WORKING TOO HARD FOR TOO LITTLE: A Plan for Restoring the Value of Work in America
By: U.S. Senator Sherrod Brown
AS PREPARED FOR DELIVERY

When I was first elected to serve in the Ohio statehouse, I used to spend hours at United Steelworkers Local 169 up in Mansfield.

I talked with workers who stopped in at the hall before or after their shifts. I learned how they made steel and how they built cars. They worked hard. Most of them gladly worked six days for the overtime pay.

They owned – yes, *owned* – modest homes. They could move up the income ladder and build a better life for their kids at Johnny Appleseed Junior High.

Three decades later, the hopes and desires I hear from Ohioans haven't really changed. They want the same things as those steelworkers: to be valued for the work they do, to be able to save for the future, to own a home, to take the family on a vacation once in a while, and to build better lives for their children.

What *has* changed is that people no longer see a path to get there through hard work – and they're right.

We have some Ohioans in the audience this morning who wrote to me, concerned about these issues – we have Becky Morgan and her family, from Tipp City, and Jeffrey Dabe, from Delaware.

Steven Hill, who owns Sparano's Pizza here in Columbus and in Galloway is here, and was in Washington with me on Tuesday, because of the letter he wrote.

These Ohioans all understand that **hard work doesn't pay off like it used to.**

Politicians in Washington too often rely solely on the unemployment rate to measure how the economy is doing.

The unemployment rate is one thing, but whether workers have jobs that pay a decent wage and provide security is another.

And the unemployment rate certainly doesn't reflect the frustration, the worry, the anger, the pain that workers feel.

Wages and benefits have declined or stagnated for American workers for decades. People earn less, people can't save for retirement, and people feel less stable – all while working harder and producing more than ever before.

Work has changed significantly in this country. Compared to fifty years ago, people do different jobs in different ways.

It's not just the gig economy. App-based companies may have invented new ways consumers buy services or products, but they haven't discovered new employer-employee relationships.

Businesses have been using temporary workers, subcontractors, and independent contractors to pay people less for the same work for decades. And this troubling trend of cutting costs at workers' expense isn't unique to these types of workers.

Workers on the traditional payroll have also seen their wages, benefits, and job security whittled away.

And they're less likely to have a union card to protect them.

When Ohioans reminisce about the good jobs that have disappeared, I'm willing to bet most of those jobs were union.

As manufacturing employment has declined, the share of the workforce represented by unions has declined with it.

I can accept that the workforce is changing. But what we cannot accept is that more and more of our workers are paid less and have little economic security.

We need to update our economic policies, our retirement policies, and our labor laws to reflect today's reality.

And when I talk about American workers, I'm talking about <u>all</u> workers –whether you punch a time sheet or make a salary or earn tips. Whether you're a contract worker or a temp. Whether you work in a call center or a bank or on a factory floor.

This problem hits women and minority workers particularly hard, but men and women from all backgrounds in big cities and small towns like Mansfield where I grew up and in Appalachia have all faced an erosion of the value of the work they do.

It affects blue-collar workers and white-collar workers. It's a problem here in the industrial heartland and it's a problem on the coasts.

Between 2000 and 2013, the middle class shrank in all 50 states.

And that's hurting our country. When hard work doesn't pay off – when workers have no economic security and their paychecks don't reflect the work they do – our economy cannot grow.

That's why I am here today at the John Glenn College of Public Affairs, to introduce my plan for restoring the value of work in America. You can find a full copy of my plan, called *"Working Too Hard for Too Little,"* on my website at Brown.Senate.Gov.

The Glenn School was founded to inspire the next generation of active, engaged citizens and I am excited to see so many students here today.

My friend John Glenn knew from personal experience, as he wrote in his memoir, that, *"government can change people's lives for the better."*

That's what this plan will do.

Decades of trade agreements that put corporate profits over American workers are a major part of the problem.

I've been fighting for a fairer trade agenda since I cast a vote against NAFTA my first year in Congress. President Trump and I agree on this, and I hope to work with him to renegotiate NAFTA and build a trade agenda that puts workers first.

But new trade agreements alone – no matter how well negotiated – can't sustain a strong middle class the U.S. economy needs.

We need to change the failed thinking that allowed Washington to put corporate profits ahead of American workers in our trade agenda.

We need to change the way we think about the American economy.

Trickledown economics – the view that businesses drive our economy, so taking care of corporations will take care of workers – has been discredited.

While Wall Street has made billions, the average bank teller only earns about $26,000 a year. And middle managers have seen their benefits cut.

It's not businesses who drive the economy – it's workers. We grow the economy from the middle class out.

If work isn't valued, Americans can't earn their way to a better life for their families – no matter how hard they work. And without a strong, growing middle class to consume goods and services, our economy simply can't grow.

