 percent higher than the national average in your own industry, these increase in wages have not kept pace, even then with inflation, which has been devastating, which is why it is so critical that we end the inflationary policies of the Biden administration.

Chairman WALBERG. I thank the gentleman.

Mr. ONDER. Thank you, Mr. Chairman, and I yield back.

Chairman WALBERG. Your time has expired. I recognize the gentlelady from the Keystone State, Ms. Lee.

Ms. LEE. Thank you Mr. Chair. I just think that we are beyond the point of accepting and regurgitating any propaganda, or acting like we are in normal times. My Republican colleagues say they

want to unleash America's workforce, but actions speak louder than words. If you really want to know where they stand, do not just listen to what they say, look at what they are doing.

As we sit here in this Committee, we are witnessing the Republican administration dismantle the Federal workforce in real time. There have been legally questionable buy-out offers, funding freezes, stop work orders. More than 30,000 workers have been laid-off indiscriminately.

The administration has been demonizing Federal employees, convincing the public that government workers are somehow the enemy as all part of a major grift. The architects designing these policies are not everyday workers. You need to know that. They are billionaires, and corporate executives. They are members of the ultra-elite, who extract wealth, resources, and labor from working class communities.

These are the folks who stand to gain from slashing wages, gutting the public services, and hoarding wealth, and that is exactly what they are doing. Last night House Republicans voted to adopt a budget blueprint that would hand out 4.5 trillion dollars in massive tax cuts for the ultra-wealthy, paid for by cutting vital programs that keep working families afloat: Medicaid, SNAP, Head Start.

More than 38 million people across the country, including 3 million people in the Keystone State, rely on Medicaid and CHIP for their healthcare. Dr. Shierholz, how will America's workforce be unleashed, as my colleagues say, by Republicans' budget, which provides more than 4.5 trillion dollars in tax breaks to billionaires and big corporations?

Ms. SHIERHOLZ. Oh, I am on, okay. Yes. This unleashing is not going to happen because of this House budget. The draconian cuts to healthcare and food assistance for children and families will hurt millions of workers. That is not an unleashing. It will weaken our economy.

Those cuts, as you have said, they are being made to make fiscal space for tax cuts that will go overwhelmingly to this country's wealthiest households, just like the TCJA did, like just to put some numbers on this.

The TCJA, it will give the top 1 percent in 2025, the top 1 percent will get \$60,000 in tax cuts as a result of the TCJA. The middle class, less than \$1,000.00. The lower class, less than \$100. It is just overwhelmingly for the wealthy.

Ms. LEE. Thank you Doctor. Just to be clear, do you believe that these tax breaks will decrease the income, the wealth inequality, or increase it?

Ms. SHIERHOLZ. It will unambiguously increase it. When you put the tax breaks that overwhelmingly favor the very, very wealthy, combined with the tax cuts that reduce the incomes of the most vulnerable households, I mean it is literally taking food out of the mouths of poor children. I mean not literally, but to line the pockets of the very wealthiest households in this country.

Ms. LEE. Thank you. The truth is Republicans do not want to unleash the workforce. They want to destroy it and replace it with an economy that only works for the wealthy. That is proven further

by the administration's actions to undermine civil rights protections across the workforce.

Over the summer, President Trump went viral talking about black jobs. One of the first acts as President was to rescind Federal anti-discrimination hiring rules, and eliminate funding for workplace diversity programs. Black Americans make up approximately 20 percent of the Federal workforce because so many of us grew up knowing the value of securing what we called good government jobs.

These jobs are not just stable and provide fair pay. They have long been a pathway to overcoming discrimination in the private sector, and to begin building economic security. By attacking both the Federal workforce and civil rights protections, the Trump administration is actively reversing the progress, not just for black workers, but for all workers across the country who have made the fight for economic equality.

Dr. Shierholz, is discrimination against workers good for the economy?

Ms. SHIERHOLZ. It is—okay, you know that that is whether it is good for the broader economy is not the key metric that I care about when it comes to discrimination, but no, it is not good for the economy. One of the ways it holds back the economy is by not letting people realize their full potential. It reduces productivity and is a drag on growth.

Ms. LEE. Thank you. You know what they say, a high tide lifts all ships. To be mindful of time, I just want to say one more time, actions speak louder than words. Do not listen to what they are saying. See what they are doing. To recap, Republicans are not trying to unleash anything.

They are dismantling it, destabilizing working families, and concentrating even more power in the hands of billionaires, and corporations who have a vested interest in undermining worker power, cutting critical programs, upending vital projects. A strong workforce is the foundation of a strong economy, but their policies are making jobs less stable, wages lower, and opportunities scarcer for all people, especially marginalized people.

We cannot afford to let it go unchecked. Thank you. I yield back.

Chairman WALBERG. The gentlelady's time is expired. Thank you. I now recognize the gentleman from Wisconsin, Mr. Grothman.

Mr. GROTHMAN. Thank you. We are going to lead off with Ms. Maietta. In your testimony you discussed the importance of the hotel lodging industry, the importance of recruiting and retaining a qualified workforce. You also mentioned the importance of Congress's work to reform the Workforce Innovation and Opportunity Act, to better connect employers to the workforce system.

Why is it important that workers have multiple pathways into the workforce, and multiple avenues for advancement?

Ms. MAIETTA. Yes, thank you, Congressman. Pathways into our industry are incredibly important, especially at a time when it is such a competitive and tight labor market, and we are short staffed. Two-thirds of my members report being short staffed, particularly in entry level jobs, so creating those pathways continues to be an important part.

We are happy to work with this Congress and this Committee on reforms to WIOA.

Mr. GROTHMAN. All right. Good, good, good. Now, I have a general question. We just heard a little bit about people not advancing in income and equity. When I talk to my employers, as well as knowing some people in their personal life, we really hate it when people move up the ladder in this country because we have all these programs, low-income house, earned income tax credit, Medicaid, food share.

That if you make too much money we take the programs away from you. It is like we do not want anybody making more than \$16,000 or \$17,000 a year in this country. As a result, people I think are kind of stuck because you talk to employers, and they said my employees are turning down raises. They do not want overtime because they are going to lose their government benefits.

Do you guys find this a problem, or do they have to look for cash work, which is probably not advisable, but it is the only way they can make more money because the government whacks them over the head with these government programs. We bribe them not to work too hard. Is this a problem you guys find in your businesses?

Ms. MILITO. I can address this first. I mean, I am looking here at NFIB's data from that came in from January 2, 35 percent of all owners reported job openings they could not fill in the current period, so.

Mr. GROTHMAN. Do you get—this is what I am getting. I get it all over my district. You get people working, they cannot work more than maybe 16 or 17 hours a week. They cannot accept the raise because all these government programs we give you like almost a free apartment, a nice free apartment, and then if you make more than 16,000 or 18,000 bucks a year, they begin to force you to pay, you know, normal rent.

In essence we are contributing to this income gap by telling so many people in the country do not work hard, or we are going to take away your government benefits.

Mr. BEACH. We certainly saw that in the 2021 period. I was working both in the Trump administration and Biden administration on just what were the disincentive effects of what we just passed with good intentions.

There is evidence out there that well intended programs can discourage work effort. I want to tell you this one thing though. Everybody has seen the program of less regulation and less taxes already, and that was the period from 2017 through 2019 when households across the income spectrum saw significant gains and African American households saw gains they had not seen in 50 years.

We have seen this before, and we know what will happen if this program is properly executed, but disincentive effects do occur.

Mr. GROTHMAN. Well, all you have got to do is talk to people. I think sometimes the problem with some of these Congressmen is they do not talk to anybody but the lobbyists.

If you get out in the real world, you will again and again find stories of employees who have to turn down extra hours. They have to turn down raises. They cannot move up the income letter be-

cause these stupid programs are so generous that in essence, you are stuck in there for life.

The other thing is you cannot get married, that is another matter, or you are going to lose your bene's. I think we have got a big problem starting with Lyndon Johnson where they began to put in huge programs, and you lose your bene's if you work too hard, and the message we are sending to people is do not work very hard.

I mean I am sure in the hotel and lodging industry that it is true. It is true anywhere where you have people making in that \$15 to \$20 range, where you can easily push yourself to the point where you lose your low-income housing.

Ms. SHIERHOLZ. I would say that what you are talking about is cliffs in benefit programs, where you get one more dollar, and then you lose your benefits. What the answer to that then is to work with those programs to make them less cliffy. Do not—address that there. Do not try to take away the generosity of the programs because they are providing important—

Chairman WALBERG. The gentleman's time has expired. Now we move on to the gentleman from Connecticut, Mr. Courtney.

Mr. COURTNEY. Thank you, Mr. Chairman, and thank you to the witnesses for being here today. I have to say I think there is really an amazing disconnect listening to the majority's sort of narrative today about ways to, you know, strengthen the economy when at the very moment that we are sitting here we are seeing lots of warning flags about the fact that the economy actually is going in a very negative direction very quickly.

This morning's Telegraph out of London has a story, economists are starting to worry about a serious Trump recession. The consumer confidence index, which was just released a couple days ago, again had its biggest monthly decline since August 2021, as inflation fears take hold.

Again, if you read these articles and stories, it is because of the Trump tariff regime that is driving again of this uncertainty, and really hesitancy that is going to really, I think haunt the economy in a very short period of time. Again, the layoffs, which Ms. Lee talked about, is adding to I think the negative downward pressure that is happening to the economy.

Again, I represent a district with a large military base. We are going to have thousands of DOD layoffs. We have a fire station, a firefighter station on a submarine base. They have six out of 14 employees that are probationary, which again is the DOGE target cohort that is there.

Again, regardless of the fact that fires on Navy ships is a really bad thing. You know, that does not come into the equation of this Trump policy that again, is just indiscriminately reducing the workforce, and at the same time the tariff policy is driving up prices, and that is not just me saying that.

Reuters had a story again, just a couple days ago, about U.S. manufacturers see high metal prices as tariffs near. Steel prices have gone up 20 percent since the election. That is not happening in Europe. It is not happening in China. It is happening again because the market is reacting to what they hear from the White House.

The President said it yesterday that the tariffs against Canada and Mexico are back on the table, which again, his month delay is now running out. The steel and aluminum tariffs, which again are all across the globe, are again, driving up one of the basic commodities in our economy.

