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# Congress of the United States

## House of Representatives

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### Opening Statement

#### Rep. Elijah E. Cummings, Ranking Member

#### Hearing on "State and Municipal Debt: Tough Choices Ahead"

*(as prepared for delivery)*

April 14, 2011

Mr. Chairman, I strongly support efforts to help states continue their economic recovery and eliminate the budget shortfalls caused by the most severe financial crisis since the Great Depression. Many states have been forced to make significant cuts in their budgets, trimming critical programs that help our nation's veterans, assist the developmentally disabled, supply health care services to the poor, and provide nursing home services to our seniors.

These are difficult decisions, and I have great respect for governors who are able to work with governmental and non-governmental entities to develop innovative ways to preserve as many services as possible for their citizens while making fiscally responsible choices.

However, I strongly oppose efforts to falsely blame middle-class American workers for these current economic problems. This recession was not caused by them. Working America – fire fighters, teachers and nurses – are not responsible for the reckless actions of Wall Street, which led to this crisis in the first place.

I also strongly object to efforts by politicians who try to use the current economic downturn to strip American workers of their rights – the right to negotiate working conditions that are safe, the right to negotiate due process protections against being fired arbitrarily, and the right to negotiate fair pay for an honest day's work.

Today's hearing is a study in contrasts. We are very fortunate to have with us two state governors, Governor Shumlin from Vermont and Governor Walker from Wisconsin. Both faced budget shortfalls this year, but they approached the rights of workers in drastically different ways.

Governor Shumlin of Vermont faced a budget shortfall of about \$176 million for fiscal year 2012. He negotiated with state employees, who accepted a two-year, 3% pay cut. Vermont teachers also agreed to work three additional years before retiring and to contribute more towards their pensions. And the Vermont State Employees Association voted to increase their pension contributions by 1.3% over the next five years.

In addition to obtaining these concessions, Governor Shumlin also did something else. He proposed spreading additional cuts across various state agencies, as well as raising additional revenue through select surcharges and assessments. In other words, he developed a plan to spread out and share sacrifices across the state.

Governor Walker took a very different approach in Wisconsin. He faced a projected shortfall of \$137 million in the current fiscal year. Within days of the Governor's announcing a budget proposal to address this shortfall, labor leaders in Wisconsin agreed to accept all of his financial demands. They agreed to increase their pension contributions more than twenty fold, and they agreed to double their share of health insurance premiums.

But Governor Walker did not accept these concessions. Instead, he went much further by attempting to strip government employees of their collective bargaining rights. He demanded numerous provisions that had nothing to do with the state's budget and had no fiscal impact. For example, he wanted to require unions to hold annual votes to continue representing their members, and he wanted to prevent employees from paying union dues through their paychecks.

Governor Walker refused to meet with union leaders, and he declared publicly that he would not negotiate with them. One of the big questions we will have of Governor Walker today is why he did not say "yes" to the unions when they agreed to meet all of his financial demands. And on a broader level, what is motivating this extreme effort to dismantle the unions themselves?

In my opinion, it is shameful to play politics with American workers and their families. These are real people, middle-class Americans who are trying to put food on the table for their families, keep a roof over their heads, educate their children, and plan for a retirement that does not burden their loved ones. We should be helping these workers, not attacking them, because they are the engine and the author of the American recovery.

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