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# Congress of the United States

## Joint Economic Committee

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### Opening Statement Representative Pete Stark Joint Economic Committee Hearing March 7, 2003

Thank you Chairman Bennett for holding this hearing. I would like to welcome Commissioner Utgoff and thank her for testifying here today.

The Bureau of Labor Statistics today announced that the unemployment rate rose to 5.8 percent in February and that payrolls plummeted by 308,000 – more evidence that this economy is simply not delivering the jobs it should.

Today, there are 8.5 million unemployed Americans, and about 1.6 million additional workers who want a job but are not counted among the unemployed. And there are another 5 million people who work part-time because they can't find full-time work. Long-term unemployment remains high, with 1.9 million Americans having been unemployed for more than 26 weeks – that's 22 percent of the unemployed.

Unfortunately, the President is not really helping unemployed workers.

The President's father was far more compassionate. During the last recession, President George H.W. Bush had a UI program that was much more generous at the start and then extended it twice because unemployment remained stubbornly high long after the recession was over.

My question is: Will this Administration support another federal UI extension to help hard-pressed families?

There are a million people out there who have exhausted all federal and state unemployment benefits and are still out of work – workers who would have received extended benefits during the last recession. While the current President Bush proposes large tax cuts that will *permanently* help the wealthy, he makes no provisions in his budget for extending *temporary* UI benefits or restoring assistance to the one million unemployed workers struggling to heat their homes, feed their families, and find new jobs.

Significantly more workers have exhausted their temporary federal benefits than over a comparable period in the last downturn. Today, regular state program

exhaustions are still rising. Therefore, temporary federal UI benefits will need to be extended until exhaustion rates come down considerably. The federal UI program in the last recession lasted for 19 months while regular state program exhaustions declined back toward non-recession levels.

The President must think that the problem is that people are being too picky about what job they take, because he proposes to create so-called “Personal Reemployment Accounts” that will provide bonuses for people who get back to work more quickly. But with 2.5 million fewer private sector jobs today than when the President took office – there are just too many workers chasing too few jobs. PRAs are no substitute for extending federal UI benefits – and doing so would be like robbing Peter to pay Paul a bonus.

The Administration’s assaults on assistance to unemployed workers include cuts in job training totaling \$600 million (relative to 2002) for fiscal year 2003 and further cuts for youth employment programs totaling \$700 million for fiscal year 2004; no additional funding for the Workforce Investment Act; and abdicating federal responsibility for the UI system.

Helping unemployed workers should be part of any plan to get the economy moving again. The proposals of House Democratic Leader Pelosi and Senate Democratic Leader Daschle would provide immediate stimulus to put people back to work as quickly as possible. The President should work with Democrats to put these plans into action immediately.

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