

Center for American Progress

Progressive State Policies to Rebuild the Middle Class

Introduction:

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Speaker:

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NEERA TANDEN: Good morning, everyone. My name is Neera Tanden, and I am president of the Center for American Progress and councilor to the Center for American Progress Action Fund.

Today, we are thrilled to be joined by Governor Martin O'Malley and Héctor Figueroa, president of 32BJ, a service employees international union, to talk about what states can do to grow their economies, increase economic mobility and produce an economy that's really fair for everyone.

We are really excited today, because CAP is – has unveiled – and we're – we will be discussing our new report, "States at Work: Progressive State Policies to Rebuild the Middle Class." Within the report, there are a series of ideas of how states can really grow and change – new policy ideas across an array of areas, from the economy to health care to education, to improve economic growth and improve fairness and reduce inequality over the long term.

And that's – that's really critical, because as we – as we inch our way out of the great recession, and as states are now growing, we have real opportunities to make important investments. And I think, as you look across the states, we've seen – we've seen really two economic models at work. There are some states that have really adopted austerity in addition have really taken on trickle-down economics or cutting taxes and cutting spending. Others are just embracing austerity, and then there are states like Maryland which have adapted an invest and grow strategy, and I think the governor will talk today about his accomplishments, and how these strategies are actually working to have – to produce real growth. And I will say Maryland has weathered the recession over the last several years, really, amongst the best of any state in the country.

And so here at CAP, we are particularly focused on economic mobility, ensuring opportunity for all. We are concerned about the fact that we have recent data points indicating that a child today who is born poor is less likely to go into the middle class. The chances of going into the middle class has declined over the last several decades, and what that really means is that the sort of promise of the American dream – opportunity for all – is really – has really been undermined. And that's why we look at the entire policy framework, from the federal government to states to localities to figure out the best ways to address it, and that's why this report is so important, because we do believe states, at a time when Congress is perhaps not the most functional it has ever been, provide a real opportunity for policy experimentation and policy results.

So we are very excited to have Governor O'Malley here. He has been a leader in enacting progressive policies on a whole range of issues, from the DREAM Act to innovations on death penalty work, which we've, you know, been very excited to work with him on. Obviously, LGBT rights, freedom to marry – these are all critical progressive victories.

But at the same time, sometimes issues that get less attention are the fact that Maryland has innovated in issues about renewable resources, it has – the governor has masterminded a big innovation in terms of using offshore wind energy. The – Maryland is really a pioneer in reforming its government, ensuring that data is available to individuals, communities, mayors so

that people have the best information about the resources of their government and also can track the effectiveness of government itself in ways that create new accountability.

And so – you know, we like to think of Maryland as a great leader in terms of progressive innovation, and so we're thrilled to have the governor here today. But first, I am excited to introduce a friend of CAP, Héctor Figueroa, who is the president – I think it's been eight months as president of 32BJ. 32BJ is the largest union representing the largest property service union in the country. It has – it represents 120,000 people – property service workers. That's window cleaners, superintendents, doormen, maintenance workers, in states across the country – New York, New Jersey, Connecticut, Florida, Pennsylvania, Virginia, Maryland, and we're excited to say, D.C.

So Héctor really represents the people who are working every day to – who are struggling sometimes but are really working every day to fulfill that American dream, and what is exciting about our partnership with 32BJ is that they have, for many years now, been leading in new policy ideas, new proposals to ensure that the people they represent, who have often borne the brunt of the recession, have a fighting chance in this economy. And that's why we're excited to do this work together, because we are both focused on the same goal, which is ensuring that those folks who are really building this economy have a fair shot just like everybody else.

So with that, I'd like to introduce Héctor. (Applause.)

HÉCTOR FIGUEROA: So good morning, everyone. "Buenos dias." I'd like to thank Neera for that introduction, and for particularly have partnered in such a great way with 32BJ in putting together this report. And I'd like to acknowledge of the report are Karla Walter, Tom Hucker and David Madland, whom have done an incredible job of presenting us really what is effectively a great, progressive platform looking at the practices that have made a difference across the country in building back the middle class. They're offering us a cocktail of choices that we hope will drive progressive economic policies throughout the country, and in particular, in 32BJ's (jurisdiction ?).

Like Need said, our union represents 125,000 members from Florida all the way to Connecticut, and fairly soon, out of our organizing of security officers and other groups of workers, a campaign that we're also conducting in Baltimore, we will be growing even more. We expect that by the end of July, we'll be able to grow up northwards, and we'll be representing 150,000 workers, including workers in Massachusetts, New Hampshire and Rhode Island that are part of our ACLU family.

