

NATIONAL EMPLOYMENT LAW PROJECT

FILLING THE GOOD JOBS DEFICIT

An Economic Recovery Agenda
for Our States and Cities

OCTOBER 2011

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More than two years after the official end to the Great Recession, Americans remain deeply concerned about the state of the economy. With 25 million people out of work or underemployed, and millions more working in low-wage jobs that leave them on the brink of disaster, many fear that America's best days may be behind us.¹

Ongoing layoffs in the public sector continue to negate nascent job creation in the private sector, and the few new jobs we are creating are inferior to the mid-wage work we have lost—the jobs that once sustained our economic aspirations.² It's not too late to ease this foreboding and restore economic promise, but doing so demands a concerted effort from government, business, and labor and community members to ensure that the United States remains a place where good jobs with family-supporting wages are a national policy priority.

This effort will require making different choices to prioritize putting people to work in quality jobs and allocating resources now to avoid more costly problems in the future. We need to emphasize projects that get people repairing and maintaining existing assets over ribbon-cutting opportunities that don't respond to immediate needs, and we need to select plans for those projects that improve the public health and safety of those who live and work nearby. We must give preference to new technologies that will improve America's security,

IT'S TIME TO START SAVING

Ending business-as-usual giveaways to big business and millionaires would allow us to save hundreds of billions of dollars over the next decade, savings that we could use to put Americans back to work.

Increasing Corporate Tax Rates by 1%	\$100.6 billion
Fixing Depreciation Options for Corporations	\$97.5 billion
Timely Taxing for Overseas Corporate Interest.....	\$114.2 billion
Ending Subsidies for Big Oil, Coal and Gas Corporations	\$46 billion
Imposing Targeted Fees on Large Financial Institutions.....	\$70.9 billion
Taxing Hedge Fund and Private Equity Managers' Income as Income	\$21.4 billion
Lifting Capital Gains Taxes by 2%	\$48.5 billion
Raising the Estate Tax on the Richest Estates.....	\$98 billion
Increasing Income Tax for the Wealthiest Tax Bracket by 1%	\$83.9 billion
Total Savings	\$681 billion

Sources: Congressional Budget Office, "Reducing the Deficit: Spending and Revenue Options"; The Century Foundation and Economic Policy Institute, "The Facts Support Raising Revenues from the Highest-Income Households"; Center for American Progress, "Budget Bullets: Energy."



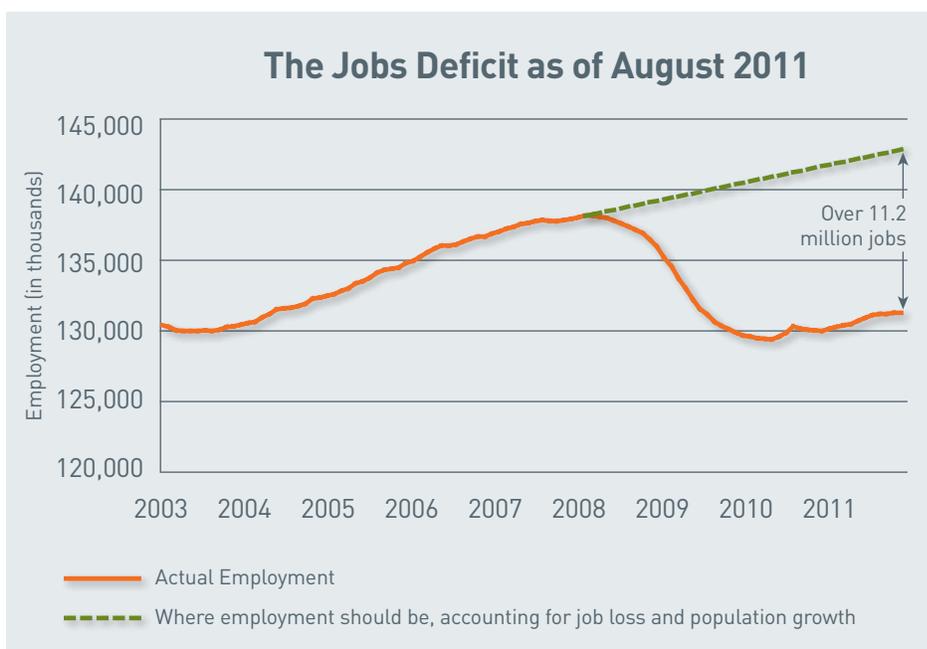
and also open new opportunities for manufacturing, construction, and ongoing operations. We must accept the challenge of developing our greatest resource—our people—for the yet unimagined industries of the 21st century, even as we vow to maintain standards and support for workers facing the employment obstacles of today.

And we must resolve to hold onto America's revenues, devoting them to a good jobs agenda for all of us instead of giving them away to big corporations and the wealthiest few among us. Closing corporate tax loopholes, ending unnecessary subsidies for profitable industries and putting a stop to accounting gimmicks that shelter only the income of the very richest could save us \$681 billion over ten years and allow us to redeploy that revenue to putting America back to work. (See "It's Time to Start Saving" for a breakdown of corporate and millionaire tax expenditures.)

Putting America back to work is a national challenge and requires a strong and adequate national response. Thus, in this agenda, we suggest some actions that the federal government should be taking to restore our economy to a surer footing.

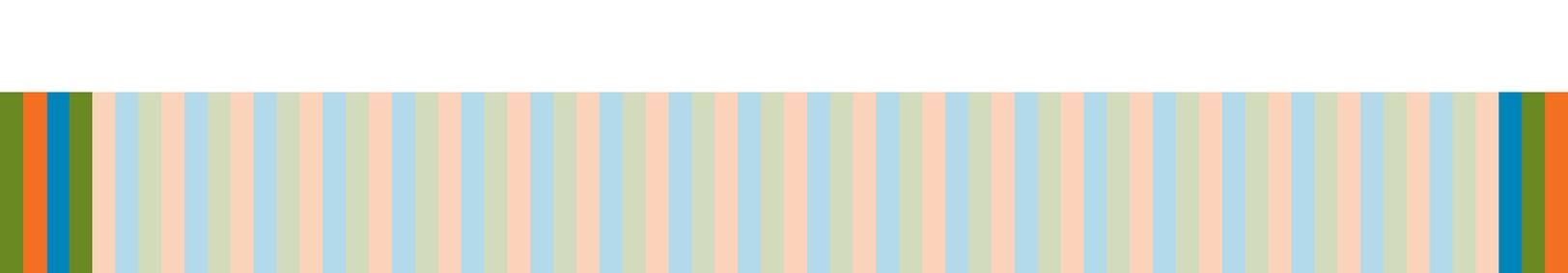
But there are also solutions that we can deploy at the state and local levels to address the good jobs deficit, and the goal of this Recovery Agenda is to address some of those possibilities—to assist advocates, researchers and elected officials in our states and cities as they think about strategies to rebuild quality jobs in their own backyards. Recognizing that no two communities are exactly the same, we highlight some innovative projects and financing tools to spur local ideas and note parallel steps federal lawmakers could be taking to support job creation on the ground. The projects we describe have the potential to create short-term construction or planning jobs and long-term operations, maintenance and manufacturing opportunities. Similarly, we are mindful of the need for jobs in a variety of occupations, across all industries that reach workers with various levels of experience. Finally, we emphasize that in order to address the related challenges of income inequality, inequitable distribution of work, and increasingly unsustainable environmental practices, all 21st century jobs must be fairly compensated, accessible to all and move us toward a safe and healthy environment.

Methodology and Structure: Many groups have developed thoughtful and innovative suggestions for how to create jobs at the federal level, including the BlueGreen Alliance, the Center for American Progress, the Center for Budget and Policy Priorities, the Center for Community Change, the Center for Economic Policy Research, the Center for Law and Social Policy, Dēmos, the Economic Policy Institute, Green for All, and PHI. Additionally, researchers have done important work assessing the successes and shortcomings of the recovery to date that is invaluable in identifying best practices and models worth growing, including those at the Brookings Institution and the Political Economy Research Institute. Furthermore, many organizations like the Center on Wisconsin Strategy, the Los Angeles Alliance for a New Economy, Policy Matters Ohio, the Social Impact Research Center and members of the Smart Growth network have done deep analysis of local opportunities in their states. The *Resources* sections of this Agenda point to the work of these groups and others as important assets for those seeking to create local job creation policies.



The jobs deficit, which is made up of jobs lost during and after the Great Recession—and not yet recovered—plus the new jobs needed to keep up with population growth, is currently over 11 million.

Source: NELP Analysis of the Current Population Survey and Current Employment Statistics from the Bureau of Labor Statistics



NELP's Recovery Agenda addresses not just the "jobless recovery"—the economy still is over 11 million jobs short of where it needs to be to get to pre-recession levels of employment—but the overall good jobs deficit that began long before the onset of the Great Recession. For decades, the US economy has been shifting away from one built on middle-wage jobs that allow workers to care for their families, have access to medical care, own a home, educate their children and retire with dignity. Instead, our economy increasingly rests on low-wage jobs that force workers to supplement their earnings with publicly-financed benefits, unsustainable levels of borrowing, and lowered expectations for their children's futures. The recession, itself a by-product of these trends, has in turn exacerbated the disproportionate role of low-wage work and increased the levels of income inequality to unprecedented levels. We suggest a three-part strategy to tackle the good jobs deficit: (1) create new jobs in projects that can get payrolls moving quickly, pay decent wages and improve the health and safety of our communities; (2) strengthen the protections for low-wage workers by raising the wage floor and rigorously enforcing labor and safety laws; and (3) do no harm to those hardest hit by this recession, by living up to our commitments to support those searching for work and giving them the tools they need to get back on the job.

Part One, **Filling the Good Jobs Deficit**, is an overview of strategies to create jobs, to ensure that all jobs are quality jobs, and to maintain the supports needed for those who have suffered most in this recession. Throughout this section, we also note programs or incentives that the federal government could be taking to spur recovery in these areas.

Part Two, **Tools to Create Good Jobs**, consists of more in-depth briefs on each option, highlighting model programs, possible financing methods, and further resources. These briefs, which are linked to their corresponding overview in the digital version of this Agenda, are intended as more detailed toolkits for local advocates and lawmakers as they pursue job creation strategies of their own.

This Agenda is by no means intended to suggest the only solution, or even the best solution for every community, but to demonstrate a range of promising solutions and programs that would allow us to move beyond talking about jobs to actually putting America back to work. It is our hope that this list will grow and develop as communities implement new programs and that it can serve as a toolkit for advocates to use to share success stories and best practices across geographies.

Job Creation: Officially, there are nearly 14 million people in the United States out of work. In total, there are more than 25 million unemployed and underemployed when we include those who are involuntarily working part-time as well as those who desperately want jobs and have searched for work sometime in the past year, but have not been able to find available openings. At 25 million, only California would have a greater population than the “State of the Unemployed.” Included among these are workers who lost jobs as state and local governments cut more than 600,000 jobs that provided important public services to our communities—jobs that paid decent wages and benefits that allowed workers to care for themselves and their families. Teachers, clerical workers, accountants and assessors have all received pink slips, with anticipated austerity policies promising many more.

A crisis of sustained high unemployment—the “new normal,” some say—is not inevitable. We can choose a different path, one built on a virtuous cycle of investing public resources into creating good jobs that will put more people back to work, hence generating more public revenues to protect and restore the services that enhance all of our lives. Getting more people back to work in decent jobs will enable the millions who are now unemployed to once again become consumers, tax payers, and self-sustaining. In short, we can build a sustainable recovery but only if we choose to fill the good jobs deficit.

