



## COALITION ON HUMAN NEEDS

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# If It's Jobless It's Not a Recovery

## *Working Paper*

The need is urgent. Thirty percent of Americans report that they or someone in their household has lost a job in the past year.<sup>1</sup> But as bad as it is that unemployment overall is now 10.2 percent, some groups are doing far worse than the national average.

### Unemployed in November

- 49.4% of African American 16-19 year olds
- 15.0% of people without a H.S. diploma
- 11.4% of women who maintain households
- 12.7% of Hispanics
- 16.9% of African American men over 20
- 10.5% of men over 20

There are more than six jobless people for every new job that opens up.

This painful situation will not fix itself.

Even in the far milder recession of 2001, it took 19 months to reach the unemployment peak after the economy started to grow.

Congress and the President acted to address the economic crisis last February. Those actions were necessary, and, as *The New York Times* headlined on November 21, a "[New Consensus from Economic Forecasters Views Stimulus Package as Worthy Step](#)". Necessary and worthy, saving or creating at least a million jobs so far, and protecting many millions of families from serious hardships. But more is needed to pull the nation out of this hole. Failure to act now will imperil the fragile first signs of economic progress. Prolonged joblessness will drag the economy down this year and for years to come. It will steal possibility from millions of children, harming them now and in lasting ways. An alarming case in point: of the record-breaking 49 million people struggling against hunger in new USDA findings, 17 million are children – an increase of 4 million children in just one year. Children in households that cannot always afford enough nutritious food tend to suffer ill health and fall behind in school, with potentially lifelong harm to their future earnings. These and other adverse consequences for unemployed adults and children will put a break on current and future economic development.

The dimensions of the nation's jobs problem are stunning. A new analysis by the [Center for Economic and Policy Research](#) estimates that U.S. workers will lose more than \$1 trillion in wages and salaries between 2008-2012 if current conditions proceed unchecked.

The nation can choose to let this happen, or can take action to increase the number of jobs. It can build today's economy and tomorrow's, by creating jobs to meet community needs, and by efforts to allow those most left out by the current strangled job market to get back in.

The Coalition on Human Needs, responding to the urgency of growing numbers of families without work and unable to meet their basic needs, has come together around a set of [job creation principles](#). CHN has also compiled a menu of concrete policy recommendations drawn from its member organizations. In short, the Coalition believes the evidence is clear that a sustainable recovery can only be achieved by creating jobs that build our economy by rebuilding communities, improving infrastructure, including schools, Head Start or child care centers, transportation, or other facilities, increasing energy efficiency, meeting our needs for education, health care, and care for children, the elderly, and people with disabilities. We further believe that making the economic progress we need depends on tearing down the barriers to work and learning that hold back many millions of poor and near-poor Americans. Successful job creation efforts must include substantial public service job initiatives, using the opportunity to address long unmet community needs, with on-the-job and education or training as needed so low-income and low-skilled individuals can go to work. Special efforts are needed to employ those now experiencing especially high joblessness – including youth, people of color, women heads of households, people with limited English proficiency, displaced workers, people with disabilities, ex-offenders, and veterans. We hold that it is necessary and practical to give people employment opportunities now while allowing them simultaneously to develop skills and/or pursue education to put them on a lifelong career path. These aims must be met without displacing existing workers or positions, and jobs should pay prevailing wages and benefits for the same or substantially equivalent work with the same employer. We urge consultation with labor unions, community-based groups representing low-income people, and employers in developing jobs and planning for the preparation and support for new workers.

It is also urgently necessary to continue adequate levels of support such as unemployment insurance and food stamp (Supplemental Nutrition Assistance Program, or SNAP) benefits. These supports prevent hardships that drag people and the economy down, and they also provide immediate spending that promotes hiring while boosting the economy.

