



# STEPS

## Takeover Attempt on America's Health Care System

*“If you think health care is expensive now...”* By Jason Turner

The Federal Government and many states, are taking over America's health care system, mostly out of the view of ordinary citizens. How? Congress and state governments are aggressively expanding, Medicaid and the Children's Health Insurance Program by offering to the middle class two government programs originally intended only for the poor.

New York State, for example, has applied for federal permission to give mostly free health care insurance to families earning as much as \$83,000 per year! Nine states already give away mostly free care to families of four earning up to \$62,000 and another 33 states now give away coverage for families earning up to \$41,000. In short, the government is going ahead with nationalizing health insurance long after Americans decisively turned down universal government health care proposed by the Clinton Administration in the early 1990's.

Our current health care system is based on insurance provided primarily through one's employment, and both business and employees share in the cost of providing this health coverage. All citizens who do not have private insurance are either covered by Medicaid or by walking into a hospital and getting charity care.

While not perfect, our health care system is the best in the world. It is the most modern and comprehensive anywhere. Citizens in other wealthy countries such as Canada and Britain have to get on government waiting lists to qualify for important procedures, and Canadians often cross the border to pay cash for medical service when they can't get needed care in their own country. This is the virtue of America's self-reliant private system in a competitive marketplace as distinct from the high-tax government “command and control” health care systems found in many European countries.

But the expanding government programs are placing the long-term future of our private health system in jeopardy. Each taxpaying house-



**Congress's proposed government health care will cost middle class families an additional \$600 per year.**

hold already contributes the equivalent of \$3,300 each year to pay for mostly free health care for low income households (this amount does not include Medicare for the elderly). And Congress's new proposed spending on government health care for middle class earners would cost each taxpaying household an additional \$600 per year.

If left unchecked businesses and employees, seeing that they are already paying for government health care through taxes, will drop their coverage to get on the government system. In fact, the Congressional Budget Office calculates that for every 100 individuals who are newly enrolled in the government's ever-expanding health care program, 40 were previously privately insured. The name for this phenomenon is “crowd-out”.

So for those who were once privately insured and are looking to enroll in the government “free” health care, they should recognize that accepting “free” insurance from the government does not save the beneficiaries from having to pay for their medical care—it just places their tax-paid policies into the hands of Washington bureaucrats. P.J. O'Rourke said it well. *“If you think health care is expensive now, wait until you see what it costs when it becomes free!”*

# Voters Expect Results on Social Security

By James Hamilton, National Director of For Our Grandchildren, a Social Security Education Project

You don't hear as much about Social Security reform these days, with most media attention going to the Presidential hopefuls and the war in Iraq. Nevertheless, poll results show that Americans won't let the next President or Congress get away with ignoring retirement security. Amidst all else, American citizens expect Presidential candidates in the 2008 election to address and demonstrate a realistic retirement security plan for both current and future retirees.

Social Security is a "pay-as-you-go" program, which means that the benefits collected by today's retirees are funded with taxes paid by today's workers. Nothing is saved for the future. That worked fine when life expectancies were short and the labor force was flooded with new workers. But as the Baby Boomers retire, life expectancies increase, and the worker to retiree ratio shrinks, Social Security's financing will struggle. Over the next several decades the program's benefit obligations will increase by 50 percent as a share of the total federal budget, far beyond what its tax revenues can support. Obviously, something must be done, and soon.

President Bush traveled the country promoting the idea of letting workers invest a portion of their Social Security taxes in personal retirement accounts, similar to IRAs or 401(k)s. These accounts would grow over time, but more importantly, they would keep the government from "raiding" our retirement money to pay for other programs.

But Congressional Democrats thwarted the President's bid to revamp our flagging Social Security system and now claim that Social Security reform is dead. But it's not dead. Reform is inevitable because Congress continues to use the Social Security Trust Fund to pay for other government programs while retiring Baby Boomers drain the system.

And despite the long held belief that amending the Social Security system is touching the "third rail" of politics and will deliver a political shock, a new poll shows that a jolt may hit those in Washington who don't address Social Security.