The National Association of Home Builders, which is hardly a Democratic base organization, has been raising the warning flags, the American Farm Bureau has been raising the warning flags about the fact that fertilizer costs are going to go up because of a tariff on Canada.

Again, 25 percent addition to fertilizer costs, which most of it is imported from Canada, is the reason why the American Farm Bureau is begging the administration and Congress to not let these tariffs go into effect.

Dr. Shierholz, from you know, a macroeconomic standpoint, when you see policies that are driving up costs very quickly in real time, that as we are sitting here today, and again, layoffs that are happening at the same time. I mean that sounds like a formula for stagflation.

Ms. SHIERHOLZ. Yep. It is worrisome. I would not be an economist who studies the incoming data all the time without saying I want to give it a little bit more time to make sure that it is not a blip. We want to make sure that there is a trend, but you are absolutely right that things are starting to flash concerns, and I think it has a ton to do with things like this very chaotic, unstable policy that is coming out of the administration.

It is like nothing we have ever seen before.

Mr. COURTNEY. Again, if we are talking about helping America's workforce, we need to get this stability and get the uncertainty that is again, being driven every single morning in the news in terms of what is coming out of the White House.

Mr. Chairman, I again, would ask that the Daily Telegraph article, Economists are Starting to Worry About a Serious Trump Recession. The Reuters article, U.S. Manufactures see Higher Metal Price as Tariffs Near, and CNN Consumer Confidence Registers the Biggest Monthly Decline Since August 2021, as Inflation Fears Take Hold, admitted for the record.

Chairman WALBERG. Without objection, hearing none, inserted them.

[The information of Mr. Courtney follows:]

Economists are starting to worry about a serious Trump recession

[Ambrose Evans-Pritchard](#)

25 February 2025 4:00pm GMT

Donald Trump's assault on the US federal government and the world's interlinked manufacturing system have together reached an economic tipping point.

"It seems almost unavoidable that [we are headed for a deep, deep recession](#)," said Jesse Rothstein, Berkeley professor and former chief economist at the US labour department.

Once the pace of job losses crosses a critical line, the multiplier effects can snowball suddenly. Prof Rothstein said monthly non-farm payrolls – the barometer of US economic health watched closely by markets – could turn viciously negative by late spring, contracting at rates surpassed only during the worst months of Covid and the Lehman crisis in 2008.

"I think we're going to see historically large drops. Losses of 400,000 a month are not implausible because people are getting nervous out there.

"It is not just the federal employees being fired: it's all the other people worried they could be next, so they are cutting back too," he told The Telegraph.

Torsten Slok, of Apollo Global, said layoffs could approach 1m after factoring in the likely chain reaction through contractors. "We are starting to worry about the downside risks to the economy and markets," he said.

Mr Slok said it is a mystery as to why credit spreads and equities are still so well-behaved when the US Economic Policy Uncertainty Index was now higher than at any time during the great recession. Prof Rothstein said the damage would not show up immediately due to lag effects. The ugly months will be in April and May, but by then secondary shocks will have spread far and wide.

"There are all kinds of spillovers. Contracts for external contractors are being cut. Nobody knows how much imports are going to cost next month, or if we are even going to have accurate weather forecasts any more.

"How could you hire in these conditions? This is going to be very, very bad," he said.

Markets are implicitly betting that Trump's trade wars are just bluster, but he restated on Monday night that his 25pc tariffs against Mexico and Canada would go ahead next week, which would instantly snarl up the North American auto industry.

"It would be devastating," said Ford's Jim Farley.

Trump has a particular loathing for the National Oceanic and Atmospheric Administration (NOAA) and its weather service, deemed the spearhead of "the climate change alarm industry" by Maga's Project 2025.

Officials at NOAA have already been told that "climate change", and "pollution" are henceforth banned terms. The office of management and budget plans to cut 38pc of their funding as part of its campaign to root out "woke agendas". Commerce secretary Howard Lutnick wants to abolish the agency entirely.

The surprise is that Elon Musk's army of zoomer zealots are taking on everybody, even the US defence department. It will fire 5,400 civilian staff next week as the first stage of a 5pc to 8pc cull of the Pentagon staff to "cut the fat and grow the [warrior] muscle."

It is hard to gauge the macroeconomic intensity of the fiscal cuts because judges are trying to jam on the brakes. We do not know what is mere theatre. I incline to the view that the culture war is deadly serious.

Orville Schell, director of the Asia Society, says Trump is uncannily like his fellow agent of insurrection, Mao Zedong, who also revelled in permanent havoc as a governing method.

Under Mao, a student shock force of 5,000 Red Guards was raised to crush resistance Credit: ChinaFotoPress via Getty Images

The Great Proletarian Cultural Revolution launched in 1966 weaponised the fanaticism of indoctrinated youth, urging them to rise up and “bombard the headquarters” of the deep state. Character-posters incited them to do their worst: “World in great disorder: excellent situation!” or “Without destruction, there can be no construction”, writes Schell on Project Syndicate.

Musk, meanwhile, does a passingly good imitation of Mao’s enforcer Kuai Dafu, who raised a student shock force of 5,000 Red Guards to crush resistance in the Communist hierarchy.

A young princeling called Xi Jinping was sent off to “eat bitterness” in the coal fields of Shaanxi. [What does China's leader now make of this strange spectacle](#) in Washington? Quiet satisfaction that America is tearing itself apart? Or alarm that the madness will spin out of control? A regime that sacks staff in charge of America’s nuclear weapons, without realising who they are, is a planetary danger. But I digress.

Trump hopes to overwhelm any contractionary shock by slashing taxes with his “ONE BIG BEAUTIFUL BILL” now heading for Congress.

But the risk for him is that a) his ideological stunts will send the economy into a tailspin months before any stimulus kicks in, and b) it will be thin gruel in any case.

You only have to read [the details of Executive Order 14154](#) to see that there will be real economic consequences. Section 7, Terminating the Green New Deal, reads: “All agencies shall immediately pause the disbursement of funds appropriated through the Inflation Reduction Act or the Infrastructure Investment and Jobs Act.”

Judges have intervened but almost \$300bn (£240bn) left from the Infrastructure Act remains in limbo. Freyr Battery has cancelled a \$2.6bn plant in Georgia linked to the IRA. Kore Power has dropped its \$1.2bn energy storage project in Arizona. Heliene has shelved a \$200m solar-cell facility. Nel has halted its \$200m gigafactory in Detroit. Prysmian will not be making undersea cables for offshore wind after all.

The US economy has been displaying late-cycle fatigue for some time, which is no doubt why Warren Buffett more than doubled his holding of cash and treasury bills to \$334bn last year. We can only guess at his real reasons for battenning down the hatches: perhaps he fears the delayed effects of past Fed tightening; or perhaps he dislikes anarchy.

Last week’s US data ought to be a warning.

Home sales fell 4.9pc in January. S&P Global’s survey of services tipped into contraction, and manufacturing held up only because of “front-running” ahead of trade wars. “February saw the US expansion falter to near-stall pace,” it said.

Is Wall Street showing the same pathological complacency seen in late 1999, or late 2007, or in early 2020, when it was already clear to anybody paying scientific attention that Covid meant havoc wherever it hit, progressing in staggered shocks over seven weeks from China, to Korea, to Iran, to

Lombardy (blithely dismissed as an "Italian issue) before investors reacted? Markets then went mad.

The deeper question we have to ask is what is the equilibrium value of equities and financial assets in a world where the US declares trade war against the democracies, and aligns itself with Russia and North Korea in geopolitics. Perhaps DeepSeek AI can furnish the answer.

US manufacturers see higher metal prices as tariffs near

By Timothy Aepfel

February 24, 2025 6:12 AM EST

Updated 2 days ago

Feb 24 (Reuters) - The price of the steel Glen Calder buys for his small machinery factory in South Carolina has spiked over 15% in the last two weeks, while Brian Nelson's factory halfway across the country in Illinois can't get its suppliers to quote him current prices at all.

"They're waiting for the tariffs," said Nelson.

While President [Donald Trump](#)'s 25% tariffs on steel and aluminum are only slated to start on March 12, the [action is already reverberating](#) through the network of producers and builders that rely on the metals to make their goods. And not in a good way.

Trump campaigned on a promise to use tariffs to boost domestic manufacturers and also eyes the added revenue as a way to offset lost inflows to federal coffers from his planned tax cuts. But levies on imported steel and aluminum, while aiding U.S. mills by allowing them to raise their own prices, quickly translate into higher prices for the layers of producers who buy and process those metals into refrigerators, cars and combines.

Steel prices in the U.S. have surged in recent days, adding to gains since Trump became president. Hot rolled coil prices in the Midwest have jumped 12% to \$839 per short ton during the two weeks to Thursday and climbed 20% since Trump took office on January 20, according to data provider Fastmarkets.

By contrast, the price of that type of steel has risen only 6% in northern Europe and was barely changed in eastern China since January 20.

A new survey by Bain & Co. found 40% of chief operating officers and other top executives are anticipating double-digit increases in their input costs due to tariffs, while about 80% are either revising or considering revising financial forecasts to account for the added costs. Forty-five percent of respondents to the survey were in the U.S.

Leon Topalian, CEO of top U.S. steelmaker Nucor, early this month praised Trump's tariff plans, calling it the first steps in "his America First Trade Agenda." Nucor last week raised hot rolled coil prices for the fourth time since the start of the year.

'MIDDLE GUY IN THE SANDWICH'

Buyers typically acquire metals either straight from mills or through so-called service centers, smaller businesses that buy in bulk from mills and process metal into forms needed by buyers, such as cut to specific lengths.

Nelson, the CEO of HCC in Mendota, Illinois, buys both ways. But at the moment, he hasn't been able to get price quotes from his usual sources. His senior buyer told him the mills have canceled orders, put orders on hold, and increased lead times due to tariff uncertainty. "Lead times are getting pushed out," he said, "because now customers are going crazy, panic buying."

He likens his business to being the "middle guy in the sandwich" - squeezed from above and below.

HCC produces harvesting reels for combines, some over 30 feet long, and other parts for the big reapers. HCC is caught between steel producers and its customers: large farm equipment producers like Deere and AGCO.

Nelson said he just spoke to one of those big manufacturers, who asked him how much of the anticipated tariff-related price increase on steel he intended to absorb. "I said, 'We'll pass it all on to you - and it's up to you if you want to pass it on to your end customers.'"