Over the last 40 years GDP has gone up, corporate profits have gone up, executive salaries have gone up – all because of the productivity of American workers.

But workers haven't shared in the economic growth they created.

From 1948 to1973, productivity increased 97 percent, and wages followed suit – growing about 91 percent. But over the past four decades, worker productivity continued its steep climb, while hourly compensation increased by only 10 percent.

Businesses seem more focused on cutting costs than in investing in their workforce.

Workers are often nothing more than a line item in a budget – a cost to be minimized.

What it means to be an employee has changed.

More businesses use temp workers and contractors and subcontractors – and they pay lower wages and provide less job security, fewer benefits, and fewer legal protections.

A woman from Columbus wrote to me about her work as a temp.

She knows colleagues who have worked at the same warehouse for more than two years, but are still classified as "temps" – they don't earn the same sick leave, health care, and retirement benefits as permanent workers.

Her work assignment was terminated when she was six months pregnant, and she needed to take several sick days for severe morning sickness and bronchitis.

Firing someone because she's pregnant is illegal – but you know what? This company didn't have to fire her; they just had to send her back to the temp agency.

Of course all executives and owners aren't heartless Scrooges. They're operating within a system that has become too focused on short-term profits.

Corporations have become beholden to the quarterly earnings report.

One survey of financial executives from public companies found that 78 percent would sacrifice economic value of their own company just to meet financial reporting targets.

That's no way to grow our economy.

Families don't think in terms of three-month earnings quarters – they think in terms of school years, and 30-year mortgages, and years left to save for retirement.

This plan will make work pay off by raising wages and benefits, giving workers more power in the workplace, and encouraging companies to invest in their greatest asset – the American worker.

First, we need to raise pay and benefits for all workers.

That means raising the federal minimum wage to $15 an hour, so that everyone who puts in the time earns a living wage. Right now, someone working full-time on the federal minimum wage makes less than $16,000 a year.

But we can't stop at the minimum wage – workers up and down the income ladder are making far less than they should for the hours they work.

They're living one emergency away from catastrophe.

We fix that by investing in workers – through overtime pay, paid sick leave, and paid family leave.

No one should have choose between caring for a loved one and keeping a job.

When we strengthen workplace standards, we make work more valuable to all Americans. We put more money in workers' pockets, and we give workers the flexibility they need to raise families or care for loved ones, and to live full, healthy lives.

Last year, I stood at Jeni's Ice Cream to announce a new overtime rule that guarantees extra pay for extra work.

This would have put more money in the pockets of workers like Kevin Gee, of Warren, Ohio.

Kevin wrote me last winter. He works between 55 and 65 hours a week, for a salary of $40,000. No matter how many extra hours he works, he doesn't make an extra cent.

He says, *"I work enough hours that a second job is impossible, yet as taxes and inflation rise…it is expected for the labor laws to not apply to me just because I make just enough to survive."*

Kevin isn't alone.

Increasing economic security also means expanding retirement security.

Part of the bargain we have in this country is that if you work hard your whole life, you ought to be able to spend your later years with your grandkids – not trying to make ends meet.

Our retirement system is built on employer-sponsored savings accounts – but more workers find themselves in jobs without employer-sponsored retirement plans and without the ability to save for the future.

We need to make retirement and savings programs accessible and portable for all workers.

Programs like myRA and automatic IRA plans can help.

MyRA is a program piloted by the Obama administration that allows workers to open savings accounts, with as little as $25 and no fees. They can contribute as little as $5 per paycheck.

Thirty states are looking at this option, and five already have plans that automatically enroll workers whose retirements aren't covered by an employer in a stateIRA plan.

We need to build state innovation. But instead, the Senate will vote in the next few days on whether to roll back this progress.

We also need to expand opportunities for independent contractors to create their own retirement plans, without outrageous costs and fees.

Open Multiple Employer Plans allow small businesses to pool together in the same sort of private, high-quality defined contribution retirement plans that are offered by large employers. These plans should include independent contractors, giving them access to fully portable retirement accounts across multiple jobs and work arrangements.

Let’s say you work in child care – you’re a full-time nanny, but you don’t have a traditional employer, just a family who pays you by the hour, and you use a 1099 tax form.

This plan would allow you to start saving for retirement, and would allow you to keep your retirement plan even if you change jobs.

Say you’re a small business trying to get your start-up off the ground – you’re very small, you have two employees. You could join this Open MEP plan, so you and your workers could still save for retirement while you build your business.

Lack of benefits is a major barrier to anyone who wants to do freelance work or take on more contract work. It holds back entrepreneurs and depresses innovation.

When all workers can earn benefits – regardless of the sort of work they do – more Americans can strike out on their own and our economy will be more dynamic.

We also need to give workers more power over their own lives and schedules.