McLaughlin & Associates conducted a national survey of 1,000 likely voters between June 7-10, 2007. The importance Americans place on Social Security reform may surprise you. Over 96% said it was "Important" for the candidates to discuss and demonstrate a realistic plan for providing a realistic retirement plan to current and future retirees. Indeed, almost 70% said it was "Very Important."

How concerned are you that there will be catastrophic problems with Social Security and Medicare in the future that could directly affect the quality of your retirement?

	Rep.	Dem.	Ind.	Total
Concerned	88	89	90	88
Very Concerned	51	62	49	55
Somewhat Concerned	37	27	41	34
Not Concerned	11	10	10	11

What's amazing is that most of the candidates for President refuse to even discuss what they would do to fix Social Security.

To be sure, one or two Republicans have acknowledged the problems and even said adding protected Social Security accounts will help today's workers have a more secure retirement in the future. One Democrat, former U.S. Senator Mike Gravel (AK), even acknowledged the nation's fiscal gap—an unfathomable \$50 trillion—between benefits already promised by entitlement programs and money set aside to pay for them.

These admissions aside, the campaign is void of any sense of urgency for the issue or the conviction that once elected, the person who will take office in January 2009 will turn the country from the economic disaster we currently face.

Here is a message for those candidates: The McLaughlin survey found 90% of voters believe their retirement will be adversely affected by the large problems that lie ahead in Social Security and Medicare. Most voters are concerned about future problems with Social Security and Medicare that will directly impact the security of their retirement.

This fact should get the attention of every vote-seeking candidate out there—regardless of party affiliation. Indeed, these concerns transcend party lines with 88% of Republicans, 89% of Democrats and 90% of Independents concerned.

And for naysaying campaign staffers, here's another finding from the survey:

71% SEVEN IN TEN

voters approve of changing Social Security so that all American workers have their payroll taxes placed in a secure account that they own and control, that would grow until retirement to help pay for income and healthcare expenses.

This level of support should give the candidates the courage they need—at a minimum—to talk openly about the issue and to present plans that will end the threat of fiscal crisis.

# What if Internet Job Boards Worked Like eBay?

By John W. Courtney, Senior Fellow at the American Institute for Full Employment

Last year U.S. employers hired sixty million people into their job openings. That's one for every three people in our workforce. Imagine the effort and volume of job matching information changing hands each year.

With so many workers and employers trying to find each other we would expect an internet job board industry that is low cost and highly effective. But today's 40,000 U.S. job sites by and large have yet to live up to the full potential that e-commerce has brought to so many other areas of our life.

## *The Job Board Industry Today*

Today's job board industry has made huge advances, offering a dynamic alternative to the cumbersome connection methods of decades past. But the industry still has great opportunities to build critical mass.

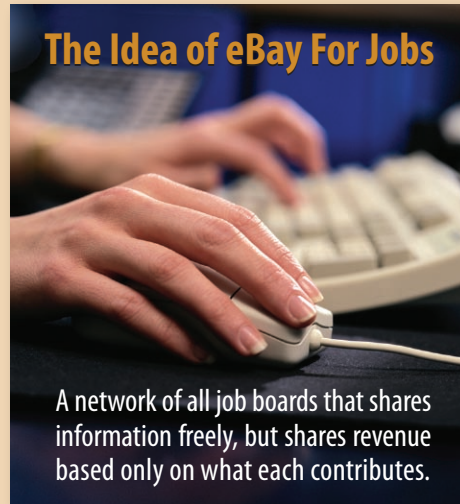
To drive traffic to their sites, the big boards that dominate the industry, CareerBuilder and Monster, have each recently spent over \$150 million per year in advertising. Superbowl commercials are expensive. As a result, big job board costs are high and so too are their prices, limiting the number of postings employers can afford. A job posting can cost over \$500. Like a traditional newspaper classified ad it can run for 30-60 days and, if it works, great. But, research suggests that less than one in ten postings result in a hire.

