

# **Are We Investing in our Workers?**

## **A State of the State Report on Minnesota's Workers**

### *Minnesota Needs Adequate Funding in The 2007 Labor HHS Education Appropriations Bill*

#### **Background: Where We Stand**

The U.S. Departments of Health and Human Services, Education and Labor provide needed supports for Minnesota's families. These programs must be a priority for our elected officials who are making key funding decisions in Washington, D.C.

Over the past five years, workers have been falling farther behind, even as corporate profits are increasing faster than during any previous business cycle and CEO compensation is surging,

- Since January 2001, the nation has lost 2.9 million manufacturing jobs with middle class wages and good health and retirement benefits as a result of plant closings, layoffs and off-shoring.<sup>1</sup>
- National median household income dropped by \$1,273 from 2000 to 2005, taking inflation into account.<sup>2</sup>
- Since the end of the recession in 2001, the economy grew by 5 percent (adjusted for inflation and population growth), while median income for non-elderly households shrunk by 4 percent.<sup>3</sup> Non-elderly households include most workers.
- Wages and salaries now make up the lowest share of the nation's gross domestic product since the government began recording the data in 1947.<sup>4</sup>
- Poverty is also increasing. In 2005, nearly 37 million Americans lived in poverty - four million more than at the height of the 2001 recession.<sup>5</sup>
- Meanwhile, corporate profits have increased 50% in inflation adjusted terms since the last quarter of 2001 and have climbed to their highest share since the 1960's.<sup>6</sup>
- In 2005, the average CEO received nearly \$11 million in total compensation - earning more in one workday than the average worker earns for an entire year.<sup>7</sup>

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<sup>1</sup> Bureau of Labor Statistics

<sup>2</sup> U.S. Census Bureau, 2005 Current Population Survey, 8/29/06

<sup>3</sup> Center on Budget and Policy Priorities, Whose Recovery? September 1, 2006

<sup>4</sup> New York Times, 8/28/06

<sup>5</sup> U.S. Census Bureau, 2005 Current Population Survey, 8/29/06

<sup>6</sup> New York Times, 8/28/06

<sup>7</sup> Economic Policy Institute, 6/21/06

Yet, President Bush and the Republican-led Congress have proposed a budget that slashes funding for programs that keep our workers safe and that prepare our citizens for the jobs of the 21<sup>st</sup> century. Only by investing in and improving the quality of life of its people can America sustain its global scientific and economic leadership. Investments in Minnesota's – and America's – workers **must** be increased.

### **The Current Situation: The Status of Minnesota's Workforce**

Minnesota's working families are feeling these economic forces. Their incomes are stagnating, and they are working harder to provide for the basic needs of their children.

- In July 2006, there were 113,133 unemployed workers in Minnesota – 21,686 more than in January 2001.<sup>8</sup> During the same time period, the state lost 46,600 manufacturing jobs.<sup>9</sup>
- 19,278 Minnesota workers have lost their jobs due to NAFTA.<sup>10</sup>
- Between 2001 and 2005, the annual median household income in Minnesota fell by \$3,699.<sup>11</sup>
- The median earnings of a Minnesota worker is \$29,687.<sup>12</sup>
- Between 2001 and 2005, the percentage of poor people living in Minnesota increased by 15%.<sup>13</sup> The current poverty rate is 7.6%.<sup>14</sup>

### **Preparing the Workforce for 21<sup>st</sup> Century Jobs**

Despite a serious deterioration in the ability of workers to have jobs that provide a middle class income, federal funds to help them retool their skills, start new careers and find new jobs have fallen behind the growing need since 2001. If the House appropriations bill becomes law, worker training and job matching services by state employment service agencies would decline by \$745 million (\$2.2 billion in inflation adjusted dollars) since 2001. Specifically, the bill:

- cuts Trade Adjustment Assistance funding – which provides workers who have lost their jobs due to trade policy with job training, income support, job search help and relocation assistance – by \$27.8 million;<sup>15</sup>

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<sup>8</sup> Bureau of Labor Statistics

<sup>9</sup> Bureau of Labor Statistics

<sup>10</sup> Economic Policy Institute, 7/05

<sup>11</sup> U.S. Census Bureau, 2005 Current Population Survey, 8/29/06

<sup>12</sup> U.S. Census Bureau, 2005 American Community Survey, 8/29/06

<sup>13</sup> U.S. Census Bureau, 2005 Current Population Survey, 8/29/06

<sup>14</sup> U.S. Census Bureau, 2005 Current Population Survey, 8/29/06

<sup>15</sup> Committee on Education and the Workforce, Democratic Staff, July 2006

- cuts Workforce Investment Act (WIA) adult and youth training programs by \$431 million, \$325 million of which already has been allocated to the states from last year's appropriation. More than half of this amount comes from funds used to help workers adjust to unanticipated plant closings, mass layoffs and natural disasters. Minnesota would lose nearly \$2.2 million, including \$705,000 for adult training; \$1.4 million for dislocated worker assistance; and \$87,000 for youth training if these cuts become law<sup>16</sup>;
- cuts \$27.6 million (after a \$96.3 million cut last year) from the federal/state Employment Service, which matches jobseekers with employers and helps ensure that American jobs are filled by workers in the U.S. before foreign workers are brought into the country. That means the Employment Service will be able to serve 5.5 million fewer people than it did in 2001.<sup>17</sup> And, the current bill eliminates America's Job Bank which is one of the largest free electronic job listing services in the world.<sup>18</sup> Compared to 2001, Minnesota would lose \$1.3 million (\$3.5 million inflation adjusted) from job matching and reemployment service grants, in addition to losing the use of America's job bank.<sup>19</sup>