Factory input prices are already on the rise. A survey released Friday by S&P Global showed a gauge of the prices paid by businesses for inputs increased to 58.5 this month from 57.4 in January. It was boosted by the manufacturing gauge, which jumped to 63.5 from 57.4 last month, "overwhelmingly blamed by purchasing managers on tariffs and related supplier-driven price hikes."

A White House spokesman said tariffs are just one part of the administration's economic agenda, which includes cuts to regulations, getting energy costs down, as well as reining in inflation and spending cuts that will lower interest rates and eventually make U.S. steel and aluminum producers more competitive.

"The intent of these tariffs is to give breathing room to domestic producers of steel and aluminum—and to get them back up to their fuller capacity," the White House spokesman said. "The price of steel and aluminum going up is a natural result of that."

Glen Calder says he's resigned to absorbing the costs. Calder Brothers, in Taylors, S.C., produces \$200,000 paving machines that are sold to asphalt contractors and municipalities for tasks such as paving parking lots and subdivision streets.

His steel prices already jumped in recent weeks, and he's been warned to expect more soon.

"As of this morning, my steel prices are up 15.2%" since the beginning of the month, he said, in an interview with Reuters on February 17. "My machine pricing isn't up 15.2%, I can tell you that." Calder's 100-employee factory competes with four larger domestic firms, and he said business is soft, something he attributes to customers hesitant to invest in new machines amid still-elevated interest rates.

"This is not a good time to even think about raising my prices," said Calder.

MORE THAN METAL

Steel isn't his only tariff headache. He buys heavy-duty engines from [Cummins](#), the large U.S. producer, and the model designed into his machines is produced by that Indiana-based company in China. The Trump administration raised tariffs on China by 10% at the beginning of this month.

Many manufacturers rely on memory of the last time the U.S. levied new tariffs on basic metals - in 2018, during the first Trump administration - as they gear up for what's coming.

"Absolutely it will raise prices," said A.H. "Chip" McElroy II, chief executive of McElroy Manufacturing in Tulsa. He noted that in the past the domestic suppliers didn't exactly match the higher import prices.

"They raise it to just below," he said.

McElroy's company makes machines that weld plastic pipe. Raw steel is a relatively small part of their overall cost, he said, but many of his suppliers use the metal as well as aluminum in the components they provide to him.

To get a better picture of their exposure, the company spent the past week surveying its top 15 suppliers of raw materials. They received a range of responses to the poll, from "zero impact

anticipated" from tariffs to "full certainty that our costs will increase as domestic demand increases and producers raise their prices."

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Consumer confidence registers biggest monthly decline since August 2021 as inflation fears take hold

By Bryan Mena, CNN

Updated 10:12 AM EST, Tue February 25, 2025

The American consumer is getting worried about the economy.

Economic jitters are showing up across various sentiment surveys as the Trump administration aims to reconfigure America's trade relationship with the world and inflation shows signs of getting stuck.

The latest evidence comes from The Conference Board's Consumer Confidence Index for February, released Tuesday morning. The index fell to 98.3, falling for the third-straight month and marking the largest monthly decline since August 2021, as expectations for inflation in the year ahead climbed. That coincides with the trends reflected in the [University of Michigan's consumer survey for February](#). Homebuilders are also growing worried, according to the National Association of Home Builders; even US small businesses, which remain somewhat optimistic about deregulation and tax cuts, are in doubt about the economy's future. The National Federation of Independent Business' Uncertainty Index rose in January to its third-highest reading on record.

America's souring economic mood, driven by worries over President Donald Trump's aggressive approach to tariffs, is a stunning reversal from the (brief) burst of optimism after President Donald Trump's election in November.

"The fact that consumers don't feel like it's smooth sailing — you've got one very obvious suspect. That's the White House, which is sowing uncertainty just about everywhere, whether it comes to trade policy or foreign policy," Justin Wolfers, economics professor at the University of Michigan, told CNN's Pamela Brown. "I genuinely understand why consumers are nervous and I hope this doesn't turn out to be a self-inflicted own goal."

The Fed and inflation fears

For the Federal Reserve, it's critical that Americans have faith that inflation will eventually return to normal in the long run. Central bankers pay close attention to people's perception of prices because they can be self-fulfilling: If Americans expect inflation to pick up, they modify their spending accordingly.

So far, Fed officials in recent speeches haven't sounded the alarm on inflation expectations. But some have expressed the importance that expectations remain in check.

If Trump's policies cause inflation to pick up, "it could be appropriate to ignore or look through an increase in the price level if the impact on inflation is expected to be brief and limited," St. Louis Fed President Alberto Musalem said at a recent event in New York. "However, a different monetary policy response could be appropriate if higher inflation is sustained, or long-term inflation expectations rise."

"I would be especially concerned by evidence suggesting (inflation expectations) are becoming unanchored," Musalem said.

Chicago Fed President Austan Goolsbee said Sunday in an interview with News Nation that the run-up in inflation expectations reflected in the University of Michigan's survey "wasn't a great number."

"But it's only one month of data. You need at least two or three months for that to count," he said.

Spending plans in an uncertain economy

Sentiment surveys don't necessarily predict future spending behavior.

For example, when consumer sentiment fell to a record low in June 2022, as inflation reached a four-decade high, Americans continued to spend.

But today's economic landscape is rife with uncertainty, which may be affecting people's spending plans, according to a new Wells Fargo survey released Tuesday. About three-quarters of 3,657 adults and 203 teens surveyed across the country said they plan to reduce their spending, citing uncertainty in the economy.

"Consumer behaviors are shifting," said Michael Liersch, head of advice and planning at Wells Fargo, in a release. "The value of the dollar and what it is providing may not be as predictable anymore, which seems to be more pronounced for younger Americans."

The survey showed that 82% of Gen Z adults and 79% of Millennials plan to pare back their spending in the coming months. Eating out or food delivery gave respondents the most sticker shock, according to the survey, followed by a tank of gas and prices for concerts or sporting events.

Mr. COURTNEY. I yield back my time.

Chairman WALBERG. I thank the gentleman. I recognize the gentleman from North Carolina, Mr. Harris.

Mr. HARRIS. Thank you, Mr. Chairman, and thank you to all of you on the panel, and I apologize for folks coming in and out, but a number of other Committee meetings and markups are taking place. I did have the pleasure of reading your testimonies, and looking over them.

I did want to ask you something, Dr. Beach. Your written testimony makes it clear that overregulation is hurting American businesses and workers. In fact, you made a statement, "Regulations function as a hidden tax. Siphoning resources away from productive use, businesses must redirect capital toward compliance, instead of expanding current operations and researching new technological breakthroughs."

During the first Trump administration, the President's focus on deregulation efforts benefited workers. Why was this effort so beneficial in your opinion?

Mr. BEACH. I think a stimulated investment, and an investment caused a greater pool of investment dollars that are out there in the banking system, they are out there in private companies to invest in expansion of their companies, and also to start new companies.

We have seen—the real key here is whether or not the free enterprise system is creating new businesses. That is the metric you should look at, not big businesses, but small ones. From the subchapter S corporations to the proprietor, and I think that is one of the major things that happen. When that happens, when workers have new equipment, new businesses to work, they are more productive.

When productivity rises, then their wages rise, and we saw almost an immediate effect. You do not have to go back to the Trump administration to see that. You can see that in the Clinton administration, you can see that in the Carter administration.

In fact, every time we have had a significant deregulatory wave, we have seen a boost in economic output, a boost in inflation, a decrease in prices, and there is no reason why we should not see that. Now, of course, you have got to make sure the regulations that you reduce are not going to put people in safety issues, right, and you have to be smart about it.

There are just billions of regulations out there that do not qualify in that category, so that is the effect we would expect.

Mr. HARRIS. Well, and I think that is an excellent point, and I guess I would ask as a followup to that, when you think about what took place during that first term, and you referenced previous administrations, how would you say the President—how can he improve the economic conditions and support workers and businesses during the second term now that he is under way?

Mr. BEACH. Well, I think he has a more aggressive program, and that is the first thing, so you have to combine not raising taxes, that is the first thing. You cannot do that. You have to, regardless of what you think about this, that has to be made permanent, and the 199-A is a big provision for small businesses.

Do that, and then he has a 10 to 1 reduction plan. That would be way more than what he had done in the first administration, and we are expecting some big effects. My research shows that we get big output and big gains in investment, and big gains in hours worked. There will be plenty of overtime.

Let me tell you we talked about overtime before, there will be plenty of overtime once this program is in full swing.

Mr. HARRIS. Got you.

Mr. BEACH. If I could just say one more thing.

Mr. HARRIS. Sure.

Mr. BEACH. About the Federal workforce, we do not really have to speculate a lot about what will happen to the Federal workforce. You know, this is not the first time that this has happened. I am old enough to remember, and perhaps you are as well, the Re-inventing Government Program of the Clinton Gore administration.

That was the first time that people got letters and some emails saying would you like to resign. That was the first time. There were massive decreases in the Federal workforce. What happened after that was a period of, I think every Democrat would say, unprecedented growth. We even balanced the budget by the end of that term.

I do not know whether that is going to happen this time, no one knows, but there is a record out there that we can look at.

Mr. HARRIS. Well, in the final minute we have left, I believe rather than promote the proven policies that you have talked about that unleashed the economy, like lower taxes and deregulation, things that help businesses and increase wages for workers. Our colleagues oftentimes on the other side would rather increase individual's dependence on the State through every expanding welfare.

I will ask you just in the closing few moments we have, outside of the massive Federal expansion of unemployment insurance for over a year and a half during COVID, could you just quickly discuss what Federal programs or policies incentivize unemployment?

Mr. BEACH. Incentive unemployment, that is a great concept. Well, I think if you have extended unemployment benefits, the evidence shows that people do stay out of work until like the last week, so that extends it. We have talked here about putting in place excessive benefits that, particularly in the housing area, that might cause people to think do I work that extra hour and lose my means tested housing benefit?

Those are well-intentioned programs. We just have to be really careful that we do not get unintended consequences.

Mr. HARRIS. Got you. Well, thank you so much. Mr. Chairman, I yield back.

Chairman WALBERG. I thank the gentleman. I recognize my friend from the Great Lake State, Great Michigan.

Ms. STEVENS. Thank you, Mr. Chair.

Chairman WALBERG. Ms. Stevens.