Getting people back to work means deciding to use our public savings wisely. Even as we set longer-term projects in motion—retooling manufacturing and rebuilding the housing market, for example—we must also focus on promising short-term investments that can be implemented quickly, that emphasize a high ratio of jobs to dollars spent, that offer opportunities within the communities hardest hit by the recession and that prepare workers for longer-term employment. But we will be missing an opportunity to make new good jobs the cornerstone of better communities if we do not also prioritize projects that build long-term benefits by making our neighborhoods cleaner, healthier and more promising places to live.

FORGING A NEW FOUNDATION

➤ Mending Our Built Environment

Seemingly every week, new reports and investigations inform us that the roads we travel on, the bridges we cross, our airports, rail lines and the buildings we live and work in are in a critical state of disrepair. Without question, this rate of decay will make long-term economic growth impossible and will even challenge efforts for basic health and safety. For instance, one-third of US roads are in poor or mediocre condition, at a cost of 4.2 billion hours a year stuck in traffic for Americans.³ But simply recreating systems built in the early- to mid-20th century is not advisable. Not only do public transit and mixed-use projects create more jobs than highway projects,⁴ but communities with high levels of public transportation have fewer chronic health conditions⁵ and better access to jobs.⁶ Similarly, addressing long-deferred maintenance and upgrades to the nation's schools could simultaneously employ hundreds of thousands of people⁷ and improve the learning environment for children⁸ who need to prepare for the mid-21st-century workplace now. And while retrofitting America's commercial building stock could put more than

100,000 people to work, it could also save the business community over \$1.4 billion in energy bills.⁹ These kinds of hometown projects can create jobs quickly, at a variety of skill levels, and allow us to address environmental concerns in a tangible way that can improve the health and safety of community members today and into the future.

By adopting “fix it first” policies and implementing a cost-benefit analysis that puts job creation front and center, elected leaders can and should focus existing funds on projects like mass transit, school maintenance, building retrofits, and greening communities through projects like cool roofs and bike lanes. These types of projects are labor intensive initiatives that result in good jobs with good pay, many of which stay in the local economy for good and offer concrete career pathways for workers, even as they curb climate change and build a more sustainable and productive economy. And while the Recovery Act—which committed \$93 billion to green activities¹⁰—represents a significant investment in the green sector, there are still myriad ways that states, counties, and cities can support these initiatives. Indeed, states and cities are finding innovative ways to finance investments in the long-term economic health of their built environment.



FEDERAL ACTION Congress

should reauthorize the Surface Transportation Act, and renew and expand successful programs like Build America Bonds and the Transportation Infrastructure Finance and Innovation Act.

➤ Strengthening Energy Security and Environmental Sustainability

Failing to address climate change is not only bad for the environment; it's also bad for jobs. Our heavy dependence on fossil fuels, which supply 93 percent of energy consumed in the United States, has resulted in a polluting economy built



FEDERAL ACTION Congress and the Administration should support demand for renewable energy through Cap and Trade measures, and support incentives for energy efficiency by addressing shortcomings in the Property Assessed Clean Energy Program, the Home Star and Building Star programs, and advance measures that facilitate growth in related manufacturing such as the Advanced Energy Manufacturing Tax Credits and Buy America provisions.

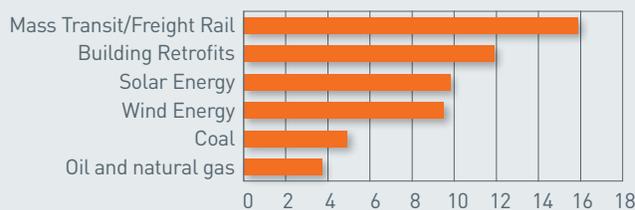
on generous public subsidies and unsustainable, and increasingly costly, resources. What’s worse, multiple lines of research have documented the fact that leaving climate change unaddressed will actually cause net losses in gross domestic product and jobs over the long run.¹¹

Until 2006, the United States was ranked as the most attractive country for alternative energy investment, a position we have since ceded to China.¹² But even at current levels, the “green” economy employs more workers than the fossil fuel industries,¹³ indicating the potential for explosive job growth if this sector could receive the kind of public subsidy and support that the oil and gas industries do. Alternative energy has the promise of employing millions of people while rebooting our manufacturing sector, launching widespread retrofit and redesign efforts in real estate, and allowing governments, businesses and individuals to shift spending from utilities to other sectors. But shifting from fossil fuels could also lead to vast savings in environmental remediation and public health costs, meaning

that long-term public and economic benefits would accrue from short-term investments in job creation in this sector.

At the same time, local communities face a crisis in dealing with the outputs of densely populated areas; our landfills are filling up and uncontrolled storm water carries chemicals and waste into our drinking water systems. In Houston, Texas, alone there are 700 water main breaks per day.¹⁴ Cities should prioritize these projects because they improve public health and the quality of life in their communities, and they have the potential to create good jobs not just in the construction phase but also in the ongoing operations and maintenance phases. For example, studies have shown that recycling creates more jobs per ton of material processed than landfill programs,¹⁵ although it is important to note that it takes conscious effort to ensure that these are quality jobs that will contribute positively to the economy.¹⁶ These efforts toward quality jobs can pay off in the long run too; one city discovered that the switch to recycling equipment and trucks led to lower on-the-job injury costs, an unexpected source of additional savings.¹⁷

Direct and indirect job creation per \$1 million



Source: Robert Pollin, et. al., “The Economic Benefits of Investing in Clean Energy,” Department of Economics at the University of Massachusetts Amherst and Political Economy Research Institute and the Center for American Progress.



FEDERAL ACTION Congress should

reauthorize the Child Care and Development Block Grant program and; further develop joint projects between the Departments of Education and Health and Human Services to flesh out universal pre-K standards and systems. Congress should also reauthorize the Older Americans Act; implement incentives under the Patient Protection and Affordable Care Act to expand in-home care while adding standards to promote quality jobs; and support the Caring Across Generations Campaign.

➤ Improving Life Outcomes

Human care and development must be improved if we are to build a competitive 21st century economy; the children we educate today will be the workers of tomorrow, and as our society ages we must also build systems to care for the elderly whose days at work are past. A strong foundation in social care is every bit as critical as a strong physical foundation, and has the potential for impressive job creation. A Levy Center for Economic Studies study of early education and long-term health care found that “social care investment generates more than twice the number of jobs as infrastructure spending and almost 1.5 times the number of jobs as green energy spending.”¹⁸ The researchers found that a \$50 billion investment in child care and home health care would generate almost 1.2 million jobs, whereas a similar investment in physical infrastructure created 556,000 jobs.¹⁹ Furthermore, social care jobs provide employment for those populations that are among the hardest hit by the recession and those faring least well in the recovery: women, and African American and Latino workers without a college degree.²⁰ Including social care programs as part of a plan to rebuild the foundations of the United States is a wise use of public dollars.

These programs are also integral to maintaining the quality of life and standard of living that best enable workers to meet the dual demands of performing well on the job and meeting their family responsibilities. Quality early education and eldercare both rank among the top concerns for our families, but all too often are also the greatest strains on family budgets and the cause of stress, missed work days, and low productivity for heads of households.

These are also long-term investments. Children who begin kindergarten having been through quality pre-K care are more likely to become academic achievers; as the economy recovers and grows we will need the next generation to have the knowledge and skills to excel in new technologies and industries. Similarly, elderly patients who stay in their own homes report a higher quality of life and fewer illnesses requiring emergency room visits, hence reducing health care costs. As the baby boomers age, more caregivers will be needed to care for them, but already long-term care providers report labor shortages stemming in no small part from the low wages and physically onerous working conditions in the field.

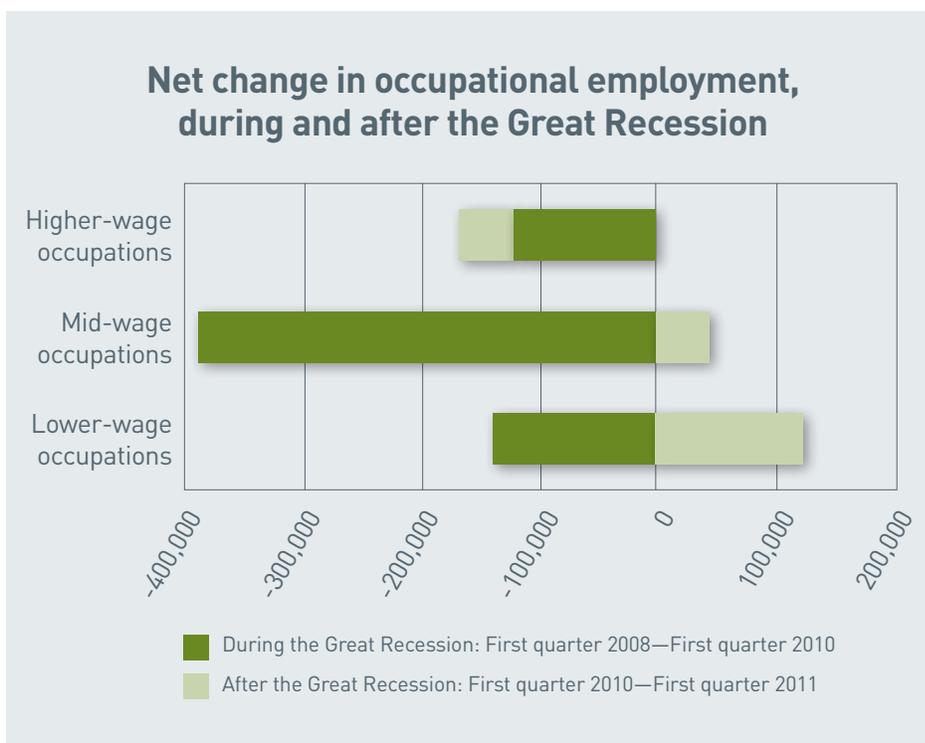
It is critical to build these systems, but to do so in a way that will not add to the good jobs deficit. In 2009, direct care health workers earned a median annual salary of less than \$17,000.²¹ Moving forward, we need to ensure that such jobs are sufficiently family-supporting; quality early education and eldercare should improve outcomes for children, senior citizens and the workers who provide these critical services.

ENSURING OUR JOBS ARE GOOD JOBS

America's good jobs deficit is not only made up of a lack of jobs, but also a lack of jobs with *good wages*. More and more of our economy is shifting towards low-wage jobs, and the recession and its aftermath have only accelerated this trend. The loss of mid-wage jobs started well before the recession, with jobs like paralegals, customer service representatives and machinists declining in number. But during the recession, these jobs took an enormous hit. Of the net employment losses between the beginning of 2008 and spring of 2010, fully 60 percent came from this tier of jobs, with another 18.7 percent coming from higher-wage occupations like engineers, registered nurses and finance workers. And, making matters worse from the perspective of job quality, average wages for lower-wage jobs—which have been the fastest-growing jobs so far—have dropped more than 2 percent since the start of the recession.²²

This good jobs deficit has been decades in the making, and has some particularly severe repercussions for both the unemployed *and* employed. Even just a snapshot of the last decade illustrates this point: according to the Economic Policy Institute, the median income for an average working-age household fell by \$2,250 from 2000-2007, followed by an even steeper \$2,700 decline during recessionary years of 2007-2009. Taken together, this means that the average household earned nearly \$5,000 less in 2009 than it did in 2000.²³ New action to improve wages and benefits in the low-wage industries where millions of America's workers spend their careers is therefore crucial not just for working families, but also for ensuring sustainable growth.

Consequently, even as we focus on creating new quality jobs we must renew efforts to raise the floor for the lower end of the labor market. State and



Source: NELP Analysis of Current Population Survey Outgoing Rotation Files, prepared by the Economic Policy Institute. See, *The Good Jobs Deficit: A Closer Look at Recent Job Loss and Job Growth Trends Using Occupational Data*.



FEDERAL ACTION Congress should

act to restore the federal minimum wage to its historical level—and index it so that it does not fall in value every year.