## **Protecting Workers on the Job**

### ***Job Safety***

Every day in the United States, 15 workers die from occupational injuries.<sup>20</sup> News headlines shine a spotlight on a very few of these tragedies, but they are not isolated incidents. While more than 324,000 lives have been saved since the creation of the Occupational Safety and Health Administration (OSHA) in 1970, many workers remain at risk – facing death, injury and disease at work everyday.<sup>21</sup>

- In 2004, for the first time in 10 years, worker deaths increased. On average, 16 workers died and more than 12,000 workers were injured or made ill each and every day of 2004.<sup>22</sup>
- Nationally, in 2004, there were 5,703 workplace deaths– a rate of 4.1 per 100,000 workers. In Minnesota, 80 workers died in work-related accidents – a rate of 2.9 per 100,000 workers.<sup>23</sup>
- Nationally, in 2004, 4.3 million workplace injuries and illnesses occurred in private-sector workplaces – a rate of 4.8 per 100 workers - and 578,700 state and local

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<sup>16</sup> National Association of State Workforce Agencies (NASWA) from estimates prepared by the Congressional Research Service, 6/12/06

<sup>17</sup> Committee on Education and the Workforce, Democratic Staff, 7/06

<sup>18</sup> Committee on Education and the Workforce, Democratic Staff, 7/06

<sup>19</sup> AFL-CIO calculation using estimates from Congressional Budget Justification

<sup>20</sup> AFL-CIO, 4/06

<sup>21</sup> AFL-CIO, 4/06

<sup>22</sup> U.S. Bureau of Labor Statistics

<sup>23</sup> U.S. Bureau of Labor Statistics

government employees reported injuries. In Minnesota, there were 91,800 workplace injuries and illnesses – a rate of 5.3 per 100 workers.<sup>24</sup>

Despite these numbers, OSHA - the agency charged with enforcing worker safety laws - is being significantly underfunded and lacks sufficient resources to protect workers adequately. At its current staffing and inspection levels, it would take federal OSHA 117 years to inspect each workplace under its jurisdiction just once.<sup>25</sup>

- In Fiscal Year 2005 2,117 federal and state OSHA inspectors were responsible for enforcing the law at approximately 8 million workplaces.<sup>26</sup>
- In 2004, there were just 55 inspectors in Minnesota, which means it would take 61 years for OSHA to inspect all job sites in Minnesota.<sup>27</sup>

Since the Bush Administration took office in 2001, support for federal job safety programs has eroded. Every year, the Bush Administration has sought to slash or eliminate funding for worker safety training programs. The latest Republican budget continues to reflect employer's interests over those of workers.

- The pending budget cuts OSHA funding by 2.4% - \$12.1 million in inflation adjusted dollars – from 2001.
- OSHA personnel would be slashed from 2,370 full time employees in FY 2001 to 2,165 full time employees in FY '07.<sup>28</sup>

### *Mine Safety*

Twenty-six states have coal mines and all 50 states have metal and nonmetal mines.<sup>29</sup> Yet, since 2001, the Bush Administration has underfunded and understaffed the Mine Safety and Health Administration (MSHA).

- Nationwide, between 1993 and April 2006, 1,048 miners were tragically killed in mines. Six of those deaths occurred in mines in Minnesota.<sup>30</sup>
- Since 2001, the number of full-time employees at MSHA has dropped by 170 workers – from 2,357 in 2001 to 2,187 today.<sup>31</sup>
- The number of maximum fines proposed by MSHA dropped from 118 between 1996 and 2000 to 37 between 2001 and 2005.<sup>32</sup>

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<sup>24</sup> AFL-CIO, 4/06

<sup>25</sup> AFL-CIO, 4/06

<sup>26</sup> AFL-CIO, 4/06

<sup>27</sup> US Department of Labor, Bureau of Labor Statistics

<sup>28</sup> Committee on Education and the Workforce, Democratic Staff, 7/06

<sup>29</sup> US Department of Labor, Mine Safety and Health Administration

<sup>30</sup> US Department of Labor, Mine Safety and Health Administration

<sup>31</sup> Committee on Education and the Workforce, Democratic Staff, 7/06

The latest Republican budget ignores miners' safety.

- The pending budget cuts coal mine safety enforcement by \$15.6 million - or 12% - since 2001. Even after the coal mine tragedies of this year, which have now claimed 37 lives, the House appropriations bill proposes to cut coal mine safety enforcement by more than one million dollars from FY 2006.

### **Ensuring Workers Are Treated Fairly**

In 2005, there were 66,000 more poor people in Minnesota than there were four years earlier.<sup>33</sup> It is critical that Minnesota's workers be protected so that they will not be forced to work more, for even less pay. No one who works full time should have to live in poverty.

#### ***Minimum Wage Enforcement***

There is a great deal of discussion about the lack of sufficient overtime protections and a minimum wage that is too low. For example, a full-time, year-round worker would need to earn \$7.49 an hour — \$2.34 more than the current minimum wage - to reach the poverty level for a family of three in 2005.<sup>34</sup> The federal minimum wage has been stuck at \$5.15 an hour for nine years, while prices have gone up 26 percent.<sup>35</sup> However, the Republican budget would make it easier for employers to get away with violations of the current wage and overtime laws that cover 119,000 Minnesota workers who earn the minimum wage.<sup>36</sup>

- The pending budget cuts enforcement of wage and hour laws by \$2 million since FY2006 and \$10.8 million since FY2001.

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<sup>32</sup> Committee on Education and the Workforce Democratic Staff, 1/31/06

<sup>33</sup> U.S. Census Bureau, 2005 Current Population Survey, 8/29/06

<sup>34</sup> AFL-CIO, 5/06

<sup>35</sup> Center on Budget and Policy Priorities, September 1, 2006.

<sup>36</sup> Center for Economic and Policy Research, 12/05