Ms. STEVENS. Thank you. Thank you so much, and I am sitting next to another Lakes member of the Congress from Minnesota here, so, but we pride ourselves on our fresh water. Look, it is wonderful to have your expertise here, and there are some Ph.D.'s in economics, and we had a vote last night—come in the dark of the night.

First we were voting, then they said no vote on this budget resolution, everyone left the Capitol, and out of nowhere they said we are actually just kidding, we are going to vote. I mean it was wild. Some of these reporters covering the Congress for decades, they have never seen anything like it.

Now, the 880 billion dollar cut to Medicaid is compelling me here regarding this topic of an exercised workforce because as an evangelizer of special education programs, you know, fully funding the realized promise of IDEA and special education in the United States of America, I also think about the families in Oakland County, Michigan who have children with medically complex conditions and scenarios.

I have heard this all over. They would be bankrupt. They would be sold out the river without Medicaid. Dr. Shierholz, maybe you could start here, because I am just trying to think when we have the lowest levels of unemployment, otherwise known as the highest levels of jobs in Detroit, Michigan, manufacturing town, in over 50 years.

That happened 2 years ago. I told the President about it. I thought this is exciting. This is a moment for us. What does this mean if we are going to really make all these cuts to Medicaid? What does that do to our workforce?

Ms. SHIERHOLZ. It is really, really bad for our workforce, and for our most vulnerable families. The other thing about Medicaid, in addition to the things that you are mentioning is it will have—cutting Medicaid, will have negative impacts, not just now, but literally for generations.

There is very solid research that shows kids getting Medicaid as a kid, they have better outcomes, better income, better health, better educational attainment as grownups. When you think about the idea that that policy that is so unbelievably effective in helping our most vulnerable households, the idea that that is on the chopping block is just mind boggling.

Ms. STEVENS. These are working professionals, and we want these people, and sometimes they get home health for that dependent. I am just thinking to the hotel and lodging, you know, you are in this big race for, you know, workers. I am just thinking would it not help you get more workers if people were, you know—had their Medicaid?

Ms. MAIETTA. Thank you, Congresswoman, for that question. Look, I can tell you that we offer competitive wages and expanded benefits, and at the same time we are still 200,000 people down,

so there are certainly a lot more pressures that exist in terms of attracting people into our industry now.

Ms. STEVENS. It is a shortage, and I just think about, I mean look I am in my communities, and I think about these people. They want to go to work, and they have got dependents, and they need the schools with the programs, and they need the access to health. You know, you are also an economist.

I mean have you not read about this, that we need healthcare for the most vulnerable, so that they can get to work? I mean we have got 200,000 open jobs. What is the impediment? Is it a workforce protection, or is it actually basic services that enable people to go and work?

Mr. BEACH. Right. Healthcare is absolutely essential for workers, it is just true. We are talking about Medicaid right now, and cuts to Medicaid. I would encourage everyone on this Committee to think about the billions of dollars in Medicaid mispayments that have been documented.

The misallocation of funds to people who are not executing the program, and there is a lot we can do before we go into the Medicaid Program where it affects individuals and their recipients of it.

Ms. STEVENS. Maybe I will have a roundtable with some of these people who have been abusing Medicaid. I just have never met them, you know.

Mr. BEACH. They are out there.

Ms. STEVENS. The only people I meet are the people who were working their tails off trying to make ends meet. You know, I do not know if you have ever walked into a union household because I have. This is not a shout back at you. I am just saying I meet these families, and they are incredible, and they want their kids to exercise their full potential, and you are right.

I will be honest. We do have to have a cleanup of waste, fraud and abuse, but not at the expense of punishing a workforce when we have got job openings and needs. These are our taxpayer dollars, and we are paying into a government as Americans that is owed to us, not the billionaires, who in the dark of the night are proposing things, and not responsible conversation.

I thank my Chair for enabling me to use my 5 minutes as a lawmaker to start this conversation. I look forward to continuing to have it, and I yield back.

Chairman WALBERG. I thank the gentlelady. I recognize the gentleman from Guam, Mr. Moylan.

Mr. MOYLAN. Thank you, Chairman Walberg, and Ranking Member Scott, thank you for hosting this important hearing on the American Workforce. I am also glad to have Ms. Maietta here today representing AHLA. The hospitality and tourism industry supports thousands of Guam in my district, and it is vital to Guam's economy.

I am also glad to hear support for the H-2B Visa Program. How H-2B workers fill gaps in Guam's workforce, participate in the growing of our economy, tremendously, and work to strengthen our national security at this critical time, inside and outside the military bases.

We must work to expand and extend the H-2B Program, and give businesses the tools they need to succeed. Likewise, the Tax Cuts Jobs Act provides important tax relief for our local businesses. We must reauthorize the Tax Cut Job Act and give our businesses, and our workers, the relief they need to thrive.

Strong economics support American prosperity, and the American dream. Simply put, the economic security is a national security, and that is important in the INDOPACOM specifically against our aggressors.

Over the past last 4 years, policies like the Biden administration show why doctors operate with scalpels and not hammers. The one-size-fits-all rulemaking is not an option. I encourage the Trump administration and Congress to appreciate the unique circumstances in the territories and policymaking please.

Regulations like the Overtime Rule, it is just—unjustly affects my community and districts like mine. The Trump administration's commitment to working individually with states and territories is a meaningful improvement. I am thankful for that.

My first question is for Ms. Milito. You testified that between 2021 and 2024, small businesses faced 1.8 trillion in costs of complying with regulations. Unlike small businesses have otherwise used that money to invest in their workforce if they have not faced those burdens.

Ms. MILITO. Thank you Representative, for that question. The hidden tax, as Dr. Beach mentioned, comes out to about \$50,100 per employee, the hidden regulatory tax there. That is a lot of money, and a lot of money that small business owners could use on other things, investing in their business, and investing in employees.

I will give you an example. Money that could be used for bonuses at the end of the year. Money that could be used to either purchase health insurance for the employees, or as I hear from many members they are using, for instance you mentioned that small business tax deduction. Using that, and from regulatory savings too, using that to pay up to 100 percent of the employee's premiums for healthcare.

Those are ways in which small business owners can take money, either through regulatory savings, or through the small business tax deduction, and reinvest it back directly into their workforce.

Mr. MOYLAN. Thank you. It is much needed, especially my community in Guam, where our workforce is so small, as we do this military buildup, that we really need these additional workers to stay and be happy, and not get overburdened with this. It is critical for us that we have that. Thank you very much.

My next question for Dr. Beach. In your testimony, you discussed the need for Congress to reduce regulatory burdens on American businesses. Please elaborate. Give me more on the need for Congress to avoid this one-size-fits-all approaches to business regulations.

Mr. BEACH. Well, I think periodically Congress needs to go through all the regulatory matter, and begin to think. Well, are these needed now? There are outmoded regulations, regulations nobody would support. Get those off the books. We found that when we worked at the State level, there are a lot of those out there.

Then look at the regulations which are in place which are designed to just be cautious about certain aspects where we do not need to be that cautious anymore. We are in an information technology age now and so record keeping and other elements need to be changed.

Always think about regulations that inhibit investment, inhibit the buying of new machines, and putting off the old machines, so that workers have the best things they can work with, and be the most productive. You know, that is not specific, but those are categories where I think Congress could really focus their attention on the regulatory matter.

By the way, since the Loper Bright decision, that whole regulatory matter is coming back into your hands, and so this is going to be not a subject of academic interest, but practical interest for the members of this Committee and others.

Mr. MOYLAN. Thank you very much. Thank you to the panel. Mr. Chairman, I yield back.

Chairman WALBERG. I thank the gentleman. I recognize my friend from California, Mr. Takano.

Mr. TAKANO. Thank you, Mr. Chair. Dr. Shierholz, whenever I encounter doctors, they are always telling me and complaining about how low the Medicaid reimbursements are, and just how few Medicaid—how few doctors actually even will take Medicaid patients.

My suspicion is that Medicaid is one of our leanest programs of health. This idea that was banded about that there is billions of dollars to be saved. What do you have to say about that?

Ms. SHIERHOLZ. It is a large program. I am not saying that there is zero waste, but you are absolutely right. It is an incredibly lean program, and what we know is there is certainly not 880 billion dollars-worth of waste, which is what the House budget is trying to cut from Medicaid.

What that means is that there is no way that this will be cut without absolutely gutting benefits that go to households who really, really need it.

Mr. TAKANO. Thank you for that. I, too, agree that in a program this big there is some waste that we need to—and inefficiencies, but on the whole, doctors are not getting rich off of this program. It is not a Cadillac plan, right? It helps children, a huge amount of children that get help, and children actually do not cost that much money.

It makes a huge difference to be able to serve those children, and to serve the mothers of those children. I want to followup on something that my colleague, Dr. Allen suggested, that over 30,000 Federal employees who were terminated, “looking for a change in career,” as he called it, simply apply for a new job in the private sector.

Can you be more explicit about the dangers of gutting the professionals responsible for safety, quality control, enforcement standards, and much more across every sector? Yes, go ahead.

Ms. SHIERHOLZ. Yes, definitely. I keep returning to this, but it is really important to say the Federal workforce is already very, very small. It already has been shrunk. It is less than 2 percent

of payroll employees, but they do so much to protect the safety of our food.

Like it is because of the National Weather Service that we know when we need to evacuate when there is a weather emergency, and on and on, and on and on, and just the services that Federal Government employees provide are just a backdrop to our lives, and to the economy of this country.

The idea that we can gut that without doing enormous harm to those services, and to the stability of our economy is just a farce.

Mr. TAKANO. Well, look, you know, supposedly the VA has created exemptions for certain essential folks, for the probationary employees that were not fired, who are essential. You know, I am getting back as the Ranking Member of the Committee, stories about two individuals of the Cleveland Medical Center who did intake.

I mean not highly technical people, but they did intake for mental healthcare patients. The fact that they were fired meant that—it means right now it is wreaking havoc on mental health services for that VA. This is being—well, they can just go get a job in the private sector. What people fail to recognize is that, as you said, the Federal Government is already lean, the Federal workforce has already been shrunk over time.

In fact, the VA and the Health Administration area, the VHA, is 40,000 understaffed, and that is why there are access issues at the VA. Can you also talk about the economic implications of layoffs of this magnitude?