Congressional action on the minimum wage should also raise the tipped worker minimum wage to 70 percent of the full minimum wage. And the US Department of Labor should end the unfair exclusion of home care workers from minimum wage and overtime protections through new regulations.

local action to ensure that job growth is more balanced and that even the lowest-paid occupations are able to earn wages that are fair and reasonable will not just help our communities, but is also essential for generating the demand and consumer spending our economy needs to grow good jobs with good wages.

➤ Raise the Minimum Wage

As state and local leaders consider recovery strategies, raising the minimum wage is a key approach for responding to the alarming erosion of wages facing America's workers. And contrary to corporate lobbyists' claims, raising the minimum wage actually pumps money back into the economy and creates jobs by boosting consumer spending by low-income workers.

The minimum wage would be about \$10.38 per hour if it had kept pace with the cost of living over the past forty years.²⁴ New state and local action to restore it to that level would help restart wage growth for the nearly 25 percent of the workforce that makes less than that amount. And by putting more money in the pockets of working families who spend it on necessities at local businesses, a stronger minimum wage will boost the consumer demand that powers our economy and that local employers need in order to grow. In other words, not only have experience and rigorous research shown that raising the minimum wage doesn't slow job growth—a higher minimum wage actually helps create jobs. Restoring the minimum wage to more than \$10.00 per hour would create approximately 160,000 new jobs across the country, according to preliminary estimates.²⁵

With Washington gridlocked, states and cities can lead the way in a new push to restore a strong minimum wage for our nation's working families. Other key ingredients in a reform package are indexing the minimum wage to the cost of living so that it does not continue to fall in real value each year, and closing the outdated loopholes that deny minimum wage protections to home care workers and that relegate tipped workers to a meager subminimum wage.

➤ Strengthen Enforcement of Wage and Hour Laws

Wage theft is becoming a defining trend of low-wage industries in the 21st century, with more and more American employers simply failing to pay workers their wages at the end of the day—and government failing to address the problem. Wage theft affects all workers and all industries, but is most prevalent in low-wage industries, where vulnerable workers need every penny they have earned just to keep their families afloat. These failures to pay for a fair

day's work hurts workers, public budgets and the broader economy by withholding earned income from low-wage families, avoiding fair corporate tax revenues and curtailing discretionary stimulative spending.

At the same time, the misclassification of employees as "independent contractors" is costing the federal government billions of dollars in lost revenues²⁶ and keeping crucial revenues from state unemployment and workers' compensation programs. Between 2000 and 2007, audits of selected states found that the number of misclassified workers increased from 106,000 workers to over 150,000 workers, a number made all the more disturbing by the fact that states generally audit less than 2 percent of employers each year. In a 2009 report, the IRS estimated that as a result of misclassification, employment taxes were underreported by \$54 billion.²⁷



FEDERAL ACTION Congress and the Administration should adequately fund the US Department of Labor so that it may continue to strengthen enforcement measures against employers who violate labor law. Proposals to develop multi-agency capacity to address the protections and benefits lost to workers and the unpaid tax revenues that result from misclassification should be acted upon.

The good news is that workers' organizations are forming around the country to fight back against wage cheats, and their efforts have elevated the issue before elected officials and policymakers. In the past several years, states as diverse as Texas, Illinois, New York, Washington, Maryland, New Mexico, and cities and counties such as Miami-Dade County, FL, Denver, CO, Fayetteville, AR, and Seattle, WA have made efforts to fight wage theft. Among the most effective of these are campaigns to strengthen public agency prosecution of wage claims (both civil and criminal), deny business licenses to wage cheats, increase the penalties for civil violations, protect workers from retaliation and end the misclassification of employees as "independent contractors."

➤ Set the Standard in Publicly-Financed Jobs

Government at all levels—federal, state and local—creates or subsidizes millions of private sector jobs each year through the money it spends on purchasing goods and services for government agencies, and on providing tax breaks and other incentives to private companies. Contracting by federal government agencies alone totals more than \$500 billion annually and finances millions of jobs. State and local government contracting totals additional billions. And cities and states are estimated to spend \$50 billion more every year on direct subsidies, tax exemptions and targeted infrastructure improvements to benefit private businesses.

All too often, the jobs generated by this spending are substandard, paying very low wages and



FEDERAL ACTION The Obama

administration should order federal agencies to screen out employers that repeatedly break the law from receiving government contracts, and to make decent wages and benefits a positive factor in awarding contracts.

involving poor working conditions where labor law violations are frequent. Nor do most federal, state or local agencies have adequate processes to screen out companies that break labor, tax and environmental laws from continuing to receive government contracts and tax breaks. Of particular concern in the current economic context, many out-of-state firms that win these contracts don't prioritize hiring local workers, including the long-term unemployed, in the states where they perform the work.

In recent years, however, states and cities have started to reform these programs to ensure that scarce taxpayer dollars are directed toward employers that follow the law and create quality jobs for local communities. States like California, Massachusetts, Connecticut and Illinois and cities like Los Angeles have adopted "responsible contracting" policies that ask prospective bidders for government contracts to

provide information on their legal compliance records in areas including, but not limited to, workplace safety, employment law, and environmental protection, and to provide details, regarding wages, benefits, apprenticeship training and classifications as independent contractors, on the jobs they provide. The states and cities then use that data in determining which bidders to select for the contracts. Similarly, more than 140 cities and one state—Maryland—have adopted living wage standards for businesses performing government contracts. And a growing number of cities are requiring similar jobs standards for businesses that receive tax breaks or other public incentives. These states and cities have found that these policies have resulted in taxpayer spending being directed towards a more reliable group of "high road" businesses that deliver better services for the taxpayers, while producing quality jobs for local communities.

With public budgets exceedingly tight, these types of "high road" jobs policies make more sense than ever when applied to state and local contracting programs and tax incentives as ways to ensure that taxpayers' dollars secure the delivery of good benefits and services while also creating quality jobs within the community.

EXPANDING ENTRY TO THE WORKFORCE

While the “jobless recovery” has been a source of anxiety for most Americans, there are some populations for whom the tight labor market is especially worrisome. Without targeted measures to help the long-term unemployed and young workers enter the workforce, the economy will suffer short-term effects of contracted productivity, the loss of spending power of millions of laid-off workers, and the long-term squandering of talent and diminished earnings of young workers with delayed work experience.

Over six million Americans have been out of work for six months or longer, with nearly 32 percent unemployed for more than a year.²⁸ These workers and their families face falling behind on their bills, foreclosure, hunger, and depression. People are searching for work for longer than ever—according to the Joint Economic Committee, the long-term unemployed now spend more than twice as long searching before becoming discouraged than people did in a healthier economy²⁹—but face daunting employer preconceptions about skills and even structural discrimination in hiring policies. And this is not a phenomenon limited to less-educated workers; more than one million of long-term unemployed workers have a college degree³⁰ and older workers with long experience are considerably more likely to experience extended unemployment than younger counterparts.³¹

Young workers, too, have suffered significantly in this downturn. Between 2007 and 2009, the United States’ youth unemployment rate rose from 10 percent to 19.1 percent, and among young men it reached 22 percent by the end of 2009.³² At the same time, young African Americans faced a whopping 29.1 percent unemployment rate.³³ Things have not markedly improved since then; the US Department

BARRIERS TO WORK RESULTING FROM CRIMINAL RECORDS

Many communities have been decimated by the barriers that nearly 65 million men and women with criminal records face when looking for work. One study estimates that a criminal record reduces the likelihood of a job callback or offer by nearly 50 percent. And because the arrest rate for African Americans (28.3 percent) is more than twice their representation in the population (12.9 percent) hiring practices that appear to be “race-neutral” on their face have a disparate impact on communities of color.

These practices come with a high price tag. The reduced output of goods and services of people with felonies and prison records is estimated at between \$57 and \$65 billion in losses.

Activists and lawmakers in numerous states have taken action to end these practices and allow those who have paid their debt to society to become productive workers again. To learn more, see NELP’s inventory of states and counties that have banned unnecessary screening out of those with criminal records, at www.nelp.org.

of Labor reports that during the typically busy summer employment months, youth labor force participation was stalled at 59.5 percent, with 4.1 million young people between 16 and 24 out of work.³⁴ Furthermore, even well-educated young people are likely to feel the ramifications of joblessness for a long time: even 15 years after college graduation, young people entering a tough economy will be earning less than their peers who graduated into a stronger job market.³⁵

For a truly sustainable economic recovery, we must take care to help those most hurt by the Great Recession and the prolonged jobless recovery to

transition into the workforce. Otherwise we will continue to feel the effects of a lost generation of workers in diminished demand and lowered tax revenues for decades to come.

➤ Getting the Long-Term Unemployed Back to Work

Long-term unemployment has been more severe than during any other recessionary period on record, with over six million workers experiencing unemployment spells that last longer than six months. These workers go head-

THE YOUTH UNEMPLOYMENT CRISIS

imperative that we make special efforts to get this group started on a wage-earning path that can lead to self-sustaining careers later.

Programs funded through the Edward M. Kennedy Serve America Act can provide work experience, GED credits, health care and important service to the community. For example, AmeriCorps workers went to Joplin, MO, in the wake of recent floods to set up hotlines and provide information to callers, helping a community in need even as they learned important organizational and customer service skills. The 273 YouthBuild programs throughout the country have put more than 90,000 students to work building 19,000 affordable—and often energy efficient—housing units. Unfortunately, recent budget skirmishes have left the Serve America Act underfunded, leaving hundreds of thousands of young workers out in the cold.

In some cases, the connection between work and education must be made earlier. Formal education is one of the key indicators for lifetime earnings, and combining secondary education with developing work skills can give students a strong start. Paid work experience should be combined with efforts to reduce dropping out of secondary education through vocational programs that include work opportunities. This combination could combine the appeal of short-term financial awards with literacy training and basic work skills.

Students who have completed post-secondary education find themselves saddled with onerous debt burdens in an economy that cannot offer enough jobs to help them pay off the loans. These students need extended grace periods and generous repayment terms to help them make ends meet in the short term and to leave them with some earnings from low-paying entry level jobs to help stimulate consumer spending.



FEDERAL ACTION Congress

should pass the Fair Employment Opportunity Act of 2011, which prohibits employers and employment agencies from refusing to consider job applicants solely because they are unemployed.

to-head every day with the worst labor market in a generation and find that despite countless applications and resumes, getting an interview or even a response from an employer is an increasing challenge. Studies show that with each passing month a worker is unemployed, the more obstacles the worker faces as employers question whether they have maintained the skills to succeed on the job.

On top of such barriers, recent research has also documented discrimination against the unemployed on the part of employers, with many refusing to consider an applicant who has been unemployed for any length of time for a job opening. Hiring firms and agencies also discriminate in this way through their advertisements for job openings, including lines such as “must be currently employed” or “(we) require current (or very recent) tenure” in their postings.³⁶ Such discrimination is a blatant catch-22: requiring job seekers to have a job in order to get a job is deepening the unemployment crisis and damaging our recovery, in part by denying the inclusion of skilled, experienced workers into the workforce. States can take on these discriminatory hiring practices by passing legislation that mirrors the federal Fair Employment Opportunity Act of 2011, which would prohibit employers and employment agencies from refusing to consider job applicants based on their current employment status.