Government sites beat the price problem (if we ignore the tax burden), but have their own troubles. State government job boards hold over 30% of the active resumes of the unemployed, but attract less than 10% of employer job openings. Nationwide that system leaves out over 50 million job openings for job seekers.

The problems with the job board industry are two-fold:

1. *it uses the century-old newspaper classified pricing model and*
2. *its members operate largely independently of each other.*

The result is that employers and job seekers wanting access to more of the job market have to sign up over and over again on multiple job boards. Even for those willing to take that time, prices and ineffectiveness have kept the majority of jobs offline. Both price and lack of connectedness keep the industry struggling to reach critical mass.



## *eBay For Jobs*

When job board connectivity reaches critical mass, it will drive dramatic improvements in efficiency and cost, giving job seekers and employers a wide variety of what they want, when they want it.

Consider, for example, other internet one stops. Instead of labor exchange, eBay created a "stuff" exchange. Look at the results. Who'd have thought a guy in Poughkeepsie on a Tuesday at 1 a.m. could buy a collector's quality Slinky from a pawnshop owner in San Francisco's Chinatown and have it show up at his doorstep in a day. What if labor exchange had a one stop as widely used and effective as eBay?

The idea of eBay for jobs is a network of all job boards that shares information freely, but shares revenue based only on what each contributes. When a match is made, a central clearinghouse would distribute the

employer's fee to companies responsible for each piece of the success:

1. *provider of the job order,*
2. *provider of the resume and*
3. *provider of the match.*

All job boards would have access to all resumes and openings and would compete more on producing outcomes than on producing ads.

## *Two Models With Promise*

One company that is pursuing broad connectivity is WorkGiant, a Florida-based internet job board company. Instead of paying \$500-700 for space on its site to advertise a job for 30 or 60 days with no promise of success, employers only pay for a successful hire. WorkGiant's charge to employers is just 1% of the employee's annual pay. For example, an employer hiring for a \$30,000 position would only pay \$300 and only for success. Not only are WorkGiant's prices low, its model encourages broad partnering by paying everyone who makes a referral to their network that results in a hire.

The WorkGiant model is also significant for the industry and job seekers. Other job boards now have an incentive to connect their job seekers not only with their own job postings, but also with WorkGiant and its job postings. The job seeker benefits by not having to post twice to gain access to more jobs and the job board benefits by the opportunity to earn a referral fee. Everyone has the same incentive—match people to jobs, where ever they may be.

Finally, for states the WorkGiant model is a brilliant new opportunity. State agencies are judged in part by their job placements each year. WorkGiant's model answers that question; for every resume referred, WorkGiant will report to the state when and where the job seeker finds work.

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Another effort to network the promise of the job board industry developed this past summer when the federal government closed America's Job Bank due to its high cost. In June, the National Association of State Workforce agencies entered a new and dynamic public/private partnership with a non-profit association of over 250 leading U.S. companies called DirectEmployers Association.

DirectEmployers is led by Bill Warren, who many consider the father of the internet job board industry. In 1992, Warren created the first employment site of the Internet, which later became the nucleus for Monster.com. More recently Warren went at it again, but this time with a model tied more tightly to his initial vision of creating the most efficient and cost effective internet solution for connecting employers and employees. It is called Job Central.

The Job Central model is free for job seekers and low cost for employers. Employers can post a 30-day job listing for only \$25 or have access to the site's resume database for a year for only \$25. For employers in Job Central partner states (over 39 states have joined), job postings will soon be free.

Job Central's network is large and rapidly expanding. It takes job posting feeds directly from employers at a lower cost than its big rivals and dynamically partners with many other sites. Partners include IBM, Home Depot, Pepsi and many other Fortune 500 companies. Job Central's online network has hundreds of sites, including job boards such as Google, Indeed, and Jobster, as well as various newspapers and trade associations.

Job Central has successfully bridged the gap between public and private job boards with millions of jobs in its network while reducing the cost model significantly by partnering, rather than paying millions for costly media.

With 40,000 U.S. job sites pursuing 60 million job connections each year, the time is ripe for companies like Job Central and WorkGiant to break the mold and drive us toward a true job board one stop.



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