Ms. SHIERHOLZ. You know, mentioning the VA it also makes me—it is useful to point out that the Federal Government disproportionately employs veterans. What we know right now is that veterans are facing incredible stress, returning from service, and then facing layoffs right now. It is just an unbelievable slap in the face to people who have served our country.

Mr. TAKANO. It is estimated that 6,000 veterans have been terminated from their jobs. That is the estimated amount. Not counted in that are the military spouses.

Ms. SHIERHOLZ. Yes.

Mr. TAKANO. Who, by their nature, travel according to their spouse's duty station, and so they are perpetually a probationary employee and were caught up in this algorithm of everybody who is on a probationary—it is harder to fire people who are more senior, and who have tenure, but let us make a political show of just firing as many people as we can to show that we are cutting waste, fraud and abuse.

That whole premise is belied by the fact that they fired the Inspector Generals, whose job it is to find the waste, fraud and abuse. I do not think they actually had any kind of a plan, or any kind of analysis to show where this waste, fraud and abuse was. It looks like the evidence shows it is willy nilly indiscriminate firing of probationary employees. I yield back.

Chairman WALBERG. I thank the gentleman. I now recognize the gentlelady from North Carolina, whose portrait hangs behind us.

Mrs. FOXX. Oh, I forgot about that.

Chairman WALBERG. Well, we did not. We are glad it hangs there, and I recognize her for her testimony, Ms. Foxx.

Mrs. FOXX. Thank you, Mr. Chairman. I appreciate that very much. I want to thank the witnesses for being here today. Dr. Beach, in your testimony, you explained that cutting Federal regulations could be as good or better than making tax cuts permanent. We have actually heard this from business and industry.

Mr. BEACH. Yes.

Mrs. FOXX. Cutting taxes is extremely important for unleashing the American worker, but why do Federal regulations have such an outsized impact on economic growth, and what sort of benefit would workers experience if both tax cuts and regulatory reform are made?

Mr. BEACH. Well, the answer to that is that in the last 15 years regulations have just grown tremendously. All the data shows a massive increase. These regulations are primarily in the financial sector. They are in areas affecting investment, and in manufacturing and in transportation.

They are not necessarily in the safety and health areas, they are in the compliance of this and that, and so forth and so on. These all need to be reviewed. When you reduce the regulatory burden, when it is that high, the effect is very large.

Now, why is it larger than making the Tax Cuts and Jobs Act permanent? Well, you are just avoiding a tax increase here, so you are telling business well, your taxes are not going to go up. Individuals, your taxes are not going to go up, and you may want to do a few things, overtime, and you know, tax for tips, and that sort of thing. That may be possible.

Right now, the opportunity is on the regulatory side in terms of growth.

Mrs. FOXX. Thank you very much. In your capacity at the Bureau of Labor Statistics, were you able to determine why the growth of public service sector jobs account for such a large portion of the current job growth?

Mr. BEACH. We saw a lot of increase in State and local education, in state's higher education during the period 2021–2022. There was growth in the Federal workforce. There is no question about that, even though it was, as my colleague says, a 2 percent of all payroll employment, that is a pretty good percentage.

A lot of the growth is happening at the State and local level in the education area. That is what apparently was going on at that time. It is tied, of course, to Federal programs, which had the intended effect of increasing employment in those sectors.

Mrs. FOXX. Thank you very much. Ms. Milito, what workforce issues did small businesses face during the previous administration that Congress has not addressed but should?

Ms. MILITO. Thank you for that question, Representative Foxx. We are very hopeful that Congress will take action on something with the heat standard, and this was discussed earlier, legislation that would prohibit OSHA from ever touching a heat standard again, again, I want to correct something.

I did not say that it was not a health hazard. Heat is a health hazard, but it is not an occupational hazard. It is not an issue for OSHA to address there, so legislation that would prevent OSHA from passing a standard on that would be very important. Certainly too, withdrawing the Biden administration rules on over-

time, the joint employer standard, which the Court's stopped there, but the Independent Contractor Rule is still out there hanging in the Courts around there, and we would like to see those wiped out too.

Those are some areas where our members are looking for relief. We have sent a letter, as of just yesterday actually, over to the White House asking for relief in these areas.

Mrs. FOXX. Well, I am going to ask you a second question, but you may have answered some of this before I got here. I will ask you to followup in writing. The Trump administration takes aim at Federal regulations, what concrete steps can Congress take to join with the administration, and help ensure small businesses succeed?

I am not going to ask you to answer that now. We will submit that to you formally and ask for a response. Ms. Maietta, how would worker upskilling and education improve in your industry with a lighter Federal regulatory burden?

Ms. MAIETTA. You know, Congresswoman, thank you for that question. It is so hard today to own and operate and run a small business in this country. We, in the hotel industry, are regulated at the local, State and Federal level. Increased regulatory burdens just add to increasing costs, and implementation, new processes or systems that can then limit the ability to hire quickly, or staff up, or train and help your employees get ahead in the industry.

Issues like—measures like the NLRB Joint Employer Rule, or Overtime Rule would have severely impacted the industry, and made it even harder to continue to operate in today's environment.

Mrs. FOXX. Thank you, Mr. Chairman. I yield back.

Chairman WALBERG. I thank the gentlelady, and now I get to another member of the Great Lakes Caucus who knows the beauty of fresh water without sharks and salt, the Representative from Minnesota, Ms. Omar.

Ms. OMAR. Thank you, Mr. Chairman. I find it truly astonishing that House Republicans have brought us here today to discuss ways to unleash America's workforce, while they are actively abandoning workers. How exactly are we supposed to unleash anything when Federal workers are being threatened by an unelected billionaire?

When critical government services and authorized funds are being disturbed at a whim? When worker protection, basic safeguards against unsafe working conditions, and employment discrimination are being undermined? We are already hearing reports that the Trump administration has begun firing many workers at the Department of Labor, and the National Institute for Occupational Safety and Health.

Ranking Member Scott and I recently sent a letter to HHS, demanding more information about these staffing cuts and grant distributions. We have not heard anything back yet. Dr. Shierholz, I want you to help us understand how these attacks on critical agencies will impact worker safety. What does it mean for workers if these agencies lose significant numbers of Federal employees?

Ms. SHIERHOLZ. What OSHA does is protect workers health and safety by passing laws, by passing regulations, publishing regulations, enforcing those regulations. When they have less personnel,

they will be able to do that less effectively. America's workers will be less safe on the job, full stop.

The Wage and Hour Division, for example, they enforce wage protections. They make sure—like their workforce has already been shrunk dramatically, so their—low-wage workers today lose tens of billions of dollars a year in the form of wage theft by their employers not paying minimum wages that they are owed, not paying overtime that they are owed.

We cut Wage and Hour Division, and that skyrockets even further. Workers will be hurt by actually being hurt on the job, and by losing wages that they were legally owed.

Ms. OMAR. Who really benefits when the agencies lose this capacity?

Ms. SHIERHOLZ. Okay. The people who benefit are bad apple employers. They benefit because they are able to cut corners on workers safety protections, they are able to cut corners on actually paying their workers. They just do not have as much oversight over what they do.

Bad apple employers gain over workers. Bad apple employers gain over lawful employers because then they can—they are in a competitive advantage over lawful employers. Then the other group that benefits from this are the wealthy, who are going to be the disproportionate beneficiaries of the tax cuts that these kind of agency cuts are going to help pay for.

Ms. OMAR. I appreciate that, thank you so much. I have to say, you know, these attacks will have, as you just said, real and devastating consequences for working people in this country. It is about thinking about economic mobility. It is about thinking about job security. It is, at minimum, thinking about institutional stability.

What we are witnessing that is taking place in this country really is something that I find very outrageous and shameful, and I am glad that we are having this conversation. I hope that we get to have many of these conversations. Last, before I yield back my time, Mr. Milito, why do you—Ms. Milito, why do you believe workers suffering heat exhaustion is not a work hazard?

Ms. MILITO. Excuse me, it is a public health hazard, and OSHA is limited by what the authority that Congress has delegated it. OSHA has authority to regulate and oversee occupational set hazards.

Ms. OMAR. Standards. Yes, standards, right?

Ms. MILITO. Occupational hazards.

Ms. OMAR. Yes. Why would you think it is not an occupational hazard if someone is being forced to work 8 hours under 120 degrees without getting regular breaks?

Ms. MILITO. Employers are already taking action to protect the workers from heat.

Ms. OMAR. You believe employers should have the responsibility to decide who dies and who survives in the heat?

Ms. MILITO. They have a responsibility to keep their workers safe, most definitely, but that is separate and apart from OSHA's authority.

Ms. OMAR. You are saying those employees—employers who have not done that, who have seen people die at their workplaces, in

places like Texas, is just because they are bad people, and we should not have the responsibility of protecting the workers is what I hear. I yield back.

Ms. MILITO. That is not what I am saying, but thank you.

Chairman WALBERG. I thank the gentlelady. I recognize now, the gentleman from California, Mr. Kiley.

Mr. KILEY. Thank you, Mr. Chair. In the last Congress this Committee held the Biden administration accountable for its anti-worker agenda. Now that we have turned the page, we have an incredible opportunity to enable and facilitate the pro-worker, pro-small business pro-growth policies that are coming from the new administration.

This Committee's oversight proved particularly critical when President Biden made the baffling decision to elevate the State Labor Secretary with the very worst record in the country to be his Secretary of Labor. Our Committee actually brought in Ms. Julie Su for a hearing at that time where we were able to show how she was the Secretary of Labor for the State, California, that had the single highest rate of unemployment in the entire country in her tenure, first out of 50.

Had the lowest rate of wage growth in the entire country, 50 out of 50, and had the highest rate of real poverty in the country, first out of 50. Then, that she also led—was the architect of the most disgraceful, notorious labor law in modern U.S. history, that being AB5.

Now after she came in for a hearing here, the U.S. Senate refused to confirm her. Her nomination was stopped with bipartisan opposition, but of course the Biden administration chose to lawlessly keep her at the helm of the Labor Department for the entire tenure of the administration.

In that position she did indeed attempt to Federalize the failed policies of California by implementing a new rule that was designed to mimic the effects of AB5 in California, as far as limiting the freedom of independent contractors.

Now, the good news is that that regulation has not yet wrecked the sort of damage that we had anticipated, perhaps because of the illegitimacy of Ms. Sue's tenure at the helm of the Labor Department, which shattered all records, by the way for an acting unconfirmed Secretary.