States can also promote opportunities for the

long-term unemployed through subsidized employment programs, in which a worker’s wages are subsidized for a given period of time. The Recovery Act created significant incentives for subsidized programs: 39 states and the District of Columbia operated subsidized jobs programs through the TANF Emergency Fund, putting nearly 260,000 people to work, until the majority of programs ended in late 2010 with the expiration of federal funding.³⁷ These programs were highly effective in reaching the long-term unemployed: in Illinois, for example, 39 percent of the 27,000 participants in its subsidized program had been out of work for two years prior to the program, and all participants, on average, had been out of work for an average of 15.4 months.³⁸

While federal funding is still very limited, worker advocates should push their state legislatures to prioritize incentives for hiring the long-term unemployed. States’ experience with the TANF Emergency Fund program produced a number of strong models for successful subsidized employment programs that can lead to high levels of permanent job retention. Another promising pilot project in Connecticut has leveraged public and private resources and begun to pair training and wage subsidies for a pool of long-term unemployed workers who have run out of their unemployment insurance benefits.⁹

➤ Protecting Against Layoffs

On the flip side of unemployment insurance is layoff aversion, a set of practices designed to help financially strapped firms keep workers on the job. At the core of what states can implement are work-sharing programs, which



FEDERAL ACTION Congress

should pass the Layoff Prevention Act of 2011, which provides financial and technical assistance to improve pre-existing programs or to implement programs in those states without work-sharing.

allow for a reduction in work hours among some or all employees—who then receive partial unemployment insurance benefits to help offset their wage losses—in lieu of cutting jobs entirely from payroll. Work-sharing not only keeps workers on the job and prevents further unemployment, but also greatly benefits employers, who retain a skilled workforce, experience less employee turnover, and improve morale in the workplace. Currently, 23 states have work-sharing programs, which, according to the Department of Labor, saved 265,000 jobs between 2009 and 2010.⁴⁰

States can pair work-sharing programs with other best practices for layoff aversion, such as technical assistance and rapid response measures that are designed to assist firms facing decisions around layoffs. Other options—loans or access to capital, particularly from within regional economic development programs, for example—can also help firms survive, and save jobs, during periods of uncertainty. States should prioritize such practices in conjunction with their work-sharing programs to minimize the potential layoffs that would cause further harm to local communities.

➤ Preserving the Vital Role of Unemployment Insurance

With 14 million unemployed workers looking for work and over 7 million currently receiving

unemployment benefits, unemployment insurance (UI) is playing a vital role supporting families and communities that are hard hit by lingering unemployment, while helping to stabilize and strengthen local economies. Federally funded unemployment benefits, combined with regular state UI programs, have provided income replacement for record numbers of unemployed workers since the middle of 2008. This type of income support has not only been critical for households and families—UI benefits kept 3.2 million people out of poverty in 2010 alone—but also for the overall economy. The Congressional Budget Office states that every \$1 of unemployment insurance generates up to \$1.90 in economic activity since

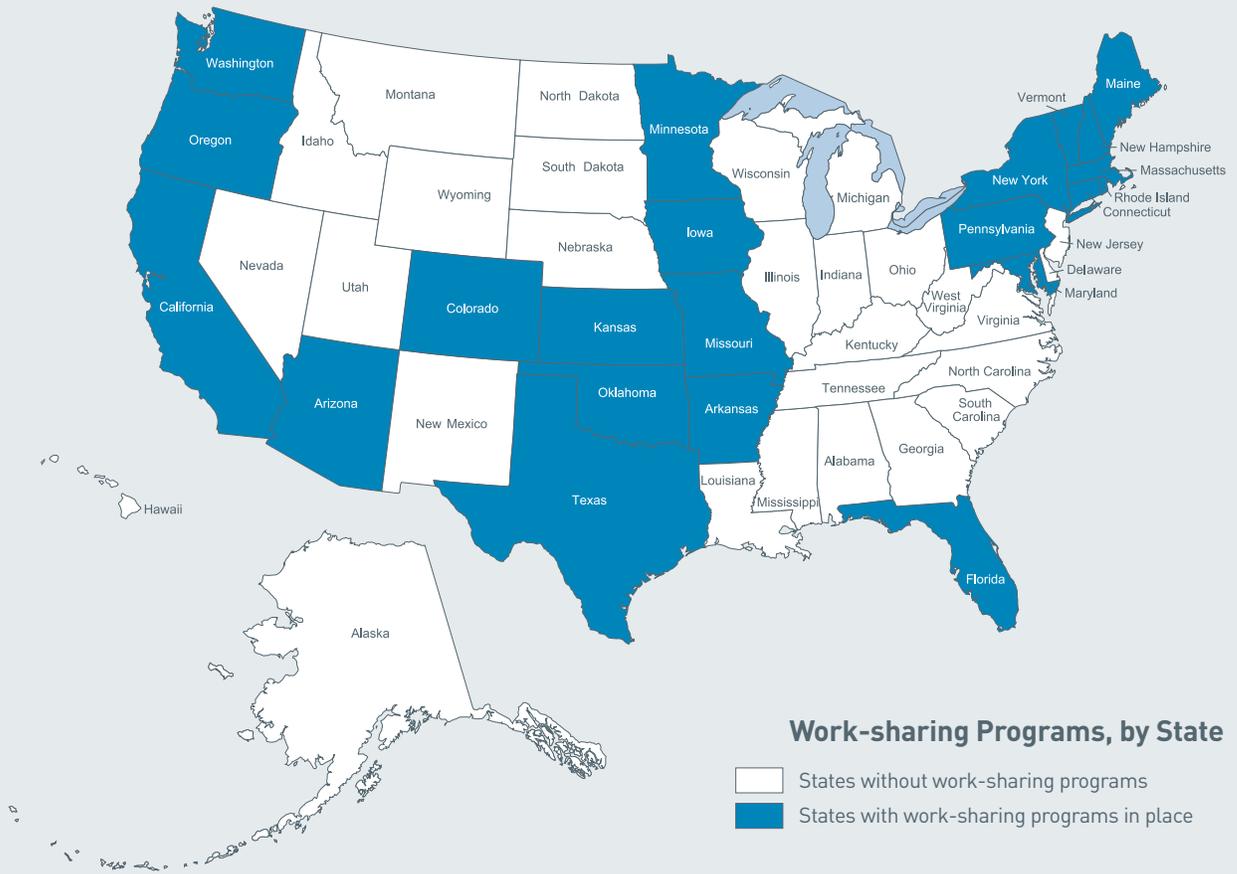


FEDERAL ACTION The current

Emergency Unemployment

Compensation program and full federal funding of the Extended Benefits program are set to expire at the end of 2011. Congress must reauthorize these programs before year's end, or risk jeopardizing benefits for millions of recipients and damaging the economy. Measures like the Unemployment Insurance Solvency Act introduced by Senators Durbin, Reed and Brown should be passed into law to help states rebuild their unemployment insurance trust funds and boost our economy.

Twenty-three states have implemented work-sharing programs in order to prevent lay-offs.



households tend to spend benefits quickly. This makes UI “both timely and cost-effective in spurring economic activity and employment.”⁴²

However, despite the effectiveness of unemployment insurance in generating economic activity, many states’ UI programs are in danger today, and are threatening to cut the unemployed out of the economy entirely. In the wake of the Great Recession and slow recovery, a record number of states have taken federal loans to continue paying UI benefits, and the interest on those loans is now coming due. As a result, core program essentials at the state level—including the standard 26 week duration of benefits or 50 percent wage replacement—are under threat, along with a number of recently-implemented

reforms intended to modernize state programs and open eligibility to unemployed workers who had traditionally been excluded from the program. In light of such threats, states should make certain that their programs continue to maintain reciprocity and benefit standards, thus ensuring that UI remains as effective as possible in promoting recovery and jobs.

Partial Benefits and Part-Time Work

Record numbers of workers—currently over 8 million—have been forced to work part-time involuntarily during the Great Recession and its aftermath. These are workers who want to be working full-time, but can only get part-time hours and are thus underemployed. The vast

majority of this group has been forced to work part-time after having their hours reduced at work due to the poor economy and sluggish business activity, but many jobless workers have also been able to secure only part-time work and remain searching for full-time, permanent jobs.

Underemployment, which limits household income, represents a significant challenge to our economic recovery, as it stifles spending and adversely affects businesses at a local level. However, states can ameliorate the challenges of underemployment through strong partial unemployment insurance provisions, which allow workers facing reduced hours of work to draw some portion of a UI benefit based on their hours worked and earnings from part-time employment. While all states permit workers to draw such partial benefits, the specifics vary considerably: many partial benefit formulas have been left unchanged for decades, causing partial UI to be less prevalent than in the past. States can update these formulas and set earnings deductions and cut-offs at higher levels, allowing underemployed workers to earn more part-time wages while retaining a larger portion of UI benefits—which will result in higher levels of local spending, thus stimulating business and promoting jobs.

States can also ensure that jobless workers who explicitly seek part-time work remain eligible for UI; currently, only 28 states have such provisions. In the remaining states, UI claimants must look for full-time work in order to qualify for benefits—a qualification that renders those who search for only part-time employment (even if their entire work history is part-time) ineligible for benefits. Modernizing these laws, and

allowing part-time workers to qualify for unemployment insurance should they lose their jobs, is another way that states can buoy local spending and make sure that businesses are able to keep their doors open.

A truly sustainable and equitable recovery from the Great Recession is going to demand that we not only create new jobs, but make these—and all jobs— *good* jobs, that allow workers to fully participate in the economy. Even before the downturn, we were replacing quality mid-wage jobs with low-wage jobs, pushing millions of families toward personal economic crisis, even in jobs that were paid for by taxpayer dollars. For too long, we have allowed big corporations to play tricks that keep employees from being paid fairly and keep legitimate tax revenues from supporting the public programs we support and value. And as a result of the Great Recession, the ranks of workers who risk being permanently disconnected from the workforce have only grown.

We can—and should—chart a new direction and build an economic recovery based on the premise that all workers deserve jobs that pay fairly, improve our communities, and that give entrée to a path toward quality jobs. Leaders at all levels of government—federal, state and municipal—should choose policies and priorities to support this goal, and community advocates and activists can help these elected officials make the necessary adjustments to plot this course.

The quality job deficit is felt most keenly on the community level. Evidence of the jobless recovery surrounds us; family members are out of work while others struggle to make do on reduced wages and hours, neighbors face foreclosure and choose which bills to leave unpaid at the end of the month, and as a result main street businesses must close their doors. Whether around the kitchen table or within city council chambers, conversations throughout the country focus on just one thing: the need for good jobs now. The federal government should be taking the lead in confronting the crisis with ambitious plans and resources to bring them to fruition. But it is leaders at the state and local level who can be the leading edge in this effort, combining their depth of knowledge about their communities and the ability to partner with advocacy groups and local policy analysts to craft solutions targeted at their residents' most pressing problems.

States and cities have long been recognized as “laboratories for innovation.” Many state and city leaders are already evaluating programs with an eye toward maximizing jobs, modernizing communities and improving the standard of living for their constituents. In adopting new priorities, drafting new policies and trying new programs states and cities are finding innovative ways to create quality jobs. In the pages that follow, we share some of these models and best practices so that local leaders and community members can learn from each other and develop programs to meet their own communities' needs. We recognize that there is no one-size-fits all solution to the quality jobs deficit, but hope that this menu of options can inspire still more innovations.

By investing our energies and resources to create good jobs again, America can build a sustainable recovery.

FORGING A NEW FOUNDATION

➤ Mending Our Built Environment

As many have pointed out, the infrastructure of our country—its many roads, bridges, airports, and water mains—are in bad shape.⁴³ These are not fast fixes, especially if we want to ensure that 20th Century structures fit into a 21st Century economy; few big projects are truly “shovel ready.” But many of the most pressing infrastructure needs are also the areas where communities voice their greatest concerns about quality of life: the time lost to traffic congestion, the condition of local schools, and the condition of the buildings in which they live and work.

Lawmakers at all levels of government should choose infrastructure projects wisely, coupling new greener technologies and systems with a “fix it first” mentality that puts money into jobs and wages instead of real estate and engineering.⁴⁴

What Can States and Cities Do?

