

## **Opening Statement of the Honorable Robert Aderholt**

### **Department of Labor FY2025 Budget Hearing**

**April 17, 2024**

Good morning, Acting Secretary Su. I welcome you to the Subcommittee on Labor, Health & Human Services, and Education and thank you for joining us this morning. I'm pleased to have you this year for a budget hearing and look forward to your testimony.

The role of the Department of Labor is to foster, promote, and develop the welfare of wage earners in the United States; to improve their working conditions; and to advance their opportunities for profitable employment.

The purpose of this hearing is to review the Department's fiscal year 2025 budget request.

While there are many open jobs in the economy, persistent and painful high-inflation, driven by Democrats' out-of-control spending and regulatory overreach has burdened the American workforce and their families for more than two years.

Last week, your Department reported that consumer prices were up 3.5 percent this week from a year ago. Everyday essentials - like groceries and rent - are more expensive.

As I've said before, inflation is a tax on every American. Continued high inflation in our country is unacceptable and should be our number one concern.

I am concerned that the budget request attempts to go around discretionary limits established in the Fiscal Responsibility Act by calling for the creation of a new, eight-billion-dollar mandatory training program. Out-of-control mandatory spending got us into this fiscal mess – it is certainly not the tool to get us out of it.

On a more positive note, I appreciate that this budget request no longer includes the partisan Civilian Climate Corps proposal included in last year’s proposal, but I am disappointed that you continue to call for the creation of a new “Sector Partnership” grant program repeatedly rejected by Congress.

The presumption that local employers, educators, training providers, or state and local government officials need a federal grant to collaborate is indicative of a top-down, command and control approach to economic development that simply doesn’t work.

I am concerned your budget request demonstrates a lack of support for employers. Nationwide, unemployment remains low at 3.8 percent. In my home state of Alabama, unemployment is significantly below the national average, at three percent.<sup>1</sup>

Businesses are struggling to find workers. The workforce shortage inflames the pressures of inflation and risks a recession that would threaten the livelihoods of millions of Americans.

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<sup>1</sup> <https://www.bls.gov/web/laus/laumstrk.htm>

Yet, I do not see policy and spending proposals from the Administration that reflect the realities we face. The budget proposal fails to demonstrate industry-based partnerships that can address what employers say they need, but cannot find.

Beyond the spending concerns, the regulatory agenda the Department is pursuing is increasingly worrisome. A recently finalized rule regarding independent contractors threatens to disrupt millions of freelance and independent workers around the country, as well as the businesses who rely on these workers.

I would hope the Department would be supporting innovation, entrepreneurship, and those who choose to work in the growing freelance economy because of the flexibility it affords, rather than restricting opportunities for personal economic advancement.

I am also deeply concerned that the Department's proposal to rewrite overtime regulations would further worsen the challenges faced by small businesses, destabilize the economy, and reduce opportunities for career advancement.

The *Fair Labor Standards Act* is the benchmark of U.S. wage-and-hour law. Within this national framework, states may elect to implement overtime laws and regulations that respond to their economic situation and the needs of their workers and employers.

The Department's proposed regulation fails to recognize that the American economy is made up of many different local and regional economies. I find the Administration's advancement of a "one-size fits all" regulatory agenda deeply concerning given the potential to harm workers and small businesses in my district.

The more than four hundred and seventeen thousand small businesses in Alabama employ over 47 percent of private sector workers in my home state.

The Small Business Administration's Office of Advocacy expressed concern that the Department's regulatory analysis was insufficient, as it underestimated the economic impact of the rule on small businesses and nonprofit organizations - with potential negative consequences for employees such as loss of benefits and reduced worker flexibility.

Acting Secretary Su, while DOL regulatory matters are frequently contentious, we have often been able to find bipartisan common ground on skill training. Last year, I would have expressed my appreciation and support for the Department's continued commitment to the Registered Apprenticeship program.

Unfortunately, earlier this year, your Department issued a proposal to reinvent the Registered Apprenticeship in a manner that would imperil the Alabama Office of Apprenticeship, an office that was created in 2019, and is the first new state apprenticeship agency in over two decades with the specific goal of improving labor market participation through apprenticeship.

Apprenticeship produces positive outcomes for workers and job seekers because it puts what should be the end goal of all workforce development programs—a job—first. These programs only exist where businesses choose to adopt this intensive approach to human capital management. We have seen support for these programs flourish under multiple administrations.

The Alabama Office of Apprenticeship was in part created to respond to employer frustration with the Department of Labor's management of the Registered Apprenticeship program. These frustrations included a bureaucratic and outdated "one-size-fits all" approach to skills training with overly perspective requirements.

Employers across the country know that every industry and employer cannot expect impartiality from the Department of Labor in reviewing apprenticeship program applications.

The Department's proposal would turn a two-page law into a seven hundred- and seventy-six-page rule that would, in the name of "equity and inclusion", reduce opportunities for American workers of all races and both sexes.

I am concerned that the Department is more interested in catering to beltway-based, liberal social policy concerns, rather than responding to the very real needs of American workers, job seekers, and employers.

What else could explain the Department publishing a regulation that would eliminate the highly successful, competency-based approach to apprenticeships; reduce the ability of states to recognize programs; or, impose national testing requirements similar to the failed No Child Left Behind law repealed and replaced by Congress?

Rather than replicating the failures of the Department of Education, we should be ensuring that American workers and job seekers have access to career pathways that work for them.

Apprenticeships represent an opportunity and pathway to high paying jobs— unfortunately, the barriers to growth of this career training model will not be solved through funding alone. Improved program administration and more effective leadership at and by the Department can better support the adoption of Registered Apprenticeships for workers for our nation’s workforce.

These are just some of the policy differences I am sure we will discuss today. I am hopeful that as we work through this shortened budget year, we will be able to once again find common ground.

In closing, thank you, Acting Secretary, for appearing before us today. I look forward to your testimony and continued work on our shared priorities.