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R Street Institute to the Education and Workforce Committee:
Support the American Worker Mobility Act of 2015

June 15, 2015

U.S. House Committee on Education and the Workforce
2181 Rayburn House Office Building
Washington, D.C. 20515

Dear Committee Members,

On behalf of the R Street Institute, a free-market think tank headquartered in Washington and with offices in five states, I write to urge your support for H.R. 2755, the American Worker Mobility Act of 2015 introduced by Rep. Tony Cardenas of California.

The act uses existing funds to provide vouchers to qualifying long-term unemployed individuals who wish to relocate, either for a job that already has been secured or to an area with an unemployment rate at least two percentage points lower than where the individual currently resides. Additionally, it requires the Department of Labor to track the program's success and report on participants' employment status, among other provisions.

As of May 2015, 2.5 million Americans were considered among the long-term unemployed. During and in the aftermath of the recession, joblessness has become more prevalent in nearly every cohort, with the college-educated just as likely to fall into long-term unemployment as those with just a high school education. Older workers and African-American and Hispanic workers have been more likely to suffer than their white counterparts. While labor force conditions are beginning to bounce back, many workers have given up, due to prolonged joblessness.

As fiscal conservatives, we at R Street support smart, limited unemployment assistance for Americans who need it. The rise in long-term unemployment presents a unique challenge for those who both want to provide a reasonable safety net while encouraging work and fiscal responsibility.

The American Worker Mobility Act provides one possible solution, focused not on spending more but spending smarter. Our current unemployment insurance system may keep Americans afloat, but more can be done with the same funds. We can and should give a boost to those willing to seek employment in areas with more opportunity.

According to the Federal Reserve, 47 percent of Americans could not weather a \$400 financial hit, let alone the average cost to move a family of between \$5,600 and \$12,500. Given that the financial situation of the long-term unemployed is more precarious than the average American, moving in search of opportunity is an extremely daunting prospect. In addition to providing help to those who

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need it, guiding unemployed Americans to more appropriate labor markets will reduce the burden on state welfare rolls and provide much needed labor to thriving areas.

We know that long-term unemployment creates a toll on workers and their families like little else. The financial strain is associated with increased divorce, depression and suicide, and evidence shows that prolonged joblessness for a parent may in fact impact a child's work ethic and future employment prospects.

Additionally, we've recently learned more about the value to families of raising children in thriving areas, rather struggling ZIP codes. According to recent research from Harvard economists Raj Chetty and Nathaniel Hendren, moving to a stronger community at age eight can increase the present value of a child's lifetime earnings by up to \$99,000, as well as increasing the likelihood that they exhibit healthy marriage behaviors. The American Worker Mobility Act provides the long-term unemployed with the choice to relocate their family to an area where both parents and children can thrive, without creating a new, large welfare program.

Finally, the American Worker Mobility Act of 2015 is structured to encourage and preserve individual choice, personal responsibility and taxpayer accountability. By creating an opt-in system with strict rules regarding what type of relocation qualifies for assistance, the act respects the conservative principles of self-determination. The proposal steers away from the social engineering present in many forms of welfare assistance. The strict reporting requirements and limited availability of the program also help to make it a worthwhile experiment in how best to deliver assistance to those in need.

In short, the American Worker Mobility Act is a common-sense, responsible step to improve our nation's unemployment insurance program. We urge you to move this bill through your committee and support its final passage.

Best regards,

Lori Sanders
Outreach Director and Senior Fellow
R Street Institute