✳ **Focus on Transit.** Local governments provide nearly one-third of all funds used for surface transportation and own 77 percent of the nation’s roadway miles. How they choose to prioritize projects can have a significant impact on job creation in our communities. The Transportation Equity Network found that if 20 major metropolitan areas shifted half of their federal highway funds to mass transit projects, they would have a net increase of over 180,000 jobs.⁴⁵ The Michigan Department of Transportation finds that not only are six jobs created elsewhere in their economy for every 10 jobs created in the public transit sector, but better public transit freed up almost \$350 million

in discretionary spending for public transit riders in 2008. “Overall,” reports the DOT, “public transit contributed nearly \$805 million in benefits to Michigan communities in 2008...exceed[ing] transit operating and maintenance costs by \$252 million. In other words, transit agencies in Michigan delivered \$1.46 of economic value for each dollar spent on providing transit services.”⁴⁶ And our transit systems need the work. An estimated one-third of the nation’s transit assets are in marginal or poor condition,⁴⁷ and a survey of more than 100 transit systems revealed that not only were many deferring maintenance and repairs, but were also laying off workers and cutting service in the face of increased demand.⁴⁸

In Denver, a **coalition called FRESC**—comprised of smart transportation advocates, community and faith leaders, and organized labor—crafted a

Note: There is significant variation across states on how transportation priorities are decided. In NE and WY, for example, legislatures are specifically barred from the process. But in DE, PA and WI, state legislators play important roles on the state Departments of Transportation. For a state-by-state breakdown of the relationship of the State DOT, the legislature and the executive branch, see the National Conference of State Legislatures’ 50 State Review of State Legislatures and Departments of Transportation.

campaign for the responsible development of the city's new light rail expansion project. As a result of their efforts, the rail project will not only provide more efficient and cleaner public transit to workers throughout the city, but will also pay decent wages to those constructing the system and to those who will work to operate and maintain it, will provide on-the-job training and apprenticeships to workers from the community so that they can learn new green construction skills, and will help locally owned small businesses to grow as a result of the improved transit system.⁴⁹ Funded by a voter-approved sales tax, the project has the potential to create 9,000 quality construction jobs and hundreds of permanent quality jobs for years to come.

Other cities are discovering that “bus rapid transit” (BRT) systems are an efficient way to address traffic congestion problems and put people to work quickly. BRT incorporates some of the best aspects of high speed rail with a shorter implementation period and lower cost. In many cases these projects can run on unused or repurposed parts of existing roads, meaning that less money needs to be spent on acquiring right-of-ways and more can go to jobs. The **Las Vegas “Sahara Line”** BRT, for example, is anticipated to create nearly 500 new jobs, including a small number of ongoing operations and maintenance jobs, for a ratio of 12 jobs per \$1 million. The route will service more than 60,000 local residents, giving them better access to jobs and shortening commute times. The city also anticipates \$31 million in savings by limiting the number of accidents and property damage along the new BRT routes.⁵⁰

Transit projects can be extremely low-tech and quickly implemented and still have a positive impact on job creation. As researchers at PERI point out, repairing and maintaining sidewalks, restriping streets or creating bike lanes require fewer hours in planning and design and more time in actual construction work, meaning that more members in our communities are earning and spending wages more quickly.⁵¹ Prioritizing potholes over ribbon cuttings also makes good fiscal sense: for every \$1 spent today to maintain an existing road, we save between \$6 and \$14 in later rebuilding costs.⁵²

How Can These Initiatives be Funded?

- Under **Pennsylvania’s Community Transportation Initiative**, Federal TIP money is put aside specifically to fund only regional, multi-municipal and multi-agency projects advancing integrated land use and transportation decisions.
- Many local governments are authorized to levy local gas taxes, assess vehicle registration and license fees, and authorize local option sales taxes for transportation projects. Others appropriate a portion of lodging taxes or development impact fees to projects.
- The National Conference of State Legislatures has an **online database** that allows users to search for legislation enabling a variety of funding measures.

Resources

“Missed Opportunity: Transit and Jobs in Metropolitan America,” by the Brookings Institution.

“Modern & Efficient: Bus Rapid Transit,” by the Institute for Transportation and Development Policy.

“What We Learned from the Stimulus,” and “Repair Priorities: Transportation Spending Strategies to Save Taxpayer Dollars and Improve Roads,” by Smart Growth America.

“Public-Private Partnerships for Transportation, a Toolkit for Legislators,” by the National Conference of State Legislatures.

Fix the Schools. Poor air quality, a lack of safe drinking water, and exposure to contaminants like lead and asbestos contribute to health problems for children and keep them from being able to learn. This hurts state budgets now through increased health care costs, and hurts later through decreased earning potential and subsequent tax revenues. In 2008, school districts spent more than \$58 billion for construction, land and building acquisition with most going to new construction.⁵³ According to the 21st Century Fund, only a fraction of those funds was spent on schools in poor neighborhoods, where chronic joblessness is also highest. Choosing to prioritize maintenance and upgrades to existing schools and starting in our neediest communities could shift money currently spent on real estate to construction jobs where we need them most.

Districts should prioritize measures that make schools more energy efficient to realize almost immediate operations cost savings. In 2009, the median annual cost of energy and utilities per student in the US was \$295,⁵⁴ fully 30 percent of the average operations and maintenance outlay

per student nationally.⁵⁵ Energy costs in schools are second only to salaries in school budgets.⁵⁶ Improving the efficiency of existing schools—by replacing windows, upgrading heating and cooling systems and changing lights, for example—could reduce energy use in the nation’s schools by 25 percent and cut energy costs by nearly one-fifth each year,⁵⁷ all while creating jobs in our cities in which local residents could be trained in new skills.

💰 How Can These Initiatives be Funded?

In most states, local districts are responsible for construction, renovation and maintenance of school facilities, with supplemental state funds. Under current policies, most of these states don’t provide assistance for routine or preventative maintenance.⁵⁸ Thus, one state-level strategy is to change rules preventing state funds being used for maintenance and repair work. Because energy efficiency has a measurable financial return (unlike other education operational costs), this is also a promising area to seek out private funding in order to save operation funds for direct educational purposes.

- States can help local districts finance maintenance and repair work through direct funding, or even by offering credit enhancement to help the district itself get lower interest rates and better terms on a loan.
- Municipal Leasing Agreements: these are regular loans through a commercial bank, but they are set aside for public institutions and are, therefore, tax exempt. Municipal Leasing Agreements are structured like a simple lease-purchase agreement in which the

borrower gets access to the financed equipment at the outset and the lender retains a security interest until the loan is paid off. These loans can cover not only the cost of buying the equipment, but also the installation costs. At the end of the contract period, the borrower pays a nominal amount and owns the equipment outright. Because they generally have a faster approval process and are less expensive than issuing a bond, they can be an appealing strategy to get work moving quickly.

- Create a State or Local Government Leasing Pool, or Master Lease, to aggregate projects across the school district and lower financing costs.
- Performance Contracts: an agreement with a private energy service company to manage efficiency projects, with the stipulation that the savings the projects generate cover the cost of the project and any surplus savings are split between the organization and the energy service company. An Energy Performance Contract is not generally listed on a school district's books as a debt, unlike a typical bond, and the costs are paid out entirely from energy savings.

Resources

"Guide to Operating and Maintaining EnergySmart Schools," by the US Department of Energy.

"Profiting from Energy Efficiency: Where the Money Comes From, and How to Access it," by ICLEI-Local Governments for Sustainability.

Retrofit Buildings. Building retrofits not only curb energy inefficiency, but also create good jobs, and do so quickly. Increasing energy efficiency largely builds on existing technologies, draws from a large swath of the workforce currently struggling to find jobs, and requires relatively low capital costs from employers, meaning that more people are put on the job for a given level of spending than other types of construction-related projects. In fact, economists estimate that every \$1 million in spending on retrofits in residential and small-scale commercial buildings generates 12 full-time jobs.⁵⁹ Significant investment in these segments of the retrofit market, as well as that of public buildings, has the potential to generate up to 1.5 million jobs over the next three years, of which nearly half would be in construction.⁶⁰ Focusing on publicly-owned commercial buildings in the short-term could also serve as a model for longer-term work retrofitting the privately-owned commercial sector; current commercial retrofit work represents an investment of between \$2 billion and \$4 billion, but if just one-third of retrofit work was also green work it could increase to as much as \$15 billion.⁶¹ Studies show the typical commercial building could cut its energy use by up to 22 percent.⁶² This effort could save up to \$4 billion a year in energy costs and create hundreds of thousands of employment hours' worth of work.⁶³

Retrofitting initiatives also provide jobs with good wages and opportunities for developing skills. Portland's 2009 Clean Energy Works Portland program, for example, is a retrofitting program that combines long-term economic development and high road outcomes with energy efficiency in its residential sector. Its **Community Workforce Agreement** mandates job quality measures such

Creating Quality Jobs in Energy Efficiency:

Portland's pilot project, Clean Energy Works Portland, used on-bill financing and federal grant seed money to create a self-sustaining financing system for home energy upgrades.

- A Community Workforce Agreement combines requirements, incentives, and supports for contractors that help them build their businesses and pay median wages of \$18.00/hour.
- 84 percent of the workforce are local hires, and 100 percent of the firms are Oregon-based.
- Nearly half of the work is done by people of color, and nearly 30 percent of firms are minority- or women-owned.

as living wages and hiring from designated training programs, while providing incentives for other high-road measures like health insurance and labor force diversity. As of March 2011, median wages for the program's predominantly local workers were \$18 per hour, and nearly two-thirds have received health coverage. Clean Energy Works Portland has been so successful that a similar state-wide initiative is now underway, aimed at upgrading 6,000 homes over the next three years and creating or retaining 1,300 jobs.⁶⁴

In the commercial sector, Seattle leaders passed an **Energy Disclosure Ordinance** requiring large commercial and multi-family property owners to measure and disclose energy use as a first step to moving the city toward a 20 percent cut in electricity consumption. Cities and counties in 23

states are authorized to launch **Property Assessed Clean Energy** (PACE) financing, a model where local governments can distribute money to pay the up-front costs of energy and water improvements in commercial buildings with a voluntary lien on the property paying back the monies over a set term.

How Can These Initiatives be Funded?

- On-bill financing allows for loans for retrofits to be serviced on a monthly utility bill, and has been used successfully by cities like San Diego and Seattle.
- Public benefit funds/ratepayer-funded programs: over half the states have public benefit funds in place, which are sourced by ratepayers. Although structures vary, such funds may be used for energy efficiency and alternative energy, among other measures.
- HUD Green Refinance Plus allows owners of affordable rental properties to refinance new mortgages that include energy efficiency measures.

Resources

"Unlocking the Building Retrofit Market: Commercial PACE Financing, a Guide for Policymakers," by the Institute for Building Efficiency.

"City Scale Retrofits: Learning from Portland and Oakland," by the MIT Community Innovators Lab.

"High-Road Outcomes in Portland's Efficiency Upgrade Pilot," and "Local Policy Resources" by Green for All.

➤ Strengthening Energy Security and Environmental Sustainability

What Can States and Cities Do?

