

# Job Creation Models and Proposals for NYS

## Government Funding for Construction Projects Creating Jobs

**Hawaii:** Following the September 11<sup>th</sup> attack, a special session of the Hawaii legislature convened and a number of bills were passed. Hawaii was concerned about the impacts on tourism resulting from the attack. Since tourism is a large part of Hawaii's economy, there was concern about the loss of jobs and increased unemployment in the state. The then Governor of Hawaii proposed a billion dollar construction budget. The legislature eventually passed an \$800 million construction budget which added about \$300 million in new money to the construction budget. Standard input-output tables were used to measure the effects of the increased funding for job creation. The construction was primarily directed at school construction.



**California:** In the March 2004 Special Election (a year after Arnold Schwarzenegger's election to the Governor's office), Proposition 55, a Bond Act to sell \$12.3 billion in general obligation bonds for construction and renovation of K-12 school facilities (\$10 billion) and higher education facilities (\$2.3 billion) passed by a 50.8% to 49.2% vote. The California Chamber of Commerce supported the proposition because it invests in our economy by creating hundreds of thousands of new jobs throughout California. In 2002, Californian voters approved Proposition 47, the state bond measure providing \$13 billion for school facilities capital projects.

## **Job Creation and Environment Justice**

**Apollo Project:** The Apollo Project calls for a national commitment that mobilizes resources to achieve energy independence. The project is based on the recognition that clean energy can be the next great engine of jobs and growth--that mobilizing public and private investment in clean energy technologies such as solar and wind power, hydrogen fuel cells and highly efficient America made cars, will create a new general of high wage manufacturing and construction jobs, thus strengthening the economy while cleaning up the environment and preserving communities.

The Apollo Project will create well over 3 million high wage jobs in construction, manufacturing, and industrial machinery by 2015, building new and efficient infrastructure and accelerating the next generation of cutting edge technology. Those jobs will pour \$95 billion back into the economy through new income, and \$330 billion in additional economic output, and helps provide needed assistance to state and local governments. The Project has a Ten-Point Plan for Good Jobs and Energy Independence.

**Hawaii:** The State Legislature appropriated \$6-8 million to create a pilot program to shift workers from a devastated large employer (a large hotel's business in a region had been devastated by an outbreak of dengue fever) to do forest clean up. The program was modeled after the civilian conservation corps of the 1930's. There is also discussion in the state around creation of a Green bond to fund additional environmentally supportive jobs.

For New York, Attorney General Spitzer has put out \$2 million in grants for cities to do solar energy development. Assemblymember Tomko, Chair of the Energy Committee, has expressed interest in investing in solar energy for the Hudson valley area. There is also the idea to request that State Comptroller Hevesi capitalize on state pension funds to invest in housing development, environmentally supportive jobs or clean energy development.

### **Transportation and Job Creation**

Every \$1 Billion invested into public transportation supports 47,500 jobs.

**Local Hiring Agreements** – In 1998, the Alameda Corridor Jobs Coalition (ACJC) secured a significant victory for minority and low-income people seeking work in transportation construction projects. The Alameda Corridor construction project, a railroad project, is designed to speed the movement of cargo from the region's ports to rail yards near downtown Los Angeles. ACJC successfully organized to win a major hiring agreement with the Alameda Corridor Transportation Authority. It guarantees that 30% of all hours worked by new hires will go to local community residents. ACJC's victory speaks to ongoing struggles within the transportation industry to diversify its workforce to embrace women and minorities and women- and minority-owned businesses.

**Minority Hiring** – Under federal law, all states are required to establish targets or goals for the number of women and minorities employed by contractors in transportation construction. Very few states come close to meeting their targets, and this system does not necessarily benefit low-income people. Much must still be done to ensure that job benefits from major construction projects go to those who need them most.

**Money for Job Training** – ISTEA and its successor TEA-21 included some provisions that could be very useful to community groups, especially in light of welfare reform. States were permitted at their discretion, to apply one-half of one percent of their federal highway funding toward job training opportunities in the transportation sector. In addition to using this federal money in increasing training opportunities for low-income people of color and women, states could use the training funds in other ways if they got permission from the Department of Transportation.

