# THE AMERICAN JOBS ACT:
# THE IMPACT FOR LOW-INCOME FAMILIES AND THE ECONOMY

The American Jobs Act offers an aggressive strategy to expand employment opportunities for communities that have been particularly hard hit by the recession and for workers who may take longer to get back on their feet due to greater income losses and smaller savings than higher-income workers. That's why the President is putting forward a plan to increase the pace of job creation in America—a plan that includes specific targeted initiatives to help low-income workers and their communities, who have been hit hardest by the recession—and why he is committed to fighting for Congress to act on this plan. This plan will include:

- **An extension of unemployment insurance that will prevent 6.1 million Americans from losing unemployment insurance benefits, while providing targeted support for the long-term unemployed.** The President's plan includes an extension of unemployment insurance that will ensure that 6.1 million Americans do not lose their unemployment insurance benefits, while encouraging reforms that will help get the long-term unemployed back to work, armed with relevant lifelong skills.

- **Support for a subsidized jobs program that supported over 260,000 jobs as part of the Recovery Act – as well as summer/year-round jobs and job training for low-income youth and adults.** The President's plan includes a call for a new fund targeted specifically at helping low-income youth and adults. This fund would build on successful models like the TANF Emergency Contingency Fund to support subsidized employment, summer and year-round jobs, and job training that can get low-income youth and adults back to work.

- **A progressive payroll tax cut that goes to 160 million workers – regardless of income.** By extending and expanding the payroll tax cut passed last December, the President is calling for a tax cut that will boost the incomes of *all* 160 million American workers. Because almost every worker pays payroll taxes, and they are capped for higher earners, payroll tax relief is a notably progressive measure.

- **Targeting investments to rebuild and revitalize infrastructure across the country will benefit the communities hardest-hit by the recession.** The President's infrastructure investments include a school modernization initiative that focuses on the school districts with the largest numbers of children in poverty, and a new initiative to expand infrastructure employment opportunities for minorities, women, and socially and economically disadvantaged individuals.

## WHAT THE PLAN WILL DO

### Revitalizing Neighborhoods, Schools and Infrastructure – Including In Our Hardest-Hit Communities

- *Project Rebuild: Putting People Back to Work Rehabilitating Homes, Businesses and Communities*. The President is proposing to invest $15 billion in a national effort to put construction workers on the job rehabilitating and refurbishing hundreds of thousands of vacant and foreclosed homes and businesses. Building on proven approaches to stabilizing neighborhoods with high concentrations of foreclosures, Project Rebuild will bring in expertise and capital from the private sector, focus on commercial and residential property improvements, and expand innovative property solutions like land banks. This approach will not only create construction jobs but will help reduce blight and crime and stabilize housing prices in areas hardest hit by the housing crisis.

  *What Others Have Said About Refurbishing Foreclosed Properties:*

  - The United States Conference of Mayors also suggests creating construction jobs by "transforming foreclosed housing into energy efficient, rental properties."

- *Targeted Investments to Modernize Schools Serving Low-Income Students – From Science Labs and Internet-Ready Classrooms to Renovated Facilities:* The President is proposing a $25 billion investment in school infrastructure that will modernize at least 35,000 public schools – investments that will create jobs, while improving classrooms and upgrading our schools to meet 21st century needs. Funds could be used for a range of emergency repair and renovation projects, greening and energy efficiency upgrades, asbestos abatement and removal, and modernization efforts to build new science and computer labs and to upgrade technology in our schools. And they would be targeted at the lowest-income districts – with 40 percent, or $10 billion, directed towards the 100 largest high-need public school districts. The President is also proposing a $5 billion investment in modernizing community colleges, bolstering their infrastructure in this time of need while ensuring their ability to serve future generations of students and communities.

  *What Others Have Said About Education Infrastructure:*

  - The AFL-CIO, in its *America Wants To Work Action Plan*, advocates "rebuild[ing] America's schools."

  - The National Employment Law Project suggests that "school maintenance and retrofitting will improve classroom learning and efficiency, and will generate savings for cash-strapped school districts" (August 2011).