Recent research shows that in the green economy, “clean tech” is on the rise, including renewable energy sectors such as wind and solar. In fact, from 2003-2010, clean tech experienced the greatest employment growth among various green economy segments, and actually outperformed the economy as a whole during the recession, largely spurred by investments from the Recovery Act.⁶⁵

States and cities can do much to foster this recent growth by implementing smart policies that create demand for renewable energy and also build upon the existing manufacturing sector. One well-known example of this comprehensive strategy is that of Pennsylvania, where policymakers paired strong energy standards and incentives with innovative workforce approaches to bring increased wind production to the state. A regional partnership in the state worked to pair dislocated steel workers with jobs in wind turbine production, while at the same time providing training so that workers were up to speed on the different manufacturing processes required. As a result, wind turbine production not only flourished, but was expanded to different areas of the state.⁶⁶

Cities can likewise promote renewable energy sources and related manufacturing jobs. For example, recent offshore wind project development in **Cleveland, Ohio**, on the Lake Erie shoreline, aims to address simultaneous

goals of reducing carbon emissions from power plants in the Great Lake states while also growing jobs among manufacturing workers. This particular initiative is distinguished by its bottom-up, community-based approach that involves a wide range of stakeholders and emphasizes transparency of processes and information, particularly regarding ways to ensure that potential growth is maximized while environmental concerns are kept in check.⁶⁷ Similarly, **Toledo, Ohio**, has drawn on its manufacturing base to bring solar panel production to the city. Toledo’s solar partnership, which includes elected officials, economic development groups, academic institutions and businesses, has made the city a hub of solar panel production in the last decade that includes a successful business incubator that has launched over a dozen companies and a growing industry that now employs over 6,000 people.⁶⁸

Create Demand for Alternative Energy. The single most important policy that can drive job creation in renewable energy is the adoption—or strengthening—of clean energy standards, which create a market for clean energy products. Such standards most often come in the form of Renewable Portfolio Standards (RPS), which require that a certain portion of power in a provider’s portfolio come from renewable sources. Twenty-nine states and the District of Columbia currently have RPS’s; states like California have particularly aggressive standards, requiring as much as 33 percent of energy to come from renewable sources within the next decade.⁶⁹

Clean Local Energy Accessible Now (CLEAN) programs are another promising way for states

and cities to create markets for clean energy products. CLEAN programs require that utilities enter into a contract with renewable energy producers at a long-term, fixed price, and ensure that the utility can deliver such energy efficiently. This type of policy is extremely effective at growing local markets: in Gainesville, Florida, for example, CLEAN contracting resulted in a 2000 percent growth in solar capacity from 2008 to 2011, creating an additional 260 jobs.⁷⁰ In 2009, Vermont became the first state to implement a CLEAN program, and became the center of national attention when applications for CLEAN far exceeded the maximum power provided for through the program; selected projects reportedly have the capacity to increase solar power six-fold.⁷¹

Clean Up Water and Recycling Programs. Communities have pursued different strategies to pay for increased recycling. **Austin, TX**, was the first to implement a variable rate pricing mechanism, or “Pay as You Throw,” charging customers for excess waste and billing them as would a utility. The **Don’t Waste L.A. coalition** in California found that 70 percent of the trash sent to landfills came from commercial properties and that failing to regulate mandatory contractor payments was costing the city \$1.3 million. The coalition is working to put policies in place that will create quality jobs, a cleaner environment and fair revenues for the city. A **recent study by the advocacy group As You Sow** reveals that beverage producers are becoming more open to “extended producer responsibility” laws and container deposit programs that could be used to fund increased recycling. In **Ontario, Canada**, nearly half the costs of curbside pickup are paid by producers and importers of

recyclable goods, with the goal of 100 percent industry funding in the future.

Philadelphia has developed an ambitious plan to address waste problems of a different type: excessive storm water runoff. **Studies estimate** that creating a more efficient, greener, system for storm water collection there could generate more than \$7 billion in sales and employ more than 32,000 people in companies ranging from green design to green landscaping. To finance new water infrastructure, the city has developed a billing system that charges commercial owners not just for sewage, but also for storm water runoff on their property.⁷² Businesses can pay the fee or do remediation to avoid the increased cost. In **Maryland**, a monthly “flush tax” levied on sewer bills and an annual fee on septic systems funds upgrades on wastewater treatment plants. In **Indianapolis**, a community group bought shares of the city’s troubled water system and plans to use ongoing revenues to pay for local infrastructure improvements. The state of **Connecticut established a nitrogen credit exchange** among its publicly-owned treatment plants to create an incentive to improve wastewater facilities. Eventually, they plan to sell those credits to privately run facilities as the state pursues clean water goals.

💰 How Can These Initiatives be Funded?

- “Pay As You Throw,” “Flush Tax,” or other customer billing mechanisms can finance improved infrastructure and create incentives to change environmentally dangerous behavior.
- Push for “extended producer responsibility” laws in your state to create a framework for

cost-sharing of recycling or water programs with the private sector.

- CLEAN Programs (Clean Local Energy Accessible Now) have been proven to create local markets for renewable energy in states like Florida, Vermont, and others. In such programs, utilities purchase renewable energy from a provider at a fixed rate over an extended period of time. This approach relies on private investment and over time reduces utility bills for ratepayers.⁷³

Resources

“Don’t Waste L.A.: A Path to Green Jobs, Clean Air and Recycling for All,” by LAANE.

“Evaluating End-of-Life Beverage Container Management Systems for California,” by the California Department of Conservation.

“Water Infrastructure: Green Investments Create Jobs, Save Money,” by American Rivers.

“Sudden Impact: An Assessment of Short-Term Economic Impacts of Water and Wastewater Construction Projects in the United States,” by the Clean Water Council.

Improving Life Outcomes

Nationally, business leaders have expressed concerns that unless we provide high quality education for children, we risk failing to produce the skilled workforce we’ll need to compete globally and grow our economy. Elected leaders and law enforcement organizations note that upfront investments in education pay off in saved costs for remedial education—or worse still,

incarceration—later and in increased tax revenues from residents able to command higher salaries. Early childhood education pays off in the short term too; the early care and education industry is valued at roughly \$50 billion nationally and has economic multipliers comparable to tourism or hospitals.⁷⁴

At the other end of the age spectrum, researchers estimate that in the next 20 years the number of adults over 65 years old will double to more than 70 million and that those over 80 years old will also double, to nearly 20 million.⁷⁵ Because more than 80 percent of seniors tend to prefer a community setting to a nursing home,⁷⁶ we could potentially need the human infrastructure in place to support more than 50 million elderly Americans, over the next two decades.

Equally important, expanding home-based care is more cost-effective for states than nursing home care, and thus offers a means of slowing Medicaid cost growth. Average Medicaid expenditures per home care beneficiary are substantially lower than they are per nursing home beneficiary.⁷⁷ And research shows that states that invest in home and community-based services have been able to better control Medicaid expenditure growth than states with lower home care spending.⁷⁸

But states’ ability to respond to the growing need for home care and achieve these cost savings is constrained by the poor job conditions that pervade the industry. The median home care wage was just \$9.34 an hour in 2009, and many home care workers are uninsured—factors that create very serious employee recruitment and retention problems. Unless states are able to

improve working conditions in home care jobs, the industry will continue to be plagued by high turnover and labor shortages that compromise the quality of care provided, and pose substantial challenges to rebalancing the long term care system and meeting the growing demand for home care.

Improved training and deployment of home care workers has the potential to produce even more substantial savings for the Medicaid and Medicare systems—for example, by preparing home care workers to monitor patient health and refer them for preventive care that avoids costly hospitalizations. Similarly, relieving family members of the burden of caring for a loved one by supporting increased direct care of the elderly and disabled allows them to be more focused at work, and can save the economy more than \$33 billion a year in lost productivity.⁷⁹

What Can States and Cities Do?

Pre-kindergarten education is overwhelmingly funded by state and local governments; only about 9 percent of funding nationwide comes from federal sources.⁸⁰ Currently 40 states and the District of Columbia invest in pre-kindergarten programs, although in the current fiscal crisis some are considering cuts to these programs. Pre-K programs can be funded through legislatively approved grant programs, supplements to the federally-financed Head Start program or per-pupil funding as part of the overall education budget.

State and local advocates should push their elected leaders to move away from grant-based

funding programs as they tend to be line-item budget items and are thus most vulnerable to political shifts. States that instead use a per-pupil funding structure and include pre-K within the larger education program place early education under the same constitutional obligations that govern grammar school. This approach gives early education more stability and room to develop into robust educational systems. Iowa established a program to phase in access to pre-K over the course of four years, starting off with a competitive grant program that could be converted to formula funding after a year of successful operation. The state now **blends funding from various state and federal sources** and provides publicly-supported preschool for almost two-thirds of all four-year-old children in the state.

Advocates can take advantage of existing early care infrastructures provided by the schools, but also by Head Start centers and community-based programs. In **West Virginia**, counties are required to partner with existing early education providers to develop a comprehensive plan for educating pre-K students; in fact, 50 percent of classrooms for eligible children must be contracted with qualifying providers in collaborative settings, ensuring that communities make use of existing capacity and funding streams. The **Pew Center on the States** also recommends the integrated pre-K system in Montgomery County, Maryland, as a model for other communities looking to create a quality early education system.

For upgrading home care jobs, **key state strategies** are emerging. One of the fastest growing means of providing Medicaid home care

services is through “consumer directed” programs under which the families of the persons needing the care recruit and hire the home care worker. But while they afford substantial flexibility, these largely unregulated programs lack any central coordinating body to recruit and train workers, and ensure minimum labor standards. A number of states have responded to this problem by creating public bodies to coordinate consumer-directed home care programs. These new bodies coordinate training and standards for this workforce, including providing a central employer that can help bring much needed structure and predictability to the industry and enable workers to enjoy the benefits of employment status, including the right to organize—a key strategy for upgrading jobs in this industry and improving care.

Second, cities and counties—chiefly in New York State and California—have adopted living wage policies for Medicaid home care workers. And in 2011, New York became the first state to incorporate living wages into its state Medicaid home care program as part of a **comprehensive initiative** to modernize the program and improve jobs while controlling costs through new policies aimed at cracking down on questionable billing of the program by certain providers. This best practice should be a model for other states.

How Can These Initiatives be Funded?

- **Sin Taxes:** Many states have turned to “sin taxes” to fund early childhood education. In 2006 Arizona voters approved an initiative to increase taxes on tobacco to pay for an early childhood initiative for kids up to five years old. Likewise, in California a tobacco tax dedicated to pre-K education was implemented in 1998, and has since raised

more than \$3.5 billion.⁸¹ Arkansas has levied taxes on beer, part of which goes to education. Philadelphia is considering levying this type of tax on soda to fill holes in the school budget.⁸²

- **Lottery Revenues:** Georgia funds its pre-K program entirely through lottery revenues, while North Carolina and Tennessee blend these funds with other funding sources. Lotteries generally do not require legislative approval and tend to be popular with the public when the revenue is put toward education. (Some argue, however, that lotteries tend to be regressive, taking money disproportionately from the very population that qualifies for the public educational aid.)
- **Gaming Revenue:** Missouri uses gaming revenue to make grants to pre-K programs.
- **Dedicated portion of income tax revenues:** this requires legislative approval and is subject to the economic health of the states’ residents.
- **Rebalancing state long-term care programs:** Expanded home care can be financed in part by cost-savings from reduced use of nursing homes. For some states, incentives under the Patient Protection and Affordable Care Act offer another source of funding.

Resources

“Mobilizing Business Champions for Children, A guide for advocates,” and “Formula for Success: Adding High-Quality Pre-K to State School Funding Formulas,” by the Pew Center on the States.

“A Guide to Long-Term Care for State Policy Makers: Recent State Initiatives in Rebalancing Long-Term Care,” by the National Conference of State Legislatures.

ENSURING OUR JOBS ARE GOOD JOBS

➤ Raise the Minimum Wage

A stunning 35 million Americans—26 percent of our workforce—earn less than \$10.55 an hour.⁸³ These workers are disproportionately women and people of color,⁸⁴ and contrary to stereotypes, the overwhelming majority are adults, not teens. In fact, 76 percent of the workers earning at or near the current very low minimum wage of \$7.25 are adults aged 20 years old or older,⁸⁵ and they contribute a substantial portion of their households' incomes.

The minimum wage plays a major role in setting the pay scale for these millions of home health aides, child care workers, food service providers and others who line the bottom of our economy and are essential to keeping it running. And the minimum wage is becoming an increasingly important post-recession wage standard, as our economy sheds higher paying jobs and replaces them with low-wage service jobs. Nevertheless, years of legislative neglect and political wrangling have taken a toll on the minimum wage. It has not kept pace with the cost of living; to have the same spending value as it did in 1968, the minimum wage would need to be about \$10.38 per hour today.⁸⁶ Instead, the federal rate is just \$7.25 per hour.