Nevertheless, we still find ourselves in the situation where that regulation is on the books, where there continues to be uncertainty as far as the livelihoods of independent contractors, the ability of small businesses to work for them—with them.

In order to resolve this issue to provide certainty, to protect the rights of workers and countless enterprises across the country, I have introduced the Modern Worker Empowerment Act, which would specify that the classification standard for an independent contractor comes down to two intuitive factors.

No. 1 being the degree of control of the hiring entity over the work performed. The second being the opportunity for profit or loss, or the opportunities and risks inherent to entrepreneurship. This is a pretty common-sense standard designed to say that if you truly are running your own enterprise, then you do not need to be forced into a W-2 classification.

In addition to that, I have introduced the Modern Worker Security Acts. We have the Modern Worker Empowerment Act, and the Modern Worker Security Act. This legislation is designed to encourage the use of portable benefits, which will provide a level of a social safety net for independent workers that they can take with them from job to job, things like healthcare and retirement savings.

The problem in existing law is that if associations or companies, or other groups choose to provide those benefits, then it is kind of like no good deed goes unpunished. You have had that then used by regulators to say oh, look at that, you are providing benefits. You must be an employer, we are going to force this to be considered a W-2 arrangement, which is not what either party to the transaction wants.

It has had this chilling effect on the ability to offer portable benefits, and for workers to have that measure of security. I am hoping that we will be able to move both of those measures through this Committee, and provide more certainty to millions of folks across the country.

I think this will have a tremendous impact on our workforce, and maybe with the remaining time, Ms. Milito, since you mentioned this, the labor regulation, the independent contractor regulation in your testimony, could you just give us a sense of how damaging this uncertainty has been for small businesses?

Ms. MILITO. Yes. It has created a lot of, yes, headaches for business owners who cannot determine whether or not somebody they have hired once a week to come and do their website improvement needs to be, as you put it, a W-2 person, or because they also do website work for other businesses. Can I pay them, you know, as an independent contractor because they have their own business. They have their own business card.

The Empowerment Act that you have introduced would be very helpful in that front in codifying that simple, very simple two-factor test the Trump Rule had, so thank you for that.

Mr. KILEY. Thank you. I yield back.

Chairman WALBERG. I thank the gentleman. I now recognize Mr. Casar from Texas.

Mr. CASAR. Thank you. We are 1 month into the Trump Presidency, and American workers already have many fewer rights than they did just about a month ago. These attacks have been numerous, but I want to talk about what has been one of the biggest threats to workers so far, and that is Elon Musk and Donald Trump's effort to eliminate the National Labor Relations Board.

The NLRB is an independent, government organization that protects workers from being fired or discriminated against for collective bargaining. The NLRB was started in 1935 when Members of Congress and the President came together and said that workers need more rights, and that there needs to be a check on the power of the ultra-rich that caused the Great Depression.

If you try to organize a union at your workplace, and your employer fires you, it is the NLRB that makes sure that you are protected. If you form a union, and your employer refuses to bargain with you, it is the NLRB that holds those big corporations accountable.

Without a strong NLRB, workers will face more challenges in fighting for higher pay, better benefits and workplace safety. Musk and Trump know this, because they know that if you cannot bargain, then all you have got left is begging. That is why they are coming after unions. That is why they are coming after workers' ability to bargain together because they want to be able to force workers at their companies to work for more hours for less pay, with less safety, less rights, while keeping more money for their big billionaire donors and friends.

Dr. Shierholz, is it correct that overall workers that form a union and bargain receive higher pay and better benefits than those workers who do not unionize and bargain in the same industry?

Ms. SHIERHOLZ. Yes. It absolutely is. Careful, raw comparisons, careful regression adjusted comparison, it all shows that workers who are in unions make more than similar workers who are doing the same work, same demographic characteristics who are not in unions.

Can I take 1 minute that I am dying to correct the record on about the independent contractors?

Mr. CASAR. Go ahead, can you correct the record?

Ms. SHIERHOLZ. There has just been sort of outrageous things said about the Independent Contractor Rule. The Independent Contractor Rule that the Biden administration did, did not mimic AB 5, it merely restored the method for determining classification that had been in place at Wage and Hour for decades.

Trump was the one that put in a rule that very much weakened it. Biden just restored back to the method that had been used for decades. Sorry, to—

Mr. CASAR. No, but it should be no surprise to us.

Ms. SHIERHOLZ. Yes.

Mr. CASAR. That Trump and Musk, who have private companies that generate them billions of dollars want to have workers have fewer rights, have workers have to pay their own taxes, rather than employers having to contribute; Want workers to not be able to get overtime pay. They want those workers to not be able to form a union and bargain, that way they can just get more and more money from workers and taxpayers, and keep it for themselves.

Last year, the NLRB cited Musk's company SpaceX for forcing workers to sign illegal severance agreements, and for firing workers in retaliation for speaking critically of Musk. There is story after story, instance after instance, of Musk trying to bust unions and not respect workers' basic rights, that we won back in the 1930's.

Instead of accepting those NLRB rulings, Elon tried to sue the NLRB out of existence, arguing in Court that the organization created by Congress is unconstitutional. Now, after spending 277 million dollars to get Trump into office, he's using his power in the White House to try to tear down the NLRB.

One of the first things that Trump did was fire Gwynne Wilcox, an NLRB Board Member who is independent. Trump is not allowed to have fired her, but without her, the Board does not have enough members to function, making it so the NLRB cannot hand down rulings to protect workers.

In summary, Mr. Chairman, Elon Musk and Donald Trump's agenda is not to make the government more efficient for workers, it is to make the government more efficient for themselves, and getting rid of the NLRB, attacking workers' rights that we have won in the 1930's, is the perfect example of how Trump and Musk are talking about how they are for working people, but what they are actually doing is screwing you over, and taking your money for themselves. With that, I yield back.

Chairman WALBERG. I thank the gentleman. Now I recognize the Representative from Pennsylvania, Mr. Mackenzie.

Mr. MACKENZIE. Well, thank you Mr. Chairman. I appreciate the opportunity to speak today at this wonderful hearing that we are hosting on unleashing America's workforce and strengthening our economy.

I really cannot think of a better topic for this Committee to be discussing after a great hearing that we had on the American educational system because one of the key things that I want to focus on as a Member of Congress, is what we can do to strengthen our workforce, promote economic growth, and support working families.

All across this country for the past number of years, families have been suffering with high prices for massive inflation. We have a workforce challenge that so many people cannot even get into the workforce because there are barriers for them.

Childcare is too expensive. Many businesses are not offering paid maternity leave, and so for a lot of workers, they are making a rational decision about whether they should be in the workforce or not, and it is purely economic. They say why would I go work 40 hours a week when the costs of having a child and raising a child make it unsustainable to be in that workforce, or have any take home pay left at the end of the day?

Those are the issues we need to focus on, and we need to focus on our workforce because far too often people, when they want to talk about economic growth, they only talk about taxes, regulation and trade. Those things are all hugely important, not dismissing those at all, but the fourth thing that we need to focus on is workforce.

That needs to be a part of every economic discussion is workforce. If businesses do not have the proper and skilled workforce, there is no business operation that will be carried out. I want to talk just very briefly about my opinions that I think we need to actually continue this trajectory that we have been on in this country about promoting career and technical education, promoting community colleges, 2 year degrees, all of these things, but for far too long were disparaged.

Everybody said you only should go to a 4-year college if you want to be successful. We know that is not true, and so I think we need to speak that truth here in Congress, and continue our mission to make sure that every student, every adult, gets into a meaningful and rewarding career where they can make a family sustaining wage, and that they can do that through a lot of different educational opportunities and pathways.

I think we need to talk about that. Now, when it comes to workforce protections, I am grateful that the Chairman has promoted

me to be the Chairman of the Subcommittee on Workforce Protections.

Again, I want to talk this Congress, about what we can do through things like the tax code, about expanding paid maternity leave, expanding tax credits for child care, expanding child tax credits, so people have more money back in their pockets when they are raising children, and also expanding things like adoption and IVF tax credits for those that are looking to grow their families in those ways. We want to make sure that they can do that.

I have presented those opportunities to the Ways and Means Committee, and hopefully some of those things will be taken up. I also want to talk about the fact that we need to crack down on unscrupulous employers who are utilizing the illegal immigrant labor in this country.

We need to expand the use of E-verify to actually punish those business because they are doing the wrong thing. They are exploiting those individuals. They are taking advantage of their competition in the marketplace who are trying to do the right thing, and they are also taking advantage of social safety nets that everybody pays into when you pay legal wages through our workforce systems.

Those are just some of the things I want to talk about, and with the last minute of my time, I am actually going to bring up a bit of a niche subject, but it is on top of mind for me because I just came from a Homeland Security Committee on Workforce.

Our House Republican Caucus is talking about workforce all across the halls of Congress today, which is a great thing. Over in Homeland Security, we were talking about the need for a cybersecurity workforce. There are 500,000 positions that are unfilled in the cybersecurity space.

There is a piece of legislation, the Cyber Pivot Act, which fits neatly into what I am talking about here. It would be full scholarships through 2 year programs at career and technical schools to get people into those entry level cyber positions. It passed unanimously last session.

Unfortunately, it did not get across the goal line, but hopefully we can do that this time. Anybody on the panel, do you have an opinion on the need to expand our cyber workforce, and what we can do about that?

Mr. BEACH. I was on a I guess you would call it a workforce in the Biden administration to look at that very subject. We concluded there was an acute need on the cyber side. There is also an acute need in firefighters, and other kinds of frontline people, so it is a broad base that research has been done. You should do an oversight hearing on that, or some kind of an informational hearing to bring those plans to bear.

There is quite a bit of data out there, and I think it is absolutely essential that we engage on that topic, and thank you for doing that.

Chairman WALBERG. Thank you. The gentleman's time has expired. I recognize my friend, and the Ranking Member of this Committee, the gentleman from Virginia, Mr. Scott.

Mr. SCOTT. Thank you. Ms. Maietta, you mentioned the apprenticeships and working with the Department of Labor. Those are

registered apprenticeships, and can you—I assume based on your comments, you would like to see more of them?

Ms. MAIETTA. The apprenticeship program has been really essential to our industry in allowing that trajectory to move up, and once graduated from the program, employees see a wage increase as well.