- *Putting Construction Workers Back on the Job By Modernizing Infrastructure – With a Focus on Expanding Access to These Jobs:* In order to jump start critical infrastructure projects and create hundreds of thousands of jobs, the President's plan includes $50

billion in immediate investments for highway, highway safety, transit, passenger rail, and aviation activities – with one fifth of the funding advancing a transformation of how we finance transportation infrastructure and what we finance. To ensure that the employment benefits of these projects can be broadly shared, the President's plan would invest an additional $50 million in 2012 to enhance employment and job training opportunities for minorities, women, and socially and economically disadvantaged individuals in transportation related activities, including construction, contract administration, inspection, and security. His plan will also invest an additional $10 million in 2012 to help minority-owned and disadvantaged business enterprises gain better access to transportation contracts. And it will ensure that infrastructure investments allow for the hiring of local workers, to maximize economic benefits for communities where projects are located.

*What Others Have Said About Infrastructure Investment:*

- The United States Conference of Mayors' *Common Sense Jobs Agenda* agrees that a "national project" to tackle the backlog of deteriorating infrastructure "could create hundreds of thousands of jobs including construction workers, building technicians, boiler repairmen, electrical workers, roofers, plumber, glaziers, painters, plasterers, laborers, and tile setter."

- *Preventing Layoffs of Teachers, Cops and Firefighters:* The President is proposing to invest $35 billion to prevent layoffs of up to 280,000 teachers, while supporting the hiring of tens of thousands more and keeping cops and firefighters on the job. These funds would help states and localities avoid and reverse layoffs now, requiring that funds be drawn down quickly. Under the President's proposal, $30 billion will be directed towards educators and $5 billion would go to the cops and firefighters who keep our communities safe.

- *Tax Credits and Career Readiness Efforts to Support Veterans' Hiring:* The President is proposing a Returning Heroes Tax Credit of up to $5,600 for hiring unemployed veterans who have been looking for a job for six months or more, and a Wounded Warriors Tax Credit of up to $9,600 for hiring unemployed workers with service-connected disabilities who have been looking for a job for six months or more, while creating a new task force to maximize career readiness of servicemembers.

*What Others Have Said About Supporting Veterans' Hiring:*

- The Congressional Black Caucus has proposed legislation "to ensure that members of the Armed Forces who are being separated from active duty receive comprehensive employment assistance, job training assistance, and other transitional services."

**Pathways Back to Work for Americans Looking for Jobs**

- *Extending Unemployment Insurance So That 6.1 Million Americans Looking For Work Do Not Lose Their Benefits:* In December, the President successfully fought for unemployment insurance to be extended. The President has called for a further extension into 2012 to prevent 6.1 million Americans from losing their benefits next year.

  *What Others Have Said About Extending Unemployment Insurance:*

  - The United States Conference of Mayors says that the federal government should "Extend unemployment benefits now" in its *Common Sense Jobs Agenda.*

  - The AFL-CIO advocates extending unemployment benefits "for another year."

- *Investing in Low-Income Youth and Adults:* Building on highly successful Recovery Act programs that provided job opportunities for low-income adults and youths, the President's *Pathways Back to Work Fund* will make it easier for workers to remain connected to the workforce and gain new skills for long-term employment. The Initiative will include:

  - *Support for summer and year-round jobs for youth.* The Recovery Act provided 367,000 summer job opportunities through the public workforce investment system to young people in the summers of 2009 and 2010, according to the National Association of State Work Force Agencies. Such programs not only provided young people with their first paycheck, but taught them life-long employment skills. Building on this success, the new *Pathways Back to Work Fund* will provide states with support for summer job programs for low-income youth in 2012, and will build on that success by supporting year-round employment for economically disadvantaged young adults.

  - *Subsidized employment opportunities for low-income individuals who are unemployed*, building off the successful TANF Emergency Contingency Fund program that supported 260,000 low-income adults and youth in paid jobs during a time of high unemployment, according to an analysis by the Center on Budget and Policy Priorities (CBPP). The CBPP found that this flexible program allowed states to reduce the cost and risk associated with new hiring, encouraging private-sector businesses to hire new workers.

    - In a CBPP report, JD, a worker-trainee in Chicago, described his experience with one such program: "Put Illinois to Work has helped me become more of a responsible father to my kids. I now can say without hesitation that I can pay the bills for my family and keep a solid roof over our heads."