So for us, the activity of really engaging in politics at the state and local level is what we think is necessary for us to turn back attention on what we consider to be the biggest economic problem of our time. It is not the national debt, it is actually the increasing income gap and the stagnation of our economy that is resulting from that. And we believe that both government as well as business and labor and, you know, policy think tanks – we can all partner in creating policies that can rebuild a middle class. Addressing the issues of working people – those that need to come at the expense of a growing economy, and those that need to come at the expense of our civil liberties either. In fact, Governor O'Malley has shown by example that you can

advance in every front and create a robust economy. Through his policies, the governor has demonstrated that it's possible to pass a DREAM Act, gun control, address marriage equality while at the same promoting robust, progressive taxation, you know living wage, and we are really very, very fond and happy to count on his leadership to set an example and a standard for other governors to imitate throughout the country.

We are looking forward to the discussion here today. We think that the time has come for us to be serious about working from the ground up – you know, our economy, and that in order to do so, we have to make sure that government is there to promote good jobs, to promote opportunities for all, and that for us – labor unions, we have to play our role too of supporting government that is progressive, in organizing workers, and doing it in a way that, again, we all benefit from it. So I thank you all for your attending this event today, and on behalf of all of our members, I'd like to say to you that we hope we can begin a dialogue and a discussion that will promote progressive ideas through our nation. Thank you so much. (Applause.)

GOVERNOR MARTIN O'MALLEY (D-MD): Héctor, thank you. And good morning, everybody. Let's all join hands and contact the living here, shall we? (Laughter.)

It is wonderful to be with all of you. And Neera, thank you for the tremendous work that you and everyone here at the Center for American Progress did to move our country forward and to move this dialogue forward. And so it's a great pleasure to join Héctor Figueroa, president of 32BJ SEIU – 32BJSEIU. And I want to thank you and your members for all of the good work that you do not only in the dialogue and the ongoing political journey of Maryland, but also for what you do every day, the dignity of work that your membership so very ably represents in our state. So thank you for that.

I also want to thank Tom Hucker, one of the authors of this great report: "States at Work: Progressive State Policies to Rebuild the Middle Class." In his day job, Tom Hucker is a delegate in the House of the Maryland General Assembly, and he usually votes for my budget. And for that, I'm very, very grateful. (Laughter.)

Look, we are – we're here today to talk about the better choices that we can make together in order to strengthen and grow our middle class and expand middle-class opportunity. And we gather here at the Center for American Progress at a time of understandable anxiety, and certainly that anxiety is widespread in our country, and for good reason. America's middle class has not had a raise in 13 years. And today, upward economic mobility, as you point out in your report, is actually lower in the United States than it is in virtually any other highly developed country on earth. That is a – should be a pretty shocking statement.

And although Maryland is ranked as one of the three states with the greatest economic mobility, no state really has been immune from the poor economic choices that we have made as a nation over these last 30 years. Trickle-down economics has been an abject failure for 99 percent of Americans. If we want to deliver better results, if we want to strengthen our middle class and if we want to expand middle-class opportunity once again, then we have to be willing to make better choices. In Maryland, we've implemented many of the policy suggestions that you outline in your report, Neera, and they are delivering better results – better results for a stronger middle class.

Progress is a choice. And this year, the United States Chamber of Commerce ranked Maryland, for the second year in a row, the number-one state in America for innovation and entrepreneurship. Maryland ranks number one in median income, number one in per capita research and development, number one in Ph.D. researchers and scientists, number one in women-owned businesses.

And while it has never happened before, in the middle of this recession, and every year for five years since, Education Magazine has ranked Maryland number one in public education. Last year, we had the fastest rate of private sector job growth of any state in our region. These are the better results that have flowed from the better choices – the better choices that we've been able to make together as a people. And I wanted to share with you briefly the story of how.

When Lieutenant Governor Brown and I took office in January 2007 – which sounds like a very long time ago – Maryland was coming off of the same sort of never mind the math decision-making that had gotten our country until its current fiscal and economic predicaments. Too many of our public schools were underperforming, our state was facing a future of ever-deepening structural deficits on our horizon. Crime was rising, actually, outside of the city of Baltimore. And college tuition for Maryland families – that great ladder of upward mobility and opportunity – college tuition for Maryland families had been jacked up 40 percent.

Our campaign was all about making better choices to strengthen and grow Maryland's middle class. And from the first days of this administration, that has been the overarching goal. That has been our North Star of every decision we make. How can this, how will this strengthen and grow our middle class?

