



Top Federal Policies to Put America Back to Work

Summary

Though the American Recovery and Reinvestment Act limited the Great Recession's damage, at least 25 million Americans remain un- or underemployed or have stopped seeking work. States and localities are slashing services and safety nets, and next year's budget gaps could cause even worse cuts.

America has a choice: we can impose austerity -- cutting taxes and decimating services -- deepening working people's pain and drawing out the economic crisis. Or, as leading policy makers and economists argue, we can put Americans to work on desperately-needed projects, such as transit infrastructure expansion, school repair, clean energy production, and mass scale retrofits, which will pave the way to a fair and fiscally responsible future.

The federal government can spur a real recovery through a comprehensive jobs program. To succeed, the program must do the following:

1. Help states and localities retain teachers, firefighters and other workers who serve the public
2. Create a clean energy job corps
3. Create millions of new jobs in transit and infrastructure maintenance
4. Create hundreds of thousands of jobs in school repair
5. Create millions of new manufacturing jobs, particularly in transit and green industries
6. Increase incomes of the lowest wage workers
7. Help unemployed workers as they look for jobs

Policy proposals

The Center for Working Families is working with economists, advocacy groups, and community leaders to create and enact policies that put working and low-income Americans on the road to recovery. Below is a compilation of federal-level jobs proposals from organizations such as the Apollo Alliance, Green for All, the Center on Wisconsin Strategies, National Employment Law Project and the Economic Policy Institute.

1. Help states and localities retain teachers, firefighters and other public sector workers

Benefits: 1-1.4 million jobs retained¹

Costs: A minimum of \$150 billion over three years²

Issue background: The 2009 stimulus limited the unemployment crisis. But it did not go far enough. Even after the August 2010 \$26 billion aid package takes effect, layoffs of teachers, firefighters, police and sanitation workers will continue to threaten public safety and obstruct economic recovery.³

Proposal: Keep America's states, towns and cities safe and healthy by providing at least \$150 billion in federal aid to save millions of jobs for people that protect, heal and educate the public.

2. Create a clean energy job corps

Benefits: At least half a million new jobs over two years, not counting those resulting from increased consumer demand due to energy savings. This proposal would also increase work-readiness in hundreds of thousands of low-income and long-term unemployed Americans⁴

Costs: At least \$17 billion, depending on the extent of various training programs

¹ Note that it is extremely difficult to accurately predict job creation. Thus numbers in this document should be used cautiously. In addition, policy makers and economists often use the terms "jobs retained" and "jobs created" interchangeably, making it hard to assess policies' actual impacts.

² Pollack, Ethan (EPI), "Dire States," Nov. 2009. Available at:

http://epi.3cdn.net/1e7013bc0e4ca00724_0ym6b5yq5.pdf. Also note that the cost estimates in this memo do not, in general, factor in costs of government administration, interest or other related costs.

³ Bowles, Cory, "Obama Signs \$26 billion Aid Package into Law," Wall Street Journal, August 10, 2010. Available at: <http://online.wsj.com/article/BT-CO-20100810-717167.html>. and Montgomery, Lori, "Senate Approves Jobs Bill to Stop Teacher Layoffs," Washington Post, August 5, 2010. Available at: <http://www.washingtonpost.com/wp-dyn/content/article/2010/08/05/AR2010080500676.html> \$16 billion of the \$26 billion package is for Medicaid; \$10 billion is to avert public sector worker layoffs, particularly in education. This aid will allow for retention or creation of 290,000 public sector jobs. By comparison, state's budget shortfalls total \$62 billion.

⁴ ACEEE News Release, "Energy Efficiency Proposals could Create 330,000 New Jobs in 2010," March 9, 2010. Available at: <http://www.energyfuturecoalition.org/files/webfmuploads/ACEEE%20Jobs%20Analysis%20Press%20Release.pdf>

Issue background: The dangers of climate change are growing quicker than our clean energy economy. We struggle to reduce energy use, build demand for retrofits and find skilled workers who can install solar panels and manufacture wind turbine parts. Meanwhile, millions of Americans languish in poverty and chronic joblessness.

Proposals:

- Put low-income Americans to work building the green economy. Create career paths, apprenticeship and pre-apprenticeship programs and expand civilian service opportunities. Double authorizations and appropriations – to \$250 million annually -- for the Green Jobs Act of 2007, which includes support for training for the long-term unemployed.
- Create green jobs by making energy efficiency retrofits widely accessible. Provide cash incentives and safe financing mechanisms to homeowners, building owners and manufacturers. Examples of such policies include Home Star, Building Star, Industrial Star, PACE and on-bill recovery. Expand funding for the low income Weatherization Assistance Program and make sure that funding is spent responsibly and according to schedule. Ensure that jobs created by all these programs provide good wages and viable career paths.⁵
- Help rural communities cut energy use and create weatherization jobs. Support expansion of rural electric co-ops by providing those co-ops with access to low interest loans that will allow them to help consumers obtain energy savings via retrofits.⁶

3. Create jobs in transit and infrastructure maintenance

Benefits: Over 7.2 million jobs supported, retained and created. This proposal would also increase energy savings, decrease oil dependence, and result in a more safe, affordable and accessible transit system

Costs: The federal government is already expected to spend about \$500 billion on the transit and highway reauthorization; this proposes a strong focus on mass transit and maintenance of existing infrastructure.