That means going after employers who misclassify their workers – pretending they’re independent contractors – just so they can avoid paying their fair share of taxes and wages.

First, we’re going to give the IRS the authority to audit companies who try to cheat the rules.

Second, we’re going to end the charade of massive corporations who classify nearly their entire workforce as independent contractors.

If you have hundreds of independent contractors, those aren’t freelancers the way you might hire someone to fix your leaky roof, or bring on a consultant to help with a short-term project – those are your employees, and you need to treat them that way.

So if you have more than 500 independent contractors and $7.5 million in annual receipts, you should pay half the payroll taxes for those workers.

We also need to crack down on the ways corporations marginalize even their own direct employees. That means ending wage theft, when employers don’t pay workers what they’re owed.

It happens far too often – bosses forcing employees to work off the clock, not paying workers the overtime they're owed, or not paying the full wages for the hours worked. They're effectively daring the worker to complain and risk getting fired.

We also need to give workers advance notice of their schedules, so they can plan doctors' appointments and daycare and transportation.

And we must expand collective bargaining rights.

More and more Americans are working in service sector jobs, yet service jobs have some of the lowest rates of unionization.

All work has dignity. There's nothing inherently less valuable about caring for children than there is manufacturing a tire.

But without a union to protect them, too many of these service workers – and too many workers, period – have no way to turn these jobs into ladders to the middle class.

We need to update our labor laws to ensure that workers trying to form unions don't face discrimination, and that companies aren't able to tie up unionization efforts in legal challenges.

Modernizing our labor laws means recognizing the right of all workers – even those in alternative work arrangements – to collectively bargain for higher pay and better benefits.

When corporations refuse to pay workers a living wage, refuse them the opportunity to save for retirement, refuse to provide decent health care – they create a drag on our economy.

When corporations pay poverty-level wages, someone else has to pick up the tab – spoiler alert: it's you, the taxpayers, in the form of food stamps, housing vouchers, Medicaid, and other government aid to keep these workers afloat.

My plan creates a Corporate Freeloader Fee, for all corporations whose pay is so low that taxpayers are forced to subsidize their workers.

It's simple – if you choose to pay your workers so little that they are disproportionately forced onto government assistance, then you need to reimburse American taxpayers.

This will save taxpayers money, and give companies an added incentive to invest in one of their greatest resources: their human capital.

Plenty of companies already recognize that investing in workers is good for business.

Major corporations like Costco and Starbucks have built reputations on treating workers well and offering good benefits. They've been rewarded with loyalty not just from the people who work for them, but also from customers.

We should reward companies who do right by their workers, and help them create even my jobs. My plan would give companies a tax break when they commit to staying in the U.S., to hiring in the U.S., and to providing good wages and fair benefits for workers.

As I mentioned, Steven Hill is a small business owner here in Ohio – he owns two pizza shops in Columbus and Galloway. He wrote to me, saying that he's an advocate of raising the minimum wage.

Not only that, he thinks businesses shouldn't be able to reward investors until they pay their workers a wage above what would qualify them for government assistance.

If his small business can pay his workers a living wage here in Ohio, why should major corporations get away with relying on taxpayers to pick up the tab for their workers?

Steven has the right idea – it's why he was my guest this week at President Trump's address to Congress.

Now, I can already hear the complaints coming from the corporate boardroom. *"These ideas cost too much." "We'll have to raise prices."*

Funny, you never hear those concerns raised over the cost of shareholder payouts or corporate bonuses.

Corporations always want to talk about the cost of raising wages and benefits. But what about the cost of *not* raising them? We've seen what years of stagnant wages and a fraying safety net have cost our country and its millions of workers.

It's time that we did something about it.

Work unites all of us. As Pope Francis teaches us, *"We don't get dignity from power nor money or culture. We get dignity from work."*

Some of the ideas I've laid out are new. Others, we have talked about before, but haven't laid out as part of a broader agenda to restore the value of work for all Americans.

We need to rethink how we talk about the economy. Instead of individual solutions to niche problems, we need to offer universal solutions to a universal problem – the declining value of work.

That's what this plan is for – to make life better for *all* workers. Every single one of them.

That is the heart of populism. **Populism is for the people – not these people, or those people, but all people. It is not about appealing to some by pushing others down. It's about lifting everyone up.**

As much as those afternoons listening to steelworkers taught me, this plan is not about going back to that union hall in the 1970s.

It's about moving forward to a stronger American economy for each and every American who works for it.

It's about updating our economic policies, our retirement policies, and our labor laws to solve the challenges workers face today, so we can build a brighter future for tomorrow.

The value of work is not about the color of your skin. It's not a blue-collar issue or a white-collar issue. It's not liberal or conservative.

When we talk about work, we talk to everyone. When we restore value to work, we will make our country a better place for every single American. That's what this plan aims to do.

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