A key principle is that all of our efforts at economic recovery will be undermined if we do not extend the aid to states and local governments provided in the American Recovery and Reinvestment Act (ARRA). Severe state budget gaps will, if unaddressed, result in the loss of 900,000 more jobs and truly unacceptable cuts in services.

Below is a listing of specific proposals to create jobs through (1) direct job creation with targeted assistance to low-income and vulnerable populations; (2) supports to income to provide a job-creating economic boost; and (3) aid to states and local governments to save and create jobs while protecting people and communities. Many organizations are coming together in support of a similar agenda. For more information, see the [Economic Policy Institute](#).

## ***Direct Job Creation***

- **The [Community Infrastructure Program](#).** Developed by the [Center for Community Change](#), this public service jobs initiative would create about 1 million jobs with funding of \$35-40 billion over three years. It would be administered by the U.S. Department of Labor, with funds distributed to local governments to create jobs in the public and non-profit sectors, for such purposes as improving the environment, providing education and child care, upgrading physical infrastructure, etc. During the first 6-9 months, the program would develop FAST TRACK jobs that can be quickly implemented. After 9 months, longer-term projects would be identified with community input.
- **Targeting for Distressed Communities and Economically Disadvantaged Jobseekers.** The proposals below are consistent with the Community Infrastructure Program, above, and could be incorporated in it.
  - **Hire workers to maintain and rehabilitate abandoned and foreclosed properties.** \$1 billion could be allocated to the Neighborhood Stabilization Program (NSP) to hire local residents.
  - **Invest in human capital,** including skills development and language acquisition for low-income, limited-English-proficient workers, and case management and support services including child care, health and mental health services, etc.  
(For details on above, see [National Council of La Raza, Latino Priorities in a Job Creation Package](#))
- **Youth Employment.**
  - **Increase funding for youth jobs and training under the Workforce Investment Act (WIA)** to \$3 billion (from the \$1.2 billion in ARRA). This would continue and expand the summer jobs program which last year served 306,466 youth and add jobs and supports for older out-of-school youth during the rest of the year. (For detail, see the [National Youth Employment Coalition's Workforce Investment Act, Title I Youth Activities Reauthorization Recommendations](#).)
  - **National Service** (for detail, see [Center for American Progress](#)). AmeriCorps, VISTA, Youth Corps, and Youth Build can be scaled up in 2010 to create 42,000 jobs at a cost of \$625 million. In FY 2011, an additional \$830 million would fund 60,000 more positions (at combined two-year funding of \$14,000 per placement).
- **Other Workforce Investment Act Initiatives.** (For detail, see Center for Law and Social Policy, [Creating Work and Learning Opportunities for Low-Income Populations](#))
  - **Transitional Jobs.** Provide employment for individuals with little or no work experience and multiple barriers to employment such as long-term TANF recipients or ex-offenders. The President has requested \$50 million for this program in the FY 2010 budget, which should be fully funded for speedy implementation.
  - **Try-out Employment.** Subsidized jobs and paid internships for up to six months as follow-up to WIA-supported training.