Issue background: The public transportation industry is facing rapidly changing technology and an aging workforce. Enormous shortfalls continue to plague local

⁵ See *Clean Energy Corps*, 2008, available at: <http://apolloalliance.org/wp-content/uploads/2008/12/cleanenergycorpsfullreport.pdf>

⁶ News release, National Rural Electric Co-operative Association, “Coops welcome Rural Energy Savings Program Act,” March 10, 2010. Available at: http://www.nreca.org/PressRoom/Releases/20100310_RuralEnergy.htm . Staff at COWS have highlighted this policy.

transit systems. The results are fare hikes, service cuts and erosion of workers' security in an industry once known for family-sustaining jobs.⁷

Proposal: Build an environmentally sustainable transit infrastructure that puts laid-off tradespeople back to work, creates new jobs with career ladders and allows all Americans – rich and poor, urban and rural – access to work, school and recreation.

Specifically, seize the opportunity of reauthorization of Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) to expand funding for mass transit, rail, bike and pedestrian paths and road maintenance; impose national transit greenhouse gas reduction goals, and ensure that this \$500 billion bill creates and retains at least 7.2 million good jobs.⁸

4. Create jobs modernizing our schools

Benefits: Over 2 million new jobs

Costs: Approximately \$300 billion

Issue background: Tens of thousands of school buildings across the nation are in serious disrepair. As a result, students suffer from asthma triggered by mold infested rugs, physical inactivity due to unusable playground and gym space and difficulty learning due to classrooms plagued by leaks and rodent infestation.

Proposal: Allocate \$300 billion to school districts to address urgent repair needs.⁹

5. Create manufacturing jobs

Benefits: Millions of new jobs, hundreds of billions of dollars in new industry revenues, increased energy independence¹⁰

Costs: Difficult to measure

⁷ The American Transportation Association reports that, due to budget shortfalls, 59 percent of US public transit systems have already cut service or raised fares, and an additional 15 percent are considering doing so.

⁸ Pollack, Ethan (EPI), "The Job Impact of Transportation Reauthorization," June 24, 2010. Available at: http://epi.3cdn.net/d56aed630c831344ac_num6bn5gs.pdf; also consider the recently introduced FREIGHT Act of 2010 (Lautenberg, Murray, Cantwell) which would create a comprehensive freight development policy and create a merit-based grant program to promote freight and multi-modal transport. Finally, it's worth noting that the building trades would likely oppose some of these proposals.

⁹ Mishel, Lawrence et al (EPI), "American Jobs Plan: A Five Point Plan to Stem the Crisis," December 2009. Available at: http://epi.3cdn.net/c68c0d218e2750adb3_rwm6iz75b.pdf. The plan calls for an allocation of \$30 billion to take care of 10 percent of the most urgent repair needs and employ 240,000 workers.

¹⁰ Apollo Alliance, "Make it in America," March 2009, available at: http://apolloalliance.org/wp-content/uploads/2009/03/greenmap_proposal031109.pdf. Apollo's report asserts that creation of millions of jobs would be possible with strong manufacturing investment policies and a renewable energy standard.

Issue Background: In 2008, the US lost 149,000 manufacturing positions, many of which were family-sustaining, union jobs.¹¹ In 2010, a time of continued high unemployment and chronic job insecurity, the US should take action to sustain local upticks in manufacturing activity¹² and comprehensively revitalize our nation's manufacturing capacity, particularly in green industries.

Proposals: Invest in manufacturing. Provide direct federal funding for manufacturers to retool plants, retrain workers and create good jobs. Ensure that technical assistance and support for supply chain development meets demand. Make clean energy manufacturing a top priority and enact a renewable energy standard.