A higher minimum wage will help restore the consumer spending that powers our economy and that local businesses rely on to grow. Restoring the minimum wage to more than \$10.00 per hour would create approximately 160,000 new jobs across the country, according to preliminary estimates.⁸⁷ Raising the minimum wage is therefore a key component of a recovery agenda.

What Can States and Cities Do?

States have a long history of taking the lead on raising the minimum wage for their residents and ensuring work pays. Key steps are:

- Raising the minimum wage to bring it closer to its historical level—approximately \$10.38 in 2011 dollars. Seventeen states have raised their minimum wages higher than the federal level of \$7.25. Some cities have as well, including San Francisco and Santa Fe, where the minimum wage is nearly \$10.00—close to the historical level.
- “Indexing” the minimum wage so that it increases each year to keep pace with the rising cost of living. Ten states and two cities have adopted this key best practice, which prevents the minimum wage from eroding again.
- Raising the minimum wage for tipped workers, which at the federal level has been frozen at a paltry \$2.13 per hour since 1991—just 30 percent of the full minimum wage. Many states provide stronger wage protections for tipped workers. Illinois guarantees tipped workers 60 percent of the minimum wage. In New York and Connecticut it's approximately 70 percent. And Alaska, California, Minnesota, Montana, Nevada, Oregon and Washington guarantee tipped workers the full minimum wage—a best practice that has successfully reduced poverty among tipped workers in those states.
- Another archaic loophole excludes home care workers from the basic protections of the minimum wage and overtime. Twenty-

“Behind the Kitchen Door,” industry reports from the Restaurant Opportunities Centers United.

“Rewarding Work” resources page by the Progressive States Network.

Research and other information from Business for a Fair Minimum Wage.

Research and resources from Let Justice Roll, Faith and Community Voices Against Poverty.

Brock Haussamen’s Minimum Wage Research Site

contractors, denying them protection of workplace laws, robbing unemployment insurance and workers compensation funds of billions of much-needed dollars, and reducing federal, state and local tax withholding and revenues.

Paying workers their wages puts money in the pockets of workers and their families. That money is spent directly in the community on necessities such as food and rent and contributes to economic recovery. Supporting the valid claims of the most vulnerable low-wage and immigrant workers ensures that employers cannot exploit one group at the expense of another, and enforcing the law means that good businesses are playing on a level field and not undercut by scofflaws. Moreover, employers that pay workers on the books are also more likely to pay their taxes, benefiting the public.

➤ Strengthen Enforcement of Wage and Hour Laws

The failure to pay wages—commonly called wage theft—has reached epidemic levels nationally. Being shorted hours, being clocked-out, not being paid overtime, or not being paid at all are pervasive practices across low-wage industries. A seminal 2009 study of nearly 4,500 low-wage workers in three major cities—New York, Chicago and Los Angeles—found that more than two-thirds experienced at least one pay-related violation in their previous work week; one-fourth were not paid the minimum wage and of those who had worked overtime, three quarters did not receive legally required overtime pay.⁸⁸ The study confirmed the findings of a decade of local, industry-based research and surveys, as well as government reports on the ubiquity of wage theft in our communities.

In some cases, employers intentionally misclassify employees as independent

What Can States and Cities Do?

Anti-wage theft coalitions have formed in a number of states, including Arkansas, California, Connecticut, Florida, Illinois, Iowa, Kansas, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Texas, Utah, Vermont, Virginia and Washington. Many of these have won policy changes in the past several years.

States and cities can act to prevent and deter underpayment and non-payment of wages. NELP has compiled 28 effective anti-wage theft policies in *Winning Wage Justice*, a guide for state and local advocates. Cities and states can use the guide to analyze their communities’

existing laws and enforcement capacity and develop policies that address their unique needs. Among the most effective are policies that:

- Ensure community involvement in developing effective enforcement capacity; and
- Raise the cost to employers for violating the law, by requiring employers to pay three times the amount of unpaid wages to worker-victims, or revoking business licenses of offenders; and
- Better protect workers from retaliation—since a seminal study by NELP and others showed that 43 percent of workers who claim unpaid wages or try to organize face unlawful retaliation and threats of retaliation.

States can also conduct more rigorous audits to identify cases of misclassification and collect the resulting unpaid revenues. California’s Employment Development Department conducted audits between 2005 and 2007 and recovered a total of nearly \$112 million in payroll tax assessments, almost \$19 million in labor code citations, and more than \$40 million in assessments on employment tax fraud cases.

How Can These Initiatives be Funded?

Many anti-wage theft strategies rely on private enforcement and have no impact on state budgets. In some locations such as Arizona and San Francisco, dedicated penalties have funded expanded agency enforcement. In many cases, the collected unpaid wages and payroll taxes—which can total millions of dollars—more than pay for any increased staff at public agencies.

Resources

“Winning Wage Justice,” “Just Pay,” “Collaborating with the U.S. Department of Labor to Recover Unpaid Wages,” and “Broken Laws, Unprotected Workers,” by the National Employment Law Project.

“Thou Shall Not Steal, a Toolkit on Wage Theft” and other resources by Interfaith Worker Justice.

Set the Standard in Publicly-Financed Jobs

Government at all levels—federal, state and local—finances millions of private sector jobs each year across our economy. Whether through contracting by government agencies, or tax breaks and other incentives to private companies, spending by federal, state and local governments totals well above half a trillion dollars, and supports millions of jobs in industries from construction to property services to food service.

Even with tight government budgets, the publicly subsidized segment of the economy remains large—and too often overlooked in squeezing maximum benefit out of every dollar of public spending. However, a set of innovative best practices emerging in states and cities provide a roadmap for how to improve the quality of publicly financed jobs and, equally important, for ensuring that local residents have access to these taxpayer-funded jobs.

Cities and states are increasingly using a range of fair wage and responsible contracting policies to steer publicly financed jobs towards high road

companies that invest in their workers and communities with good wages and benefits, training and local hiring. These policies improve the quality of jobs created and steer them towards local communities where they are needed most. Equally important, however, cities, counties and states have discovered that such fair wage and responsible contractor policies yield a more reliable pool of contractors that deliver higher quality services and products for government agencies and taxpayers. Promoting better wages and benefits results in lower turnover that reduces employers' hiring and training costs; doing business with companies with better legal track records leads to savings in ongoing monitoring and litigation costs; and eliminating low-ball bids that rest solely on poor wages helps governments attract better qualified and more reliable companies to bid for public contracts.

Elected leaders are also looking beyond direct contracting to pass legislation that improves the quality of jobs wherever taxpayer funds are subsidizing business, including direct subsidies and tax exemptions. Living wage laws and community benefit agreements offer opportunities to work with the business community to set goals for quality jobs and improve working families' lives.

What Can States and Cities Do?

For publicly funded construction work—a key focus for job creation—many cities and states use “responsible contracting” policies, which ensure that firms selected for public construction projects pay prevailing wages and

benefits, invest in their workers with apprenticeship training, and do not have track-records of tax evasion such as misclassifying their workers as independent contractors. More recently, cities like Los Angeles have improved on this model with more comprehensive “construction careers” policies, which combine these good jobs standards with a requirement that contractors hire and train local residents as apprentices—the best source of preparation for middle class careers in the construction trades. Frequently, all of these requirements are implemented through project labor agreements.

For service jobs in fields like building services, food service, and retail, states and cities are increasingly using living wage and prevailing wage policies that set a wage floor for publicly-funded contract work or economic development projects. In Maryland, a state-wide living wage system was passed that affected roughly two-thirds of state service contracts and increased wages between 13 and 25 percent. An analysis once the law was in effect found that the policy actually improved the average number of companies bidding for state contracts by bringing new contractors into the process that were attracted by a leveled playing field. And cities such as Los Angeles, San Francisco and Pittsburgh have extended similar standards to publicly funded economic development projects through living wage laws, prevailing wage laws, and community benefit agreements that establish job goals for private developers in exchange for tax breaks and other public subsidies.

How Can These Initiatives be Funded?

- Research on living wage policies for state and city contracting has found that the impact on contract prices has been quite modest.
- Similar research on living wage standards applied to business assistance tax exemptions reveals that they have not slowed job growth in localities with such policies.

Resources

“The Road to Responsible Contracting: Lessons from States and Cities for Ensuring that Federal Contracting Delivers Good Jobs and Quality Services,” by the National Employment Law Project.

“Creating Good Jobs in Our Communities: How Higher Wage Standards Affect Economic Development and Employment,” by the Center for American Progress.

“Experience Shows Living Wage Policies Work,” by Paul Sonn.

Background and other resources on the “Construction Careers and Green Jobs” initiative by LAANE.

“Living Wage” policy tools by the Partnership for Working Families.

“An Overview of Living Wage Ordinance Initiatives,” by the Fiscal Policy Institute.

“Living Wage NYC Toolkit,” by Living Wage NYC.

EXPANDING ENTRY TO THE WORKFORCE

➤ Getting the Long-Term Unemployed Back to Work

Subsidized Employment Programs

More than six million workers, or almost 43 percent of the unemployed, are currently counted among the “long-term unemployed,” or those who have been out of work for six months or longer. This measure has been at historically record-breaking levels: by comparison, long-term unemployment reached a peak of 26 percent in the recession of the early 1980s—a rate surpassed nearly two and a half years ago, in April 2009—and 23.6 percent in the more recent 2001 recession. This intractably high rate of long-term unemployment both reflects and creates significant barriers to reemployment for the long-term unemployed—not the least of which includes recently-documented instances of widespread hiring discrimination.⁸⁹

Tools that will help the long-term unemployed re-enter the workforce are urgently needed. Subsidized employment programs are one such tool that can effectively meet this need. The basic concept of a subsidized employment program is built around wage subsidies, which cover a given portion of an employee’s wages over a certain period of time and thus provide an incentive to hire. Most states have experience implementing and administering subsidized employment programs, and should draw on this experience to create (or continue) programs targeted at the long-term unemployed.

What Can States Do?

Recently, under the American Reinvestment and Recovery Act, 39 states and the District of Columbia implemented subsidized employment programs under a program known as the TANF Emergency Fund. This program reimbursed states for 80 percent of the costs associated with subsidizing jobs for low-income workers, and placed 260,000 adults and youth in jobs before its funding expired in September 2010.⁹⁰

Under the TANF Emergency Fund, states were given latitude to structure subsidized programs as they saw fit, which resulted in innovative programs that had significant impact:

- In Illinois, for example, the state’s Put Illinois to Work (PITW) program found jobs paying \$10 per hour for over 27,000 individuals, resulting in \$107 million in total wages paid. PITW not only benefited workers, who had average unemployment spells of 15.4 months, but also employers—over half of whom reported that the quality of their work and financial health had improved following participation in PITW.⁹¹
- Mississippi structured its subsidized programs to encourage permanent hiring. Mississippi created the STEPS program, which paid 100 percent of a worker’s wages in the first two months of employment and gradually scaled down to 25 percent by the end of a six-month subsidy period. In 2010, Mississippi put over 3,300 citizens into private sector jobs⁹² resulting in over 1,800 workers securing permanent employment.⁹³ Mississippi recently unveiled a newer 4-month version of this program, known as STEPS 2.

Long before the recent burst of state activity spurred by the TANF Emergency Fund, Minnesota developed a successful state subsidized employment program, targeted at the long-term unemployed, known as the Minnesota Emergency Employment Development (MEED) program, which operated from 1983–1989. MEED was specifically geared towards unemployed workers who had exhausted UI benefits and had no other means of support, and provided a direct subsidy of up to 70 percent of wages for hiring provided that the new employee was retained for 18 months. Small Minnesota-based businesses were targeted for the subsidy, as were non-profit and public sector employers offering jobs in weatherization, reforestation, and social services. All were required to pay wages in line with those of comparable employees not participating in MEED.

