

Witness by Shanker - April 6 1976

STATEMENT OF
ALBERT SHANKER, PRESIDENT
OF THE
AMERICAN FEDERATION OF TEACHERS, AFL-CIO
BEFORE THE
SUBCOMMITTEE ON MANPOWER,
COMPENSATION, AND HEALTH AND SAFETY
ON
H.R. 50,
THE FULL EMPLOYMENT AND BALANCED
GROWTH ACT OF 1976

April 6, 1976

Mr. Chairman, members of the Subcommittee: The American Federation of Teachers, AFL-CIO, an organization of almost half a million teachers and other educational employees, strongly urges that this Subcommittee promptly report out, and that the House of Representatives pass, H.R. 50. The AFT convention in July of 1975 endorsed this legislation. We have attached the resolution for your information. This bill represents our nation's only hope for a comprehensive program to deal on a permanent basis with the economic, social, and human problems caused by chronic high-level unemployment and runaway inflation.

A teachers' organization such as the AFT, in the past might not have recognized the necessity for a program to deal with unemployment except as a measure that represented good social policy. I am here today to tell you that while combatting unemployment is good social policy and we support it on that basis, it is also an absolute necessity if our education system is to become healthy again. The increased reliance of education on a tax system that reflects the business cycle has made education highly dependent on a growing economy.

We in the field of education have experienced over the past couple of years a combined phenomena of unemployment with its attendant decline in tax revenues and inflation with its eroding effect on the purchasing power of tax dollars to an extent that no one could have predicted only a short time ago. The results for education have been lay offs, "teacher surpluses," larger class size, and a trend toward putting education at the end of priority lists when hard decisions must be made about where scarce tax dollars will be allocated. For eight years now, we have had a policy in Washington that has produced two major recessions, one of which teetered on the brink of a full-scale depression, and retrenchment in the will of the Federal government to help meet the needs of our citizens. I am including a chart which shows the trend of Federal support for elementary and secondary education since fiscal year 1971. While that trend has shown increases in nominal dollars, the actual level of support in inflation-adjusted dollars has steadily declined. In fact, with the exception of F.Y. 1975, there has been a decline every year. The only reason fiscal 1975 shows an increase is because of the release of previously impounded funds which were appropriated in 1973 but only counted in 1975. This chart was produced by Senator Walter Mondale for use in the Senate Budget Committee.

We have all heard by now familiar statistics that every 1% in unemployment produces \$17 billion in lost revenues to the Federal government (approximately twice as much as is spent by the Federal government on aid to education). The loss to state and local governments is also substantial, approximately \$4 to \$6 billion for each 1%. Increases in unemployment also affect state

and local governments more dramatically than the Federal government because of the methods by which the two governments borrow. The credit needs of the Federal government are undeniable and unassailable. Treasury bonds are always sold, and if a shortfall exists in tax revenue, borrowing is authorized to cover the deficit. Many state and local governments, however, function under requirements that produce the necessity for a balanced budget and preclude borrowing for operational activities. Increases in unemployment cause lost revenues, increases in welfare costs and increases in the cost of other public assistance programs, and a loss in the tax base without the ability to enter the credit market and secure funds to cover deficits that the Federal government enjoys.

The current crisis in New York is a classic if extreme example of what can happen when the economy declines sharply. Financial institutions have doubts about the state and city's ability to pay, they restrict credit, and the result is a potential economic catastrophe. With this crunch comes a massive retrenchment in education since other services such as police and fire are seen as life and death protections. The termination of thousands of teachers and other educational employees, elimination of crucial support services such as guidance counselors, extra-curricular activities, and other programs that have distinguished the United States education system from the education systems of other countries are becoming commonplace as funds become short. Programs for the disadvantaged, special education for handicapped children, supplemental education for economically and socially disadvantaged children, go by the boards. Class size skyrockets to

staggering proportions--from 30 to 40 to 50 and, in some cases, as many as 60 children in a class. The effects of this on education should be obvious to anyone who has ever been in a classroom. The process of education is changed into a babysitting function. A job which has always been difficult but rewarding becomes impossible, and without professional rewards, that which is most important to teachers, and here I mean the success of their students, becomes unattainable. The cutback in revenues in New York, for example, has almost completely eliminated the school security force, and we now have the final ingredient for disaster. Enormous numbers in a class prevent the achievement of academic goals which produces anger and frustration in teachers and students, the elimination of supportive services such as guidance counselors and special education turns the schools into a babysitting operation, and the elimination of school security because of cutbacks makes the school a tinderbox. They become dangerous, frustrating places when they could and should be the building block on which our society is based.

These are the symptoms of a disaster currently affecting American education and which is also affecting every other aspect of our public lives. The disease is unemployment and inflation. You, as a Committee, have before you a bill that can do something to change these dreadful circumstances in which education is now caught. The Full Employment and Balanced Growth Act of 1976, H.R. 50, is one of the great hopes of members of our union, and, in time, we believe virtually all of the members of the education profession. For the first time, this bill defines a level at

which full employment will have been acquired--3%--and allows a sufficient time to achieve this goal so that the potential of rekindling inflation can be avoided. This bill also, unlike the Act of 1946, provides real methods and programs by which increases in unemployment can be dealt with such as public service jobs and counter-cyclical aid to cities and states and other jobs programs. It also requires that monetary policy which has been the almost exclusive preserve of an unelected, unresponsive, unrepresentative, and non-public agency--the Federal Reserve--be made public and be required to coordinate with other aspects of our financial and monetary policy, and that this policy be required to maintain full employment.

In short, we urge this Committee to report this bill as soon as possible. Teachers and educators and indeed the entire American public needs to know that the "can't do, go slow, veto" philosophy of the current Administration and its predecessor is not the final word as to where their government stands when it comes to dealing with their number one problem--unemployment and inflation. We urge speedy action on this bill. Thank you.

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afl-cio

Attachments

RESOLUTION NO. 11

Submitted by: United Teachers of Baltimore City, Local #340

EQUAL OPPORTUNITY AND FULL EMPLOYMENT ACT OF 1975 (S50/HR50)

WHEREAS, adult unemployment is conservatively estimated at 8%, and
WHEREAS, teenage unemployment is conservatively estimated at 21%,
and

WHEREAS, minority youth unemployment is conservatively estimated at
40%, and

WHEREAS, we, as teachers, are to educate our students in order that
they may become productive adults and members of society, therefore, be it

RESOLVED, that the A.F.T. endorses and gives full support to S. 50
and H.R. 50, guaranteeing to all Americans, able and willing to work, the
availability of equal opportunities for useful and rewarding employment,
and be it further

RESOLVED, that the A.F.T. through its Legislative Committee inform
all members of Congress and the President of the United States, that we
want this bill passed in full, and be it further

RESOLVED, that we inform Congress that this bill must be fully funded.