Elements of this effort should include the following:

- Provide funding to firms to retool, expand and establish domestic clean energy manufacturing operations and become energy efficient. Similarly, expand Manufacturing Extension Partnerships (MEPs) and focus them on clean energy manufacturing.¹³
- Incentivize manufacture of goods and components that are used in alternative energy projects by providing an energy manufacturing tax credit.¹⁴
- Provide small and mid-sized clean energy firms with technical assistance to export their products abroad.
- Fund targeted industries and sector partnerships that develop strategies to provide support to new or vulnerable workers.¹⁵
- Grow US rail manufacturing capacity. Develop strategies to fill gaps in the supply chain and take advantage of opportunities in locations that have high potential to be national (and perhaps international) transit manufacturing leaders, like New York.¹⁶

¹¹ Goldman, David, "Worst Year for Jobs Since '45," CNN, January 9, 2009. Available at: http://money.cnn.com/2009/01/09/news/economy/jobs_december/

¹² Maloney, Carolyn and Charles Schumer, "Understanding the Economy: Promising Signs of Recovery in Manufacturing," August 2010,. Available at:

http://jec.senate.gov/public/index.cfm?a=Files.Serve&File_id=643c47cd-06d7-4b29-86bd-a094446f23c2

¹³ These are the components of the IMPACT Act.

¹⁴ This is the principle of the SEAM Act (Security in Energy and Manufacturing Act). SEAM builds upon clean energy manufacturing tax credits that were created in ARRA.

¹⁵ These last two issues are addressed in the "Make it in America" package of legislation that is being spearheaded by Nancy Pelosi

¹⁶ Lowe, Marcy et al, "US Manufacture of Rail Vehicles for Intercity Passenger Rail and Urban Transit," June 24, 2010. Available at : <http://apolloalliance.org/wp-content/uploads/2010/06/cggcrailvaluechain.pdf>

6. Increase incomes of the lowest wage workers

Benefits: Increased consumption due to rising incomes, decreased poverty levels, reduced employee turnover and increased employee morale

Costs: Negative impacts on employment rates are tiny, if any, and are offset by improvements to the economy by increased spending power of low wage workers.¹⁷

Background: The real purchasing power of the federal minimum wage has eroded by nearly a third over the past 40 years and rising food prices are worsening the situation of low-wage workers.¹⁸ The federal government's current practice of resetting the minimum wage every few years simply does not provide an adequate living standard.

Proposals:

- Raise and annually index the minimum wage so that workers are guaranteed an income that provides for their needs.¹⁹
- Raise the minimum wage for tipped workers. The minimum wage for tipped workers should be restored to at least its historic level, which was 60% of the full minimum wage.
- Close unfair loopholes. Workers in low-wage sectors, such as homecare, should not be exempt from minimum wage and overtime protections.

7. Protect the unemployed from poverty, hunger and homelessness

Benefits: In addition to protecting the most vulnerable Americans from untreated illness, homelessness and food insecurity, increased unemployment benefits could create nearly one million jobs.²⁰

Costs: At least \$110 billion²¹

¹⁷ Shierholz, Heidi (EPI), "Fix It and Forget It," December 17, 2009. Available at: http://epi.3cdn.net/91fd33f4e013307415_rum6iydua.pdf

¹⁸ Data from NELP available at:

http://www.nelp.org/index.php/site/issues/category/federal_minimum_wage/

¹⁹ There is some legitimate disagreement among economists and advocates about whether to peg the minimum wage to the value of half the average workers' wage or index it to inflation. See Shierholz, Heidi (EPI), "Fix It and Forget It," December 17, 2009. Available at:

http://epi.3cdn.net/91fd33f4e013307415_rum6iydua.pdf

²⁰ Shierholz, Heidi and Lawrence Mishel (EPI), "Two for the Price of One," July 15, 2010. Available at: http://epi.3cdn.net/f4aee32a7822283e6b_qym6bxuzg.pdf. This paper states that benefits associated with ARRA (particularly the extension on UI time limits, the weekly \$25 UI supplement and COBRA subsidies) expanded the GDP by \$175.7 billion and supported 1.2 million full time equivalent positions.

²¹ Mishel, Lawrence et al (EPI), "American Jobs Plan: A Five Point Plan to Stem the Crisis," December 2009. Available at: http://epi.3cdn.net/c68c0d218e2750adb3_rwm6iz75b.pdf. The ARRA expenditure on UI extensions was \$152.1 billion; the \$110 billion figure comes from EPI's *American Jobs Plan*.

Background: Our federal unemployment insurance does not adequately support laid off workers and job seekers. In particular, it fails to account for the reality of long term unemployment, the growth of part time jobs, the expansion of low-wage service jobs and the decline of higher paid manufacturing jobs²²

Proposals:

- Reform unemployment insurance to take into account the reality of long-term unemployment and ensure that benefits are extended until the unemployment rate drops significantly.
- Protect against cuts to UI by helping states to adequately fund unemployment programs.
- Expand other benefits to unemployed people, including COBRA subsidies, nutrition assistance and mortgage payment assistance.

²² Boushey, Heather and Jeffrey Wenger (EPI), “Coming Up Short,” March 1, 2001. Available at http://www.epi.org/publications/entry/issuebriefs_ib169/: This brief explains how inadequate UI benefits actually are.