



Statement of the Florida Chamber of Commerce

ON: Getting Incentives Right: Connecting Low-Income Individuals with Jobs

TO: U.S. House Committee on Ways and Means, Subcommittee on Human Resources

BY: Mark Wilson, President and CEO, Florida Chamber of Commerce

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Chairman Brady, Ranking Member Levin, Chairman Buchanan, Ranking Member Doggett, and distinguished members of the committee, thank you for the opportunity to appear before you today. My name is Mark Wilson and I am President and Chief Executive Officer of the Florida Chamber of Commerce. The Florida Chamber is Florida's largest federation of employers, local chambers and trade associations, and we are focused on securing Florida's future.

I am honored to testify today as you seek to develop bipartisan solutions to reform our welfare system to better meet the needs of job seekers and job creators, grow our economy, and move more American families toward prosperity. Chairman Buchanan, it was great to have you as Chairman of the Florida Chamber from 2004-2005. You have firsthand experience as a business owner in our state of creating prosperity for all Floridians.

The battle of this generation is between economic equality and economic opportunity – between those who believe that everyone is entitled to prosperity and those who believe everyone is entitled to the *opportunity* to succeed. Advocates for so called “income equality” use talking points to tear down job creators and malign Florida's wage earners. Instead, the focus should be on the real issue – how to extend prosperity and opportunity to more, especially those imprisoned by the cycle of generational poverty.

Consider the argument that the top “one percenters” are the problem. If that's true, then barbers, nurses, construction workers, truck drivers, and teachers are among those at the root of the problem. Let me explain. The top one percent of wage earners worldwide earn \$34,000 or more. That doesn't exactly fit the storyline so it is simply omitted. Yet in Florida, the average worker earns at least \$41,000 per year.

According to the United Way's most recent *ALICE Report* (Asset Limited, Income Constrained, Employed), Florida has 1.1 million households with income below the Federal Poverty Level (FPL) but also has 2.1 million ALICE households, which have income above the FPL, but below the ALICE Threshold. The numbers are staggering: in

total, 3.2 million households in Florida – fully 45 percent, triple the number previously thought – are struggling to support themselves.

ALICE households are working households; they hold jobs, pay taxes, and provide services that are vital to Florida's economy in a variety of positions such as retail salespeople, customer service representatives, laborers and movers, and health care aides. The core issue is that these jobs do not pay enough to afford the basics of housing, child care, food, health care, and transportation. Moreover, the growth of low-skilled jobs is projected to outpace that of medium- and high-skilled jobs into the next decade. At the same time, the cost of basic household necessities continues to rise.

Contributing to that rise in cost is lawsuit abuse. According to the Institute for Legal Reform, Florida currently ranks 44th in lawsuit abuse, an all-time low. Florida families pay a "lawsuit tax" of approximately \$3,400 per year because of lawsuit abuse, money that could be spent on gas, clothing, groceries and other necessities – added costs which disproportionately impact those most in need.

Part of the challenge is that all of these issues are interconnected. In response, too many government programs at all levels are too disconnected and are clearly doing more harm than good. Earned success is the key to equal opportunity and the government would serve our citizens better by promoting success, rather than perpetuating support.

There will always be poverty, the kind that results from temporary setbacks such as job loss, foreclosures, or unexpected challenges, and the Florida Chamber believes safety nets are necessary to help return families to a productive work-based solution. The goal of these programs should be to get Americans who have fallen on hard times back on their feet – a lifeline, but not a lifestyle. While necessary, entitlement programs can have the unintended consequence of creating dependency, exacerbating the underlying issues and enabling a system that keeps those within it captive, unable to climb out.

We can break this cycle and create greater opportunities for the next generation. By removing the shackles of government entitlement programs that are holding far too many Americans in poverty, incorporating greater educational opportunities and allowing free enterprise to create more private-sector jobs, we can break the cycle of generational poverty and expand the American Dream to every American.

Florida's Challenge

To me, and to many of Florida's business leaders, breaking the cycle of generational poverty is not only a moral imperative, it's also a good business decision. Almost half of all children born in generational poverty remain in poor economic conditions into adulthood, and in Florida, 1 in 4 Florida children are living in poverty. The cost of child poverty in the U.S. is estimated to be \$500 billion a year in lost productivity and increased spending on health care and the criminal justice system.

Right now, approximately 3.7 million Floridians are on food stamps, and 58% of all Florida students are eligible for free and reduced price lunch. More than 3.3 million

Floridians don't know where their next meal will come from or they have to choose between spending money on food or paying their bills. The economic impact of hunger is estimated to cost Florida taxpayers \$11.72 billion annually.