In year one, we took the following actions. We passed the nation's first living wage law. We reformed Maryland's tax code to make it more progressive, lowering income taxes for 86 percent of Marylanders. We increased our state's earned income tax credit to better reward hard work. We expanded access to health care for vulnerable children and their families. And we made tough choices to cut spending, reduce the size of our state government and secure new revenues in order to improve student achievement and public education throughout our state.

And then just as we started to climb our way out of an inherited \$1.7 billion structural deficit in our state, the Bush recession hit, and it hit all of us. As hardworking families across our country lost jobs and homes, revenues dried up in every state.

Now states with Republican governors generally tried to cut their way to prosperity, and most found that this only made things worse – eliminating the jobs of police officers, the jobs of firefighters, the jobs of teachers. And they did so at a scale rarely seen in modern history: cutting public education, hiking up college tuition by double digits every year, continuing down the merry path of cutting taxes for the very wealthy, hoping against cruel experience that somehow it would trickle down to the rest of us.

In Maryland, we made different choices, and we made better choices, demonstrably better choices. We applied a balanced approach of cuts, of revenues, of reforms and of investments. And our decisions were guided by three economic truths. Number one, there is no progress without a job. Number two, there is no job creation without fiscal responsibility. And

number three, to create jobs, a modern economy requires modern investments: educating, innovating, rebuilding for a stronger middle class.

We have cut, in Maryland, more spending than ever before in our state's history, and we have also, though, invested more in public education, innovation and infrastructure – especially with the last General Assembly – than ever before in our state's history. We have used the pressure of sinking revenues to make government more efficient, and to make government more effective. We have further targeted our limited resources on policies that actually work and that actually deliver results – policies that make a stronger growing middle class, policies which have created jobs and expanded opportunity to more of our people.

We are one of only eight states that maintains and defends, through fiscal discipline and reality-based math, a AAA bond rating. In these very difficult times, we've put ourselves on the verge now of eliminating the massive state deficit that we were left by our predecessors. You see, in Maryland, we believe that a stronger workforce makes a stronger economy. We have invested more in education, not less. We are reinvigorating career and technical education. We've worked with labor to expand skills training initiatives. We're making employer-led skills training the new way of workforce development with the passage of the EARN??? Bill this year, with smarter and more effective state support.

And to make college more affordable for more middle-class families, we were the only state in America to freeze in-state college tuition – even through this recession – for four years in a row. In fact, the college board says that since 2007, Maryland has done more than any other state to hold down the costs of college tuition.

What's more, we've improved student achievement and interest in the STEM disciplines of science and technology and engineering and math. Today, more of our students in Maryland take and pass AP exams in these disciplines than ever before. We have better aligned our community college requirements with our four-year universities. We are redesigning college courses to accelerate degree attainment – all of this because education and skills training create more opportunity for more middle-class families.

In Maryland, we also understand that jobs is – that jobs in emerging innovation sectors tend to pay more and offer more upward mobility as those sectors grow and develop and expand. So we've targeted both the skills pipeline and the investment pipeline in the life sciences, in biotech, in clean tech, green tech, cybersecurity, information technology, space and aerospace, global trade and advanced manufacturing – all strengths in the state of Maryland.

We've created and expanded targeted tax credits to create jobs in these sectors while also keeping down the overall tax burden on business in Maryland to the seventh lowest in the nation. We've used our state's leverage to raise and attract more venture capital for job creation in Maryland's innovation economy with the passage, I think, last – two sessions ago of the invest Maryland bill.

We have brought together state universities and businesses to spark greater and faster technology transfer – you know, getting the ideas out of the labs and getting them into the economic bloodstream, if you will. We've created incubators in sectors like cybersecurity and

biotechnology, as well as a foreign direct investment business incubator. We've partnered with companies like Knorr Brake in western Maryland to keep and create advanced manufacturing jobs in Maryland.

We've also taken action to strengthen our health sciences sector, creating a common platform of health IT, work that we had in motion actually before the passage of the Affordable Care Act, in order to bring down the cost of care while increasing wellness and the quality of care. And speaking of the Affordable Car Act, we have chosen to be an early implementer of the Affordable Care Act.

And we believe that by being an early implementer this will be better for business, this will be better for innovation, this will be better for start-ups, this will be better for job creation and a stronger middle class. All of these actions create jobs. All of these actions and choices expand opportunity. And therefore, all of these actions and choices strengthens Maryland's middle class.

To create more jobs and expand middle class opportunity, we have invested more, not less, to modernize the infrastructure of our state's economy. With an historic public-private partnership, we created thousands of new jobs modernizing the Port of Baltimore. That was a public-private partnership, the largest of its kind, passed in 2009, that will allow the port – our port – to now handle the larger ships that pass through the Panama Canal.