Currently, one of the more innovative subsidized employment models is the Platform to Employment (P2E) program recently implemented by The Workplace Inc., a workforce development board in southwestern Connecticut. P2E is targeted at workers who have exhausted all available unemployment insurance benefits. Recognizing the obstacles faced by workers who have been out of work for two years, the program provides various supportive services like coaching, Employee Assistance Program services, and family supports. In its pilot stage, P2E is placing 100 participants into eight weeks of a “paid internship” with employers who have actual permanent job openings and who match the subsidy after four weeks.⁹⁴ This model provides an employer with optimal circumstances in which to determine whether to invest in the long-term unemployed worker,

while insuring that the worker is treated fairly, is paid in compliance with state and federal wage laws and has the supports needed to successfully re-enter employment.

How Can These Initiatives be Funded?

- A number of states have been able to continue their subsidized employment programs funded by the TANF Emergency Fund through their state TANF dollars; states are technically able to do so through their TANF funding.
- States can also find innovative ways to piece together financing for administering such programs and subsidizing wages. Funding for Connecticut’s P2E program, for example, is provided through a combination of private funds, raised through social enterprise investments, and public funds provided by the national and state Department of Labor.⁹⁵

Resources

“Creating Subsidized Employment Opportunities for Low-Income Parents: the Legacy of the TANF Emergency Fund,” by the Center on Budget and Policy Priorities and CLASP.

Background and information on “Connecticut P2E” by The Workplace Inc.

“Put Illinois to Work Evaluation: An Early Look,” by the Social Impact Research Center.

Resources from Dr. Tim Bartik, W.E. Upjohn Institute for Employment Research.

Ban Hiring Discrimination against the Unemployed

Making matters worse, U.S. employers of all sizes, staffing agencies and online job posting firms are using recruitment and hiring policies that expressly deny employment to the unemployed—simply because they are not currently working. In other words, at a time when the competition for jobs is extraordinarily intense—with nearly five unemployed jobseekers for each new job opening—some businesses and recruitment firms are telling would-be job seekers that they can't get a job unless they already have a job.

This practice has been tracked in the media over the past year, and an informal sampling of online job postings by NELP researchers identified large numbers of ads excluding applicants if they were unemployed. The offending ads required that applicants “must be currently employed” or excluded workers who had been unemployed for a certain length of time. The exclusionary ads included postings for jobs throughout the United States, by small, medium and large employers, for white collar, blue collar, and service sector jobs, at virtually every skill level.⁹⁶

In some instances, this discrimination is rooted in employer presumptions and stereotypes that currently employed workers are more likely to be good performers and have a stronger work ethic than those who are unemployed. Of course, this reasoning completely ignores the realities of the current labor market, in which millions have become unemployed through no fault of their own, and unemployment spells are unusually long because of larger economic trends that have forced employers and entire industries to dramatically reduce their workforces. Erecting

additional obstacles to the efforts of unemployed workers to regain their economic footing on the basis of stereotyped assumptions is unfair and does further damage to the economy. Polling has shown overwhelming public opposition to such practices and support for legislation outlawing this form of discrimination.⁹⁷

What Can States Do?

One state—New Jersey—recently passed legislation that makes it illegal for employers and staffing firms to post such exclusionary ads, and similar legislation is pending in New York. These protections, while a first step, do not address the full scope of the problem of exclusions based solely on unemployment status. Representatives Rosa DeLauro (D-CT) and Henry Johnson, Jr. (D-GA) recently introduced the Fair Employment Opportunity Act of 2011 (HR 2501), which levels the playing field for unemployed jobseekers by prohibiting employers and employment agencies from refusing to consider job applicants solely because they are unemployed. Senator Richard Blumenthal (D-CT), along with Senators Gillibrand (D-NY) and Brown (D-OH) introduced corresponding legislation in the Senate (S. 1471).

These bills make it unlawful for an employer to:

- Refuse to consider for employment or refuse to offer employment to someone because the person is unemployed, or
- Include in any job advertisement or posting a provision that unemployed persons will not be considered or hired, or
- Direct or request that an employment agency take into account an individual's

unemployed status in screening or referring applicants for employment.

State advocates can propose state versions of the Fair Employment Opportunity Act, modeled on H.R. 2501/S.1471. NELP can provide technical assistance in drafting state bills. Fighting for the rights of the long-term unemployed to get a fair shake in the hiring process also provides a useful messaging platform to combat the negative depictions of unemployed workers that have become increasingly prevalent in business-backed efforts to cut unemployment insurance benefits.

How Can These Initiatives be Funded?

Generally, the costs of enforcing laws prohibiting discrimination against the unemployed should be fairly minimal. Proposals for enforcement should aim to be incorporated within an existing administrative agency with appropriate jurisdiction, most likely a state Department of Labor.

Resources

Fair Employment Opportunity Act of 2011 (S. 1471)

“Hiring Discrimination Against the Unemployed” by the National Employment Law Project.

Maintaining the Role of Unemployment Insurance: Defending State UI Programs and Upholding Reciprocity and Benefit

Standards: Many state unemployment insurance (UI) programs were ill-prepared for the recession and sustained levels of high unemployment, and have subsequently taken federal loans to continue paying state UI benefits. As a result, core program measures at the state level—such as the standard 26 weeks of benefit duration, 50 percent wage replacement, and recently modernized eligibility laws—are under attack. NELP’s recent report, [Unraveling the Unemployment Insurance Lifeline](#), provides further information on these threats and lays out solutions to program insolvency.

Protecting Against Layoffs

The flip side of job creation is layoff aversion—policies that encourage employers to retain workers who might otherwise be laid off. Work-sharing programs are at the core of layoff aversion policy, and their use has been extremely effective in countering the effects of the recession in countries where such programs are more prominent.⁹⁸ Work-sharing encourages employers experiencing a downturn in business—whose typical response might be to lay off employees, either on a temporary or permanent basis—to instead reduce the hours of some or all of their workforce. Workers whose hours are reduced receive partial unemployment benefits to compensate for the corresponding reduction in income.

For example, instead of a worker losing his job and receiving a full weekly unemployment check, work-sharing could result in the hours of five employees being reduced by 20 percent (8 hours per person), with each worker receiving 20 percent of a weekly unemployment benefit. This approach has many benefits—averting layoffs, a positive impact on employee morale, retention of a skilled workforce that does not require training when business picks up again. Employees avoid full layoffs of part of their ranks with a limited sacrifice of lost wages and are able to retain health insurance and other fringe benefits.

What Can States Do?

Twenty-three states have legislated work-sharing programs (also known as “short-time compensation programs”).⁹⁹ These programs have been effective at saving jobs during the current downturn: the Department of Labor states that 265,000 jobs were saved between 2009 and 2010 through work-sharing.¹⁰⁰

Work sharing requires that states amend their UI laws to permit benefit payments to employees who are still employed but working reduced schedules. States must also play an instrumental role in ensuring that work-sharing is effective by promoting the program—particularly among employers—and streamlining administrative processes. Such involvement is critical: Washington, for example, expanded program usage dramatically between 2008 and 2009, increasing participation from 621 to 2,800 employers and from 21,000 to 51,000 workers.¹⁰¹ Much of this expansion was a product of aggressive marketing including collaboration

with chambers of commerce to educate businesses about the benefits of the program.

States should also ensure that worker protections, such as the consent of any labor organization representing participating employees and prohibition of cutting health care or fringe benefits due to reduction of hours, are firmly in place.

How Can These Initiatives be Funded?

Work sharing is generally viewed as revenue neutral. That’s because employers pay experience-rated UI payroll taxes to finance work-sharing as with all UI claims. Since participating employers are basically spreading out the UI benefit of one employee to a larger number of employees on a prorated basis, any resultant UI payroll taxes in subsequent years should be the same as if the employer had implemented layoffs.

Resources

Work Sharing Issue Page by the Center for Economic and Policy Research.

“More States Adopt Work Share Programs,” by CLASP.

“Job Creation Strategies that Work,” by the Center for American Progress.

“Shared Work Program” overview and materials by the Connecticut Department of Labor.

“The Shared Work Program, Frequently Asked Questions,” by the Washington State Employment Security Department.

Best Practices for Layoff Aversion: Often, the best program for unemployed workers is to prevent the job loss in the first place. Layoff aversion includes a set of practices that are designed to identify and assist economically distressed firms before a layoff or closing happens, and include measures such as early warning networks, rapid response teams, and technical assistance for firms in addition to policies like work-sharing.

Few states or regions have consciously combined layoff aversion practices in a coordinated and seamless way. Instead, the range of program elements involved in layoff aversion is found in a variety of state and local agencies, nonprofits, and other sources. To address this, NELP carefully documented “best practices” for more effective rapid response activities and dislocated worker services in its report, **Rapid Response and Dislocated Worker Programs: What Should States Do, and What are They Doing?** Through these comprehensive approaches to planned layoff response, agencies and communities can ensure that layoffs are prevented to the extent possible, and that workers affected by economic dislocation are able to take the fullest advantage of retraining and reemployment options.

➤ Preserving the Vital Role of Unemployment Insurance

✳ Partial Benefits and Part Time Work

Along with sustained levels of job loss and unemployment, underemployment has reached record levels during the Great Recession and its aftermath. Underemployment occurs when full-time workers have their hours reduced by their employer, or individuals who are looking for full-time jobs are only able to secure part-time work. Currently, nearly 8.5 million workers are underemployed, which results in limited household income, less access to benefits, and decreased spending in the economy.

While all states permit workers facing reduced hours to draw “partial” unemployment insurance (UI) benefits, specifics regarding what portion of benefits is allowed in such instances vary considerably among states. Outdated partial UI provisions can penalize workers who are forced to take part-time hours by heavily reducing the amount of benefits they can receive, and thus are frequently in need of reform.

At the same time, in some states, workers who lose their part-time jobs are rendered ineligible for unemployment insurance because they express a preference to continue working part-time. Only 28 states allow part-time workers to receive benefits; in the remaining states, claimants must be looking for full-time work in order to qualify for UI. This type of restrictive UI law not only limits the number of workers who should be able to receive income support during a period, in which they are unemployed through no fault of their own, but also hinders household spending and is counterproductive to economic recovery.

What Can States Do?

Adjusting partial UI formulas is something that most states haven't done for many decades. As a result, earnings deductions have not been updated and partial UI benefits are less prevalent than in the past. Setting partial benefit earnings deductions and cutoffs at higher levels has the effect of permitting jobless workers to earn more part-time wages while retaining a bigger portion of their UI benefits. This creates an incentive for jobless workers to accept short-term, part-time employment while continuing to receive some portion of UI benefits and look for permanent jobs. Connecticut allows workers to have only two-thirds of their wages deducted from their weekly benefit amount, and permits workers to earn up to one-and-a-half times their benefit amount and still qualify for unemployment insurance.¹⁰²

States that restrict UI eligibility for part-time workers should also amend such provisions within their UI law. Through funding incentives provided by the American Reinvestment and Recovery Act, 14 states took legislative action through 2010 to amend their UI laws regarding coverage for part-time workers.¹⁰³

Both of these measures will ensure that in the current tough labor market, underemployed and part-time workers are not excluded from the basic income support provided through state UI programs.

How Can These Initiatives be Funded?

Like unemployment insurance provisions under work-sharing, partial UI and part-time worker coverage are generally viewed as revenue neutral, as they are financed by UI payroll taxes.

Resources

"32 States Expand Jobless Benefits to Access Stimulus Funds," and "Model State Legislation—Preparing for Recession: Strengthen the Unemployment System," by the National Employment Law Project.

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