Mr. SCOTT. They are a good thing?

Ms. MAIETTA. They have been really beneficial. We would love to talk about expanding that.

Mr. SCOTT. Good, good. Ms. Milito, you mentioned the tax cuts for small businesses. Of the 4.5 trillion dollars, how much of that tax cut are you talking about?

Ms. MILITO. Sorry, of the 4.5 trillion dollars, the dollar number you are talking about for the small business deduction, I do not know that I have that figure here with me right now, but I am happy to provide that too. It is, you know, in the scheme of things, again remember this is a small business tax deduction. This is not going to millionaires or—

Mr. SCOTT. I think we could take care of the small businesses for about 15 percent of the 4.5 trillion. They do not have to bust the whole budget to help small businesses. Ms. Shierholz, you mentioned the size of the Federal workforce. Was part of your comment too the fact that of the Federal budget only 5 percent of the—less than 5 percent of the Federal budget goes to the Federal workforce, and that if you cut it 20 percent, you would not have gotten 1 percent of the budget?

Ms. SHIERHOLZ. You said it. Yes, that is the right way. The math just is not there. You cannot cut the Federal—you cannot cut your way through anything by cutting the Federal budget—Federal workforce.

Mr. SCOTT. Wages versus inflation, I thought the wage inflation had caught up with the inflation. It started off pretty bad in the first year, but early in, when inflation got really bad, the American Rescue Plan Act provided for the median family of four over \$5,000 in stimulus checks, \$6,000 in child tax credits, and then SNAP benefits, reduced healthcare costs.

If you add all that up and put that in there, can you say something about wages and inflation?

Ms. SHIERHOLZ. Yes. Thank you for bringing that up. The idea that inflation is outpacing nominal wages is absolutely wrong, unless you cherry pick the numbers. If you do what economists typically do which is look, compare where we are now to the last business cycle peak, that is sort of the straightforward way to do it.

It is unambiguous that working people, low-wage workers, middle-wage workers, or high-wage workers, all have higher inflation adjusted wages now than they did at that last business cycle peak in 2019.

Mr. SCOTT. President Trump is crediting his miserable job performance to COVID-19 pandemic. Is it not true that the pandemic started in March 2020 and ended in January 2023, so he had about 11 months in the pandemic. Biden had about 2 years and was able to create jobs. Is that right?

Ms. SHIERHOLZ. Yes, that is right.

Mr. SCOTT. Okay. Can you say a word about the stimulative effect on the economy of tax cuts to the rich, and the American Rescue Plan Act investments?

Ms. SHIERHOLZ. Yes, the—okay, so the American Rescue Plan Act, that was a thing. It was passed in early 2021, after the job gains due to reopening the economy had run their course, and we were still down millions of jobs. It was a thing that set us up for the incredibly strong jobs recovery that we had.

The tax cuts that are in the House budget plan, the totally extremist House budget plan, will go entirely—almost entirely, overwhelmingly to very rich households, and that could actually put a drag on the economy. We are in a period of a very strong economy, and at a time like this, increasing the deficit by as much as the House plan is going to do, actually may translate into a drag on the economy.

Mr. SCOTT. Well, tax cuts to the rich have not traditionally done much for the economy at all. Is that right?

Ms. SHIERHOLZ. Fair, yes. Yes.

Mr. SCOTT. Investments that affect people who will actually spend the money do a lot better. Can you say a word—we have had comments about the enhanced unemployment compensation. I thought there were studies about that that showed that it did not make any difference?

Ms. SHIERHOLZ. Yes. What the general, like sort of weight of the literature shows that unemployment insurance does keep people unemployed for a little bit longer than they would if they did not have it. You know why? They are staying in the labor force looking for work, because they are required to look for the—actively looking for work to get the unemployment insurance benefit.

It is not that they get unemployment insurance benefit and as soon as it runs out they get a job. That is not what that sort of spike at benefits.

Mr. SCOTT. The states that ended the enhanced unemployment compensation compared to those that did not end the enhanced unemployment compensation, they continued it. People going back to work was the same. Is that right?

Ms. SHIERHOLZ. Yes, that is exactly right, yes.

Chairman WALBERG. Well, the gentleman's time has expired, but I also recognize him for his closing comments.

Mr. SCOTT. Thank you. Mr. Chairman, the gentleman from California suggested that the Acting Secretary of Labor, Ms. Su, was serving illegally. I would ask him to produce some documentation of that allegation because I think that was tried in Court, and found that she was serving perfectly legally.

He might not have liked it, but she was serving legally. I would like him to produce some evidence to support that allegation. Again, Mr. Chairman, I ask you to join us in getting answers to what DOGE and President Trump are doing at the Department of Labor and other agencies.

For example, what is happening at the NLRB and EEOC? What information does DOGE have access to, like files of investigations into his own businesses, bids. Can he get bids of his competitors? Does he have access to job numbers, and things like that before they are public?

Do any conflict of interest rules apply to anything he has done? We do not have to do anything, but we would like to just ask questions and get answers. Mr. Chairman, we have heard about the job creation during the Biden administration, and while we saw—while at the same time we saw him reducing the deficit.

He created more jobs in 4 years than any President in the history of the United States, and more jobs in 4 years than any Republican was able to do, whether they served four or 8 years. President Clinton did more in 8 years.

We know how to do this, we just have to pass a fiscally responsible budget that effectively invests in the economy, and we will get good results. The last thing we need is a budget that we pass like the one we passed last night, showering massive tax cuts on the wealthy, the top 1 percent in corporations.

We just heard that that does not do anything for the economy because they do not spend the money. We need—we do not need that kind of showering of tax cuts. Then do not need to make people pay for it with cuts in Medicaid, education, and other essential services.

Add insult to injury, the budget after all the speeches, it incredibly ends up with a deficit worse than if we had done nothing. I do not know how people—I do not know how—well, I did not vote for it, so I hope we could do better, Mr. Chairman, and with that I yield back.

Chairman WALBERG. I thank the gentleman. I think we agree on a number of things, it is just how we get to that. We have heard amazing statements today during this hearing, which I think has been a great hearing. I appreciate the witnesses who are at the table, all four.

It shows the opportunity of ideas, and which ideas work, and work best. We have heard about the framework resolution, the budget resolution that indeed was a framework. I appreciate my colleagues on the other side of the aisle hanging pieces of that framework on the framework, and conjecture that has been given, I do not appreciate, and would hope that it would not continue.

Fear mongering, that intensifies without I would suggest fact and reality at this point in time. We would all agree that we have a challenging situation economically in this country right now. We would all agree that we would want to get to the reason, the rationale behind that, but I hope we would have more concern about our taxpayers and our businesses that supply the economy for our taxpayers themselves personally, and within our country, than we would have for big government.

Or, as it has been called today, tiny government. That tiny government, that that is a quote that we want to use, still produces nothing as far as the economy. They do not generate one dime. That is where it comes from the businesses, and the individuals, the blue collar, and white collar, and whatever collar workers that are out there doing the work that has made America what it is, the envy of the world.

We are not perfect, but we have patterns and systems that have worked. There is a reason that the Biden administration did not do away with the Tax Cut and Jobs Act. Thank God that it stayed in place, and continues to this day, and we know the impact. We can put out statistics for almost anything, but the fact of the matter

that 77 million people decided they wanted something different in the last 4 years, and 75 million people voted for a congressional body to take us in a different direction than what was going on in the last year.

I think it is significant that we ought to recognize. I think there are things that we agree with that are in the workforce space, WIOA reauthorization, Workforce Pell, and other things in the CTE space that we can agree on and work together, and have minor differences, but the general issues are there.

From my perspective, I am not giving away the fact that we represent the blue-collar worker. We are not going to relinquish that because of what they add to this great country. They are a vital American group, and in the Tax Cut and Jobs Act, they received the biggest benefit. That is a fact, and of course we will debate that, but that is what is there.

We have heard a lot about how the Biden administration's radical regulatory agenda has harmed American workers and the economy. However, with President Trump back in the White House and a Republican led Congress, job creators are optimistic for the return, and polling is showing that.

The surveys are showing that optimism for pro-growth policies that support and strengthen our workforce and businesses. The Committee is committed to considering legislation solutions to improve the standard of living of American workers, reduce the burdens on business, and strengthen economy, and that includes things like WIOA reauthorization and Workforce Pell and the rest.

Thank you again for giving us a lot of ideas that we can knock around, and we can ruminate on. That is an agricultural term, you know, but I think we can in working together, we can get it right. The American people, and the American industry, and the small businesses, and the entrepreneurs, the blue collar and the white collar, and the striped collars workers will benefit from it.

With no other business to come before the Committee, the Committee stands adjourned.

[Whereupon, at 1:16 p.m., the Committee was adjourned.]

[Additional submissions from Chairman Walberg follows:]



February 26, 2025

The Honorable Tim Walberg
Chairman
Committee on Education and Workforce
U.S. House of Representatives
Washington, DC 20515

The Honorable Bobby Scott
Ranking Member
Committee on Education and Workforce
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Walberg, Ranking Member Scott and Members of the U.S. House of Representatives Committee on Education and Workforce:

On behalf of Associated Builders and Contractors, a national construction industry trade association with 67 chapters representing more than 23,000 members, I thank you for holding the hearing, "[Unleashing America's Workforce and Strengthening Our Economy](#)." ABC members play a significant role in upskilling the construction industry's existing workforce and training the next generation of skilled craft professionals.

On Jan. 24, ABC [released](#) its forecast that the construction industry will need to attract an estimated [439,000 net new workers](#) in 2025 to meet anticipated demand for construction services. This challenge compels Congress to consider policies that expand workforce development opportunities to all Americans. ABC encourages the committee to commit to an all-of-the-above approach to workforce development that provides workers and employers with the freedom to select skill development opportunities that maximize innovation and achieve industry-leading safety and productivity gains.