  - *Support for local efforts to implement promising work-based strategies and to provide training opportunities* that have good records of placing low-income

adults and youths in jobs quickly. Chief local officials, in partnership with local workforce boards, business, community colleges, and other partners, will be able to apply for funding to support promising strategies designed to lead to employment within the short-term. Examples include:

- *Sector-based training programs* that have been designed to meet the specific requirements of an employer or group of employers in that sector and where employers are committed to hiring individuals on successful completion of the training.

- *Acquisition of industry-recognized credentials* in a field identified by the state or local area as a growth sector or demand industry in which there are likely to be significant job opportunities in the short-term.

- *On-ramps to hiring* that connect the unemployed to immediate work opportunities and provide needed skills training and other supports.

- *Career academies that provide students with the academic preparation and training* needed to pursue a career pathway that leads to postsecondary credentials and high-demand jobs.

- *Community college-based free evening and weekend basic computer training classes.* Adult basic education and integrated basic education and training models for low-skilled adults, hosted at community colleges or at other workforce-partner sites to prepare individuals for jobs.

*What Others Have Said About Jobs for Low-Income Youth and Adults:*

- The National Employment Law Project suggests that the government "facilitate youth employment and opportunities to gain work and skills experience through expansion of national service programs" and agrees that the TANF Emergency Contingency Fund was a "successful model" when looking to "address barriers particular to long-term unemployment through programs such as subsidized work." (August 2011).

- The National Urban League recommends restoring the Summer Youth Job Program, saying that "early labor market experience has significant effects on future earnings and productivity."

- *Targeted Support to Help The Long-Term Unemployed Get Back to Work:* The recession pushed long-term unemployment to its highest levels since 1948, the first year for which such data are available – with 6 million people out of work for six months or more. The President's plan is targeted directly at helping these Americans get back to work, for example with:

- Tax credits for hiring the long-term unemployed: The President is proposing a tax credit to provide up to $4,000 to businesses for hiring workers who have been looking for a job for six months or more.

- "Bridge to Work" Programs: States will be able to put in place reforms that build off what works in programs like Georgia Works or Opportunity North Carolina, while instituting important fixes and reforms that ensure minimum wage and fair labor protections are being enforced. These approaches permit long-term unemployed workers to continue receiving UI while they take temporary, voluntary work or pursue work-based training. The President's plan requires compliance with applicable minimum wage and other worker rights laws.

- Wage Insurance: States will be able to use UI to encourage older, long-term unemployed Americans to return to work in new industries or occupations.

- Startup Assistance: States will have flexibility to help long-term unemployed workers create their own jobs by starting their own small businesses.

- Other Reemployment Reforms: States will be able to seek waivers from the Secretary of Labor to implement other innovative reforms to connect the long-term unemployed to work opportunities.

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- *Prohibiting Employers from Discriminating Against Unemployed Workers: The President's plan* calls for legislation that would make it unlawful to refuse to hire applicants solely because they are unemployed or to include in a job posting a provision that unemployed persons will not be considered.

## More Money in the Pockets of Every American Worker

- *Cutting the Payroll Tax Next Year — Benefitting 160 Million American Workers:* The President is proposing to extend and expand the payroll tax cut passed last December, increasing it to 3.1% for 2012. In total, this will help an estimated 160 million American workers who pay payroll taxes.

  *Example:* A household with $30,000 in income would typically pay about $1,860 in Social Security taxes. In 2011, that household would receive a payroll tax cut of $600. By expanding the payroll tax cut, that household will receive $930 in 2012.

- *A payroll tax cut that is progressive and specifically benefits lower-earning workers who pay more of their wages as taxes.* All workers, regardless of income, pay payroll taxes.

But because earnings subject to the Social Security taxes are capped, and higher-income people derive more income from sources other than wages, cutting payroll taxes benefits lower- and moderate-income workers in a targeted, progressive way.

**Fully Paid for As Part of the President's Long-Term Deficit Reduction Plan**

- To ensure that the American Jobs Act is fully paid for, the President will call on the Joint Committee to come up with additional deficit reduction necessary to pay for the Act and still meet its deficit target. The President will, in the coming days, release a detailed plan that will show how we can do that while achieving the additional deficit reduction necessary to meet the President's broader goal of stabilizing our debt as a share of the economy.