We've also invested more, rather than less, to upgrade and improve our clean water infrastructure on the banks of that fragile estuary called the Chesapeake Bay. And with President Obama's support, we're connecting every county in Maryland with robust broadband. And I believe we will be the first state in America that can actually make that claim.

And during our most recent legislative session, we made the tough choices necessary to repair, refurbish, and rebuild Maryland's transportation infrastructure – the roads, the bridges and the mass transit. And those investments will create 57,000 new jobs over the next several years.

Look, the better choices we've made though, and the better choices we've made in Maryland also go beyond the budget. They go beyond the investments. They go beyond the fiscal discipline and the tough balancing and rebalancing. You see, we also believe that equal rights and inclusion, diversity, an open society, respect for the dignity of every individual and the dignity of every child's home – we believe that all of these things make Maryland a more innovative and creative place for business and for job creation.

On the other hand, things like inequality, things like discrimination, exclusivity, intolerance, disparity, division – these are the things weaken the potential of our innovative economy. They are things that weaken the potential and job creating ability of our creative economy. So in Maryland, we passed a state-level Dream Act. In Maryland, we passed civil marriage equality.

In Maryland, we expanded early childhood education in order to close the achievement gaps between white and minority students. We created health enterprise zones to improve quality and access to care in under-served communities. We made it easier, not harder, for citizens to vote. And last year, for the first time ever, we actually surpassed the nation's most ambitious inclusion goal for women and minority-owned businesses.

Meanwhile, with unprecedented state, local, and federal collaboration, with smarter policing and more effective tactics and strategies, we've now driven violent crime down to 30-year lows in our state. These, too, are the better choices that strengthen our middle class and that expand middle class opportunity.

Conclusion. If there is a single noble motivation that we all share as American moms and dads, I believe it is the drive we have to give our children a safer and better life – a life with more opportunity, not less. And we're willing to work very hard to make that dream a reality but we also want accountability from our government. And, yes, we want respect from our employers. And, yes, we want the peace of mind that our hard work will be rewarded in the lives of our children.

Our parents' generation grew accustomed to a way of leadership that was ideological, hierarchical, and bureaucratic. But the ideology of the past no longer serves the challenges of these rapidly changing times. And our children demand, and they deserve, a new way of leadership that is entrepreneurial, that is collaborative, that is relentlessly interactive and measured always by whether or not we are achieving better results.

It's not about whether we move left or right; it's about whether we move forward or whether we move back. For a stronger middle class in Maryland, we choose to move forward. And I look forward to the discussion ahead. Thanks a lot. (Applause.) Thanks.

MS. TANDEN: So the governor has graciously decided to take some questions. We have somebody going around the room – Christina (sp) over there – so if you could just – if you have questions, if you could just identify yourself – raise hands. And I think we'll go with press first.

Q: Well, I'm part of the press corps. (Laughs.) Mark Gruenberg of Press Associates. Before you came, Governor, I read – I read through the entire report and recommendations. What I see here and what I'm hearing from you is a lot of state action, top-down progressive action. Give us some idea of what might be called – what you would advocate as bottom-up progressive action, in other words, empowering the people of Maryland and the people of the United States to lift up themselves. How would you – how would you do that?

GOV. O'MALLEY: Thank you. The – so much of – so much of what we do – let me try a different tack on that.

The most important power in our country is the power of the individual citizens. And what we have the ability now to do with GIS, with information technology and with the common platforms that we have built and are expanding in Maryland – whether that common platform is

public safety dashboard, whether it's health IT, whether it's what we're using in education with the longitudinal data-tracking system, whether it's BayStat and the actions to restore the health of our streams – all of these things – and I could go on, the workforce exchange and others – all of these things are the common platforms that allow citizens to crowdsource our solutions.

In other words, I don't see any of this really as top down. I think the most important thing that one can do in the – in the – especially in the governor's office – is to create the common platforms that allow citizens to come together and do those things for themselves that make us better and stronger as a society. For example, if a – if a person is looking to up-skill so that they can better provide for their family, doesn't it make sense to learn skills that are actually in demand in that particular metropolitan area of your state, rather than the skills that – you know, and the classes that might be easiest to get into?

Or similarly, if a science teacher at a high school is looking to do some experiential learning with their kids and do hands-on things and apply those service learning hours in there with the kids in the school to something that actually connects their actions, the way we live on the land and the health of our waters, isn't it – wouldn't it be great to be able to go on the common platform and see what the health of that stream that runs through your school district is, and where those buffers can be expanded?