- **On-the-Job Training.** Subsidies for companies that hire and train low-income long-term unemployed workers in fields expected to grow as the economy improves.
- **Wage Subsidy Program similar to MEED.** Like the Minnesota Emergency Employment Development (MEED), a WIA-administered program could operate as a contingency fund triggered when unemployment exceeds a certain level, providing 100 percent wage subsidies for public and non-profit sector jobs for six months. *[A version of a national MEED program described by Tim Bartik, economist at Upjohn Institute for Employment Research, would provide a 90 percent wage subsidy up to \$10/hour for six months, and would create 800,000 jobs in 2010 and 1.2 million in 2011, with net costs of \$20,000 in 2010 and \$21,000 in 2011 (gross costs per job of \$34,000 in 2010 and \$35,000 in 2011, before taking into account tax and economic benefits of jobs provided).]*
- **Inclusive Hiring in Infrastructure and Green Jobs Creation** (for detail, see [Wider Opportunities for Women](#)). Both House and Senate climate change legislation include the Green Construction Careers Demonstration Project Model, giving the Secretary of Labor, in consultation with the Secretary of Energy, authority to develop demonstration projects for retrofitting residential or other buildings or similar projects targeted to provide employment and/or apprenticeships to low-income people, displaced homemakers, ex-offenders, etc.
- **Extended Use of TANF Emergency Funding** (for detail, see [CLASP](#); see also description by the organization [Community Voices Heard](#) of the use of TANF emergency funds for subsidized jobs in New York). At current estimates, about \$4 billion remains unspent out of the \$5 billion emergency fund under Temporary Assistance for Needy Families provided in ARRA. Of the funds already spent, about \$64 million has been used for subsidized employment. The unused funds should remain available, or if the pace of spending increases substantially, additional funds should be provided. The funds should be usable for cash assistance, short-term benefits, subsidized employment (as provided now in ARRA), plus other work activities, including education and training. Funds would be more readily spent if the current 20 percent match were eliminated or reduced. Allow states to remain eligible for reimbursement for about two years after becoming eligible for extra funding. New York State allocated increased spending for five new and existing subsidized employment programs: Transitional Jobs Program; Green Jobs Corps; Health Care Jobs Subsidies; Nurse Family Partnership; and the Wage Subsidy Program. The Transitional Jobs Program, a new program in NYS, was allocated \$5 million, which triggered \$20 million in TANF emergency funds for a \$25 million state program.

### ***Supports to Income as Job Creation Engines***

When the American Recovery and Reinvestment Act was first being debated, economist Mark Zandi of Moody's Economy.com projected that the biggest boost to the economy would come from providing income supports to low-income people, through food stamps (now called SNAP), unemployment benefits, and refundable tax credits. In testimony last month, Zandi continued to describe income supports as the most effective means of spurring economic growth.

- **Unemployment Insurance.** (For detail, see [National Employment Law Project](#).) The ARRA unemployment insurance provisions will expire at the end of December, eliminating jobless benefits for 1.1 million workers in January 2010 alone and by more than 3 million through March, according to the National Employment Law Project. In addition, the unemployed will lose access to COBRA health insurance benefits and the \$25/week increase in benefits and federal tax holiday on the first \$2,400 in unemployment benefits will be ended. Congress must act to extend the ARRA provisions for a year. In October [testimony](#) to the Joint Economic Committee, Mark Zandi estimated that for every dollar spent on unemployment benefits, \$1.61 is generated in economic growth.
- **Supplemental Nutrition Assistance Program (SNAP, formerly food stamps; for detail, see [Food Research and Action Center](#)).** The recent grim USDA report on food insecurity (households unable to afford enough nutritious food at all times) showed a record-breaking increase from 36 million to 49 million in food insecure households in just one year (from 2007 to 2008). As sobering as these numbers are, they are based on a survey done in December 2008. All this past year, unemployment has risen substantially. Any reasonable estimate would be that food hardships have increased even more this year. Research by [Children's HealthWatch](#) has shown that infants and toddlers living in households experiencing even mild food insecurity are more likely to have physical and mental health problems suffer developmental delays. Increased SNAP benefit levels under ARRA should be continued or increased, and not allowed to erode with inflation. Economist Mark [Zandi](#) has consistently found increased SNAP benefits to provide the biggest boost to the economy of all the items he has measured: \$1.74 in economic growth for every dollar invested in SNAP benefits.
- **Refundable Tax Credits** (for detail, see [National Women's Law Center](#) and [FRAC](#)). The Child Tax Credit was made available to families with earnings as low as \$3,000 through ARRA, a major improvement that lifted families with children out of poverty and provided urgently needed income that would be spent to boost the economy. This provision should be made permanent. In addition, the Earned Income Tax Credit should be expanded for workers without qualifying children. Their maximum credit is now only \$457 and phases out well before the worker has climbed over the poverty line. The maximum credit should be doubled and should begin to phase out at a higher income level (H.R. 2454, the American Clean Energy and Security Act of 2009 was passed in June 2009; it increased the beginning phaseout amount to \$11,640, up from \$7,470 under current law).
- **Child Care and Head Start/Early Head Start.** An additional investment in early childhood will provide the multiple benefit of allowing low-income parents to take jobs being created by initiatives listed here or others developed as part of a job creation strategy, while also adding paid work by early childhood care and education providers. An expenditure of \$1 billion in new funds for child care through the Child Care and Development Block Grant (CCDBG) will provide care for 153,470 children and create paid work for an estimated 58,982 caregivers. In addition, \$1 billion invested in Head Start and Early Head Start would add 25,292 jobs, providing 38,324 placements for young children. (These unpublished child care estimates are from the Center for Law and Social Policy (CLASP); Head Start estimates are from the National Head Start Association.) For more information, contact Danielle Ewen,