For ABC and its members, promoting an all-of-the-above approach to workforce development includes providing employers and workers opportunities to engage in industry-recognized and government-registered apprenticeships, competency-based learning, e-learning and work-based learning. This approach expands access to industry credentials, career exploration and post-secondary skills training that provide the tools for our nation's workforce to not only build America's vital infrastructure, but also cultivate long-lasting and rewarding career opportunities. To foster this approach, ABC encourages the committee to:

- Support work-based learning, including employer-led and on-the-job workforce upskilling programs and opportunities;
- Direct more dollars to tangible worker programs, such as individual training accounts, on-the-job-learning and other employer-led initiatives;
- Enhance state flexibility, allowing them to support a "critical industry skills fund" that assists employers to upskill their existing workforce;
- Expand job-focused education and training programs by enabling learners to participate in flexible and fast-moving programs;
- Support industry-recognized, market-driven apprenticeship programs; and
- Expand Pell Grant eligibility to cover high-quality and rigorous short-term job training programs.

ABC appreciates the opportunity to provide feedback on the important policies behind workforce development programs in the construction industry and looks forward to continuing to work with the committee on these efforts.

Sincerely,

A handwritten signature in black ink, appearing to read "Kristen Swearingen". The signature is written in a cursive, flowing style.

Kristen Swearingen
Vice President, Legislative & Political Affairs

Statement of The Transportation Alliance**Before the House Committee on Education & Workforce****Hearing: Unleashing America's Workforce and Strengthening Our Economy**

Chairman Walberg, Ranking Member Scott, and Members of the Committee:

On behalf of The Transportation Alliance (TTA) and the thousands of small businesses we represent nationwide, we appreciate the opportunity to submit this statement for the record. This hearing, *Unleashing America's Workforce and Strengthening Our Economy*, is critical to our industry and the millions of independent contractors who rely on flexible work opportunities to provide for themselves and their families.

The greatest contribution Congress can make to small businesses and entrepreneurial workers is to repeal the Biden administration's independent contractor rule. This rule significantly undermines the ability of individuals to work independently and pursue their professional goals on their own terms. Many in our industry—whether they operate taxis, limousines, non-emergency medical transportation services, or other mobility enterprises—choose to work as independent contractors because it provides the flexibility, autonomy, and opportunity they need to succeed. The Biden rule threatens to strip away this fundamental choice, forcing many who wish to be their own boss into employment arrangements they neither need nor want.

By contrast, the original Trump administration independent contractor rule provided much-needed clarity and protection for workers seeking flexibility and control over their own businesses. It recognized the diversity of the modern workforce and ensured that those who wished to operate as independent contractors could do so without unnecessary government interference. That rule acknowledged that independent contractors are not merely employees by another name but business owners, entrepreneurs, and skilled professionals making their own way in the economy.

The Biden administration's rule disregards this reality by making it significantly harder for individuals to qualify as independent contractors. It replaces clear, objective criteria with a vague and restrictive test that often misclassifies true independent contractors as employees. This shift threatens the livelihood of countless transportation professionals and hampers innovation, limits job opportunities, and discourages entrepreneurship in one of the most dynamic sectors of our economy.

The transportation industry has long been a driver of economic growth and mobility, providing essential services to millions of Americans. Small businesses and independent contractors are the backbone of this industry. The ability to operate independently allows drivers and operators to build their own businesses, set their own schedules, and tailor their services to the needs of their communities. Stripping them of this ability does not empower workers—it constrains them.

We urge this Committee and Congress as a whole to take decisive action to repeal the Biden administration's independent contractor rule and restore the clarity and freedom that the Trump-era rule provided. Doing so will not only strengthen our economy but also ensure that those who wish to work independently can continue to do so without unnecessary government overreach.

Thank you for your attention to this critical issue, and we appreciate your commitment to fostering an economic environment where independent work and small business growth can thrive.

[Questions and responses submitted for the record by Dr. William Beach follows:]



COMMITTEE ON
EDUCATION AND WORKFORCE
U.S. HOUSE OF REPRESENTATIVES
2176 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6100

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VACANCY

March 17, 2025

William Beach
Senior Economics Fellow
Economic Policy Innovation Center
113 East Glendale Ave.
Alexandria, VA 22301

Dear Dr. Beach:

Thank you again for testifying before the Education and Workforce Committee hearing on "Unleashing America's Workforce and Strengthening Our Economy." Enclosed is an additional question following the hearing. Please provide a written response no later than April 7, 2025, for inclusion in the hearing record. The response should be sent to Katerina Kerska of the Committee staff who can be contacted at (202) 226-9435.

We appreciate your contribution to the work of the Committee.

Sincerely,

Tim Walberg
Chairman

Enclosure

Question for the Record for William Beach

**Full Committee Hearing: “Unleashing America’s Workforce and
Strengthening Our Economy”**

February 26, 2025

10:15 a.m.

Chairman Tim Walberg (R-MI)

In 2017, the Bureau of Labor Statistics (BLS) published its Contingent Worker Supplement (CWS) which found that the number of workers in alternative work arrangements dropped from 2005 to 2017. These results were criticized because the survey only asked about workers whose main job was in an alternative work arrangement, even though most other data sources show that many individuals working as independent workers do so as a secondary job. What steps can BLS take in future surveys to ensure it has a more accurate understanding of individuals working as independent contractors?

**Response of William W. Beach to the Following Question for the Record
March 31, 2025**

**Question for the Record for William Beach
Full Committee Hearing: “Unleashing America’s Workforce and
Strengthening Our Economy”
February 26, 2025**

10:15 a.m.

Chairman Tim Walberg (R-MI)

Question: In 2017, the Bureau of Labor Statistics (BLS) published its Contingent Worker Supplement (CWS) which found that the number of workers in alternative work arrangements dropped from 2005 to 2017. These results were criticized because the survey only asked about workers whose main job was in an alternative work arrangement, even though most other data sources show that many individuals working as independent workers do so as a secondary job. What steps can BLS take in future surveys to ensure it has a more accurate understanding of individuals working as independent contractors?

Answer: The Bureau of Labor Statistics (BLS) undertook a comprehensive review beginning in 2018 of its Contingent Worker Survey (CSW). The criticisms mention in its 2017 report on platformed (work on computer software platforms) and contingent workers produced a number of critiques of the methods and definitions employed by BLS in developing its survey results. These critiques were coupled to more substantive concerns, principally on the sampling frame for the survey. Some economists suggested that more accurate results would be produced by using tax records as the source of sample for this survey rather than fielded survey instruments.

BLS turned to the Committee on National Statistics (CNStat) of the National Academies of Sciences, Engineering and Medicine to organize an expert panel. BLS paid for the panel using appropriated funds but had no role in selecting panel members or in conducting the panel’s research and reporting on the survey. As mentioned, the CNStat panel began work on reviewing the CWS in 2018. It published its report in July of 2020, which contained several recommendations for changing the survey. Here is a link to the full report: <https://nap.nationalacademies.org/read/25822/chapter/1#vii> and here is a link to the high level summary, which contains the recommendations: <https://nap.nationalacademies.org/resource/25822/Contingent%20Workers%20Final.pdf>

BLS implemented many of the recommendations contained in the CNStat panel. The result was a resumption of the contingent worker survey report in November of 2024. This was the first report since the controversial publication of CWS results in 2017. Here is a link to the 2024 publication, which is based on the 2023 survey: <https://www.bls.gov/news.release/pdf/conemp.pdf>

In my view, BLS needs to continually assess the adequacy of its contingent worker definitions, if improvements are to be made to the CWS over time. This assessment should follow the guidelines laid out in the CNStat report. I would recommend that the House Committee on Education and Workforce use the guidelines contained in the CNStat report as the basis for its ongoing oversight of BLS’s work on the contingent workforce.

[Questions and responses submitted for the record by Ms. Elizabeth Milito follows:]



COMMITTEE ON
EDUCATION AND WORKFORCE
U.S. HOUSE OF REPRESENTATIVES
2176 RAYBURN HOUSE OFFICE BUILDING
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March 17, 2025

Beth Milito
Executive Director
NFIB Small Business Legal Center
555 12th Street, NW, 10th Floor
Washington, DC 20004

Dear Ms. Milito:

Thank you again for testifying before the Education and Workforce Committee hearing on "Unleashing America's Workforce and Strengthening Our Economy." Enclosed are additional questions submitted by a Committee member following the hearing. Please provide written responses no later than April 7, 2025, for inclusion in the hearing record. Responses should be sent to Katerina Kerska of the Committee staff who can be contacted at (202) 226-9435.

We appreciate your contribution to the work of the Committee.

Sincerely,

Tim Walberg
Chairman

Enclosure

Questions for the Record for Elizabeth Milito

**Full Committee Hearing: “Unleashing America’s Workforce and
Strengthening Our Economy”**

February 26, 2025

10:15 a.m.

Rep. Rick Allen (R-GA)

In a letter to the Committee, the National Federation of Independent Business states that the Biden administration’s independent contractor rule “creates confusion for small business owners and significantly curtails the rights of small businesses to hire independent contractors.”

- A. Can you explain why the ability to work with independent contractors is important to small businesses?
- B. What are some of the unintended consequences for small employers that the Biden independent contractor rule has created?

United States House of Representatives Committee on Education & Workforce
Full Committee Hearing on "Unleashing America's Workforce and Strengthening Our Economy"
February 26, 2025

Questions for the Record for Elizabeth Milito

Rep. Rick Allen

Question 1

In a letter to the Committee, the National Federation of Independent Business states that the Biden administration's independent contractor rule "creates confusion for small business owners and significantly curtails the rights of small businesses to hire independent contractors."

A. Can you explain why the ability to work with independent contractors is important to small businesses?

Response from Ms. Milito

Independent contractors provide small businesses with flexibility when operating their businesses. A small business owner may not need to hire a W2 employee to accomplish an infrequent job that is beyond their and their employee's expertise. Independent contractors can come in on an as needed (and, often, infrequent) basis and complete the job they are contracted for and move on to the next without being tied into an employer employee relationship with a business. This flexibility is vital for small businesses that do not have the resources to hire a W2 employee to do infrequent or niche work, where an independent contractor makes more business sense.

B. What are some of the unintended consequences for small employers that the Biden independent contractor rule has created?

Response from Ms. Milito

The Department of Labor's 2024 Independent Contractor rule adds complexity and inflexibility to an already complex and confusing classification process for small business owners. The 2024 Independent Contractor rule revoked a simpler standard implemented by the Department of Labor's 2021 Independent Contractor rule. In doing so, the Biden

Administration's rule opened small business owners to additional liability and misclassification challenges and makes it more difficult for small businesses to utilize workers as independent contractors. The rule also strips small business owners who are independent contractors of their autonomy and their entrepreneurship.