So, so much of the new leadership, I believe, is about creating common platforms, about creating collaborations and about setting up the performance measurements so that individuals can more intelligently make the decisions that improve our skills, that improve our security, that improve the health of our people, and that also improve the sustainability of our way of life, all of which things, by the way, fuel innovation and job creation.

MS. TANDEN: So we're going to go to this side of the room, over here.

Q: Thank you, governor. Rick Klein from ABC News.

You mentioned at the top of your speech that the poor economic choices over the last 30 years have impacted every state. I'm curious, Democrats have been in control of Washington at the national level for almost half of those 30 years – the presidential level, a good number of those years at the congressional level. To what extent do you fault your own party for giving into some of the rhetoric on the other side, for making – exacerbating the problem around those false choices? Or do you think it's driven by Republicans and the agenda they drove, trickle-down, et cetera?

GOV. O'MALLEY: I think it's primarily driven by the – by trickle-down politics. I think it began – I think you can trace this back to the Reagan presidency. But certainly, my own party deserves some culpability for our complicity in this. And our own party deserves some responsibility – and some blame, frankly – for going along with some of the falsehoods, like – especially the falsehood that tax cuts create bridges, tax cuts create jobs, tax cuts create better moms and dads, greed is the greatest good in the republic. You know, I think that we do bear some blame for that.

But more productively, I think we bear some – I think we bear the responsibility for putting us back on a better course forward. And I think you see us doing that. I think many of the decisions that – I think we had that brief interruption during the Clinton years, where we started to make some better choices and come away from that abyss. Unfortunately, that was followed by the disastrous presidency of George Bush the younger, where spending jumped off the tracks with no revenues to support it, driving up our deficits. And also, kerosene was put on the fires of tax cuts that disproportionately benefit the very, very wealthiest of our society. So President Obama's been digging out of that hole ever since.

And because of better choices, we've now had 31 months in a row positive job growth, which is the best way, not only to retire your deficits, but to grow your middle class and expand opportunity.

Q: Hi, I'm Vicki Shabo from the National Partnership for Women and Families here in D.C. And I wanted to thank you and Delegate Hucker and some of the other forward-progressive-looking delegates and senators for the Pregnancy Accommodation Bill that you signed and for all of the great stuff that's happening in Maryland, in the advocacy community, the progressive business community, around paid sick days, around looking at TDI and family leave. We have great examples from Connecticut about the role that paid sick days can play. And I'm wondering what your thoughts are about bringing a paid sick days bill to Maryland and in general, providing for the kinds of work-family policies that working families need to help their children grow and their elders get the care they need?

GOV. O'MALLEY: Yeah, I'm very open – I'm very open to it. And all of these things represent, I think, an evolution in the – in our understanding of what it takes to make for a productive workforce. And part of that productivity comes from the respect with which we treat families, and also – and the responsibility that comes with being a member of a family. And so I'd be very open to further steps that allow us to advance that evolution.

MS. TANDEN: Over there.

Q: How are you, Governor? Matt Laslo with WAMU Radio.

GOV. O'MALLEY: Hey, Matt.

Q: Did you see this latest data from the Labor Department that came out yesterday that's showing sequestration isn't having as much of an impact on the Washington Capitol region as initially told to the press by you and the president? What do you make of that data and do you think we're going to see different numbers coming out in the future? What are you hearing from your economic team?

GOV. O'MALLEY: Yeah, I think that sequestration is a bit of a – it's almost like a vice that gets turned down a little bit more with every passing month, Matt. We've been – because of our private sector job growth and because we have not taken a meat cleaver to the public sector at the state level, as they have in some other states, we have been able to offset some of those early impacts of sequester.

But it's already having an impact on the – on business confidence in our state. And I think what you're going to see is it's going to have a greater and greater impact the further it goes along. It's sort of a month-by-month thing. It's not a cataclysmic pulling of the rug; it's more like a vice that gets ratcheted down every month.

We had a terrific first quarter of the – of the year in Maryland. We hope by the end of the second quarter, we'll also have a strong second quarter. But I think that – I would be very surprised if as we move ahead, that you don't see a little greater impact every single month from that sequester, which is one of the – one of the dumber ways to go about, you know, cutting a budget and making your government more effective and efficient.

MS. TANDEN: Great, I want to thank the governor. Unfortunately, we –

GOV. O'MALLEY: Thank you, Neera.

MS. TANDEN: – we have to limit our time today. Thank you for your remarks and we welcome you back anytime. (Laughs.)

GOV. O'MALLEY: Hey, thanks a lot. Thank you. Thank you all, thanks a lot. (Applause.)

(END)