CLASP, at [dewen@clasp.org](mailto:dewen@clasp.org), Helen Blank, National Women's Law Center, at [hblank@nwlc.org](mailto:hblank@nwlc.org)), and Ben Allen, National Head Start Association ([ballen@nhsa.org](mailto:ballen@nhsa.org)).

***Aid to States and Local Governments*** (for detail, see AFSCME piece attached and [Center on Budget and Policy Priorities](#)).

- Cumulative state budget shortfalls for FY 2010 are now about \$190 billion, or 28 percent of states' general fund budgets, the largest gaps on record. Forty-eight states are experiencing such shortfalls in FY 2010. Severe state and municipal revenue problems are expected to continue into FY 2012. State and local employees have already been cut in education and health programs, among other services. There are reports of cuts even in services for abused and neglected children, something longtime children's policy analysts have not seen in previous years. The Center on Budget and Policy Priorities estimates that if the ARRA aid to states is allowed to end in 2010, 900,000 jobs could be lost. That would slam the brakes on the tenuous beginnings of recovery. Although it is not expected that federal aid would eliminate all of state and local shortfalls, state and local governments could achieve better stability if the federal government
  - extends and expands the increase in the federal contribution to Medicaid;
  - increases funds for state and local staff to process increasing applications for Unemployment Insurance, SNAP (food stamps), Medicaid/CHIP, Temporary Assistance for Needy Families, and other safety net programs;
  - makes permanent or at least extends the restored funding levels provided in ARRA for state child support enforcement activities. These funds prevent staff cutbacks that will jeopardize collections badly needed by custodial families. Reduced staff will also lead to fewer revised support orders when the noncustodial parent becomes unemployed or faces reduced earnings, and will force cutbacks in referrals to employment or other services now provided by some child support offices. State child support agencies estimate that 61 percent of the ARRA funding was used to maintain basic staffing and program operations; 33 percent was used for technology/systems enhancements to improve collections.
  - Provides flexible state and local grants available in times of high unemployment to fund vital services.

***Federal Intervention Works***

The Economic Policy Institute estimates that ARRA has thus far saved or created about 200,000 jobs per month (1 – 1.5 million so far). Most economists believe that ARRA is working, but economists across the political spectrum believe more is needed. That includes Reagan Administration advisor [Martin Feldstein](#), whose critique of ARRA is that “There should have been more direct federal spending that would have added to aggregate demand.”

Congress and the Administration can take the steps needed to preserve and create more jobs, and can do so in a way that creates pathways for low-income people to join the middle class. Instead of allowing this recession to worsen already damaging levels of inequality and income loss among people in the bottom two-fifths of the income spectrum, a job creation strategy can put the country on a path towards sustained prosperity. There is no time to waste.

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<sup>1</sup> Washington Post-ABC News poll, November 12-15, 2009, available at <http://www.washingtonpost.com/wp-dyn/content/graphic/2009/11/22/GR2009112200192.html>