Florida's homeless population ranks 3rd largest in the nation. The *2015 Annual Homeless Assessment Report* estimated that nearly 36,000 adults in Florida were homeless and Florida public schools reported an astounding 73,322 children as homeless or having unstable housing last year. Homelessness not only affects the individuals and families living in poverty, but also impacts the local and state economy and future prosperity.

While Florida is home to more than 1.13 million Floridians with disabilities between the typical working ages of 16 to 65, new data from the Florida Chamber Foundation shows not only a disproportionately high unemployment rate for Floridians with disabilities, but also more than 62.9 percent – almost 712,000 – are not in the workforce and may want to work.

The results of the report, *Quantifying the Unemployment Rate for Workers with Disabilities in Florida*, show that not only is the unemployment rate for Floridians with unique abilities substantially higher than the overall unemployment rate, the variability of the rates across counties is also extremely high. While the annual average unemployment rate for 2014 was 6.3 percent, the unemployment rate for Floridians with disabilities in the 40 most-populated counties was 18.1 percent. Chamber Foundation Chief Economist Dr. Jerry Parrish's groundbreaking data has been a missing piece of important information in measuring progress among Floridians with disabilities.

Affordable housing and access to transportation are basic needs that far too many go without on a daily basis, limiting them from excelling in today's workforce. And sadly, the 1,472 zip codes in Florida are still a determining factor in the quality of education our students receive, despite significant gains Florida has made to prevent this.

Let's face it, there is simply no substitute for a quality education. However, even as our schools improve, many students cannot overcome the challenges generational poverty presents. Studies show that 40 percent of students with mothers who didn't graduate from high school also didn't graduate from high school by age 19. Oftentimes, crime enters the picture. In Florida, we spend more than \$2 billion annually to house more than 100,000 prisoners in 55 state prisons. And when prisoners are released, sadly one of every three returns to prison within three years, another cycle we need to break if not prevent in the first place.

Florida's Opportunity

As bleak as this picture is, there is hope as long as we focus on long-term solutions. That is what we are doing in Florida and I believe soon the rest of the country will follow our example. We recently eclipsed New York as the 3rd most populous state with an estimated 20.27 million residents. On top of that, Florida is forecast to add 6 million more residents by 2030, the current rate is 1,000 net new people moving to Florida every day.

To accommodate this influx, Florida's businesses will need to create 800,000 jobs by 2020 and 2 million by 2030. In that same year, one-third of our current workforce is highly likely to be retired. That is why it is crucial that we help every Floridian that wants to work find a job.

Creating greater economic opportunities for everyone starts with high quality education. At the Florida Chamber of Commerce, we believe that a quality education and workforce development system are the pathways to prosperity that will enable Floridians to compete in the 21st century global economy.

The road to a high-wage job must begin at the earliest of ages – after all, 85 percent of brain growth occurs by age three. Preparing Florida's youngest students to learn provides a foundation that will prepare them for success. Building on that foundation must continue throughout a student's education. Rigorous standards in Florida's classrooms are further helping students develop strong reading skills, write well, think critically, and develop other soft skills.

The Florida Chamber's recent report, *Excuses to Excellence*, shows that Florida student achievement has gone from being ranked 48th in the nation in graduation rate to 7th in educational achievement. Schools thought to be stuck at the bottom, allegedly due to poverty and other challenges, proved that all students truly can learn at high rates. Florida's education system includes a special focus on STEM which is peaking an interest in future high-wage employment sectors, and further helping students focus on career and college readiness while developing the skills needed to enter one of Florida's higher education institutions.

Research from the Florida Chamber Foundation shows that in just five short years, 65 percent of all job openings in the U.S. will require some post-secondary education. Some people say we have an unemployment problem. The truth is, we have a talent gap problem. In fact, right here in Florida today, we have more than 287,700 open jobs. These are businesses that simply can't find the talent to fill the open jobs they have. As we fight to create economic opportunities for everyone, we simply cannot rest until we close the talent gap.

We must focus on smarter public policy that puts students first, invests in early childhood education and inspires the next generation of workers and innovators. Jobs and education create equal opportunity and hope for all Floridians, including our most vulnerable residents.

Florida's business leaders have accepted the challenge to focus on prosperity as an economic driver and find solutions to break the hold of generational poverty. However, if we are going to help break this cycle, leadership must come from the business community, not just the tax base. The Florida Chamber believes in the importance of this issue, both economically as well as morally, and we are poised to be a leader both in Florida and nationally. We're putting politics aside and real resources behind finding a

long-term solution to breaking the cycle of generational poverty so that every Floridian has the opportunity of achieving the American dream.

But it won't happen overnight and government still has a role - with safety nets, not safety snares. There hasn't been a country in the history of civilization better than the United States at providing the opportunity to achieve more than your parents and put your children on a still better path and it is the free enterprise system that makes that possible.