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Committee on Appropriations
United States House of Representatives

HEARING ON
Labor and Education Priorities/ESEA Reauthorization

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Good morning Chairman Obey, Ranking Member Tiahrt and Members of the Subcommittee. I am Brian Johnson and I am the Executive Director of the Alliance for Worker Freedom. I appreciate the opportunity to appear before the Subcommittee today to discuss the Department of Labor's priorities.

Since the era of the New Deal, the United States has been ransacked with federal laws and regulations that burden free enterprise and business while promoting the Labor agenda. Despite the Obama Administration's claim to be the "most transparent Presidency in history," their actions speak louder than words.

It is clear this Department of Labor's priorities are to protect organized labor at the expense of worker freedom and increase the regulatory burdens facing American business today.

The Department of Labor received \$117 billion dollars with "the majority to be used for unemployment insurance benefits...and federal workers' compensation." USA Today reported federal employees on average make \$11,091 more than their private sector counterparts. For the first time in history, more than 50 percent of all union members work for the federal government. This parallel is not a coincidence.

The majority of \$117 billion will extend the Unemployment Insurance program so that workers in states with high unemployment now qualify for a maximum of 99 weeks of UI benefits—almost two years.

By reducing the need to look for new work, extended UI benefits cause unemployed workers to take longer to find new work. Heritage Foundation macroeconomic modeling shows that the previous extension of UI benefits from 26 to 46 weeks increased the unemployment rate by 0.22 percentage points.

Roughly one-third of workers receiving UI benefits find work immediately once their benefits expire. This happens both when unemployment is high and low. Economic research shows that each 13 week extension of UI benefits increases the average length of time workers receiving benefits stay unemployed by approximately two weeks.

A real stimulus this Committee could provide would be an immediate freeze on any new regulations which cost businesses money and workers their jobs. No funds shall be used to create any new regulations for the DOL and other agencies.

Additional waste and lack of accountability occur within the Wage and Hour Division (WHD) at DOL which was given \$244 million dollars – an increase of almost \$20 million from the previous year.

Wage and Hour is charged with determining the Davis-Bacon prevailing wage for federally funded projects and is grossly inaccurate and irresponsibly managed.

The Davis-Bacon survey is not a statistically random sample like the Bureau of Labor Statistics' unemployment or wage surveys. Rather, the survey results indicate that the prevailing wage is most often equal to the union wage – meaning unionized construction companies can decide the rate of any federal project.

Current WHD methods raise public construction costs by \$8.6 billion per year and inflate wages by an average of 22 percent. Additionally, investigators from the Office of the Inspector General found that “one or more errors existed in 100 percent of the wage reports they reviewed.”

While the only agency dedicated to monitoring union financial reporting, fraud and abuse, the Office of Labor Management Standard (OLMS) convicted 929 union officials and restored \$93 million in union dues to date, had their budget increased by only \$2 million and several reporting and transparency forms retracted.

This \$20 million increase should be used to expand the statistically sound and valid methodology of the BLS National Compensation Survey (NCS) and the Occupational Employment Survey (OES) to more accurately reflect market rates.

Additional efforts to rescind worker freedom lie in the \$25 million dollars the budget appropriates to investigate “independent contractors” by adding 100 “contractor cops,” because this Labor Department deems them “misclassified.” Currently, if someone with a certain skill, trade or experience is in demand, this person may work for more than one company, using this skill, as a “contractor.” Since the “contractor” enjoys the benefits of flexible work, setting their own schedule and determining when, who and where they work; they are not given certain benefits and do not require such. Not \$25 million or one penny, should be spent to outlaw a work classification these individuals freely choose.

The budget also completely zeros out the funding of OSHA's Voluntary Protection Program (VPP) – a partnership where private companies voluntarily comply with various regulations avoiding inconvenient yearly OSHA audits. Created in 1982 with bipartisan support, VPP has grown to 2,284 worksites covering 921,000 workers resulting in illness and injury rates at more than 50 percent below industry average. In 2007, federal VPP participants saved the government more than \$59 million by avoiding injuries and private sector VPP saved more than \$300 million. Now, by defunding this program, OSHA wants to charge companies to participate, thus providing an additional and unnecessary burden.

Additionally, new OSHA recordkeeping rules are a backdoor attempt to implement “ergonomics,” costing employers millions of dollars in compliance.

The priorities of this Labor Department are clear: more government, more regulations, more burdens and less transparency.

Thank you again for the opportunity to speak to you today and I look forward to answering any questions.