*[Section 140(b) of national transportation law provides that states may use up to 1/2 of 1 percent of their surface transportation and bridge funds, not to exceed \$10,000,000 per fiscal year to develop and administer highway construction training.]*

**On the Job Training for Welfare Recipients** – States are now encouraged to implement on-the-job training programs for non-traditional workers (women and minorities). TEA-21 also gave states the option to set aside job training positions for current welfare recipients. Section 1208 in TEA-21 states:

*In implementing such programs, a State may reserve training positions for persons who receive welfare assistance from such State; except that such program shall not cause current employees to be displaced or current positions to be supplanted or preclude workers that are participating in an apprenticeship, skill improvement, or other upgrading program registered with the Department of Labor or the appropriate State agency from being referred to, or hired on, projects funded under this title without regard to the length of time of their participation in such program.*

### **Job Creation and Affordable Housing Development and Preservation**

The National Affordable Housing Trust Fund legislation would produce, rehabilitate, and preserve 1,500,000 units of housing by 2010. In addition to creating more affordable housing options in a community, an investment in housing construction or rehabilitation creates jobs and wages.

According to **Home Sweet Home: Why America Needs a National Housing Trust Fund**, a report by the Center for Community Change, by using a U.S. Department of Commerce model, a \$5 billion investment in housing production would initially create more than 180,000 jobs. Moreover, when leveraged (an average of \$9 from private, non-profit, and other governmental sources for every \$1 spent by the Housing Trust Fund), an investment of \$5 billion in a National Housing Trust Fund results in 1.8 million new jobs and \$50 billion in wages.

Housing trust funds help by providing the funds housing developers need to make their projects affordable. After seeing the success of local Housing Trust Funds, a bipartisan group of Congressional leaders has come together to support the creation of a National Housing Trust Fund. For the past twenty years, Congress has prioritized enhancing the ability of local communities to implement policies that address local needs. Paramount to this discussion is the belief that states and local communities know best how to solve local problems. A National Housing Trust Fund will encourage innovative housing development by allowing communities to define their own needs and design their own solutions. At the same time, the National Housing Trust Fund will provide local communities with the flexible, dependable source of income they need to create more affordable housing opportunities.

## **Bill to Secure the Right to Employment in the United States**

**This draft legislation proposes to secure the Right to Employment as proclaimed in Article 23 of the Universal Declaration of Human Rights. It will commit the Government of the United States to create enough jobs to ensure that paid employment at wages capable of supporting a dignified existence is available to all job seekers.**

**The Bill creates the Employment Security Administration (ESA). Whenever the number of job-seekers in a state exceeds the number of job vacancies that employers are currently seeking to fill, any person seeking employment in an ESA-funded job shall be deemed eligible for such employment. Each state ESA shall establish employment programs capable of providing work for all ESA-eligible job-seekers unable to find employment in either the regular labor market or in ESA-funded jobs provided by other entities. In planning ESA employment projects, priority shall be given to projects that meet pressing social needs. These shall include, but not be limited to (a) the provision of child-care for working parents (including persons employed in ESA-funded jobs), (b) the rehabilitation or construction of low-rent housing, (c) the operation of after-school and summer recreational programs for children, (d) energy conservation improvements to public or, when invited, private property, (e) the provision of housekeeping and other services to senior citizens, and (f) environmental improvement measures on public and, when invited, private property.**

**It is expected that the required job-creation effort will neither increase government budget deficits nor require the imposition of additional taxes. Program funds will come from (1) additional income tax collections from program participants; (2) savings in anti-poverty and unemployment assistance; (3) fees paid by the users of goods and services produced by the jobs program; and (4) savings in other government programs resulting from a reduction in the social problems caused by unemployment. These savings are expected to pay the full cost of the program. If at any point in time these sources of funding are insufficient to pay the full cost of the program, an "Employment Security" (ES) component will be added to social security taxes sufficient to make up the shortage. Funds derived from any such ES tax collections shall be reserved to pay for jobs provided to individuals who are insured under the Social Security system.**

### **Microenterprise Development**

**Based on a recent analysis of New York State's labor market there are approximately 1.5 million microenterprises operating throughout the state (see attached spreadsheet for county by county analysis). These microenterprises employ approximately 19 percent of the state's entire workforce. Nationally, microenterprise employment represents 16.4% of all private employment in the United States. Furthermore, a 2000 analysis of the state funded Entrepreneurial Assistance Program (EAP), prepared by Empire State Development Corporation (ESDC), demonstrate the dramatic cost effectiveness of microenterprise training. ESDC estimated that each job created through the EAP cost the state only \$1,600. This figure is impressive when compared to the Job Development Authority and the Jobs Now Program which average \$30,000 and \$10,000 per job created respectively. These numbers are merely the tip of the iceberg and clearly show the importance of the microenterprise sector as it relates to the state's economy.**

**A 2000 ESDC cost benefit analysis of the program revealed conservatively that New York State received \$2 in personal income and sales tax for every \$1 invested in the program. Every year, without fail, the Governor proposes to eliminate funding for this vital and cost effective program.**

### **Regional Coalition for Job Retention and Local Economic Development**

**In western Pennsylvania, a group of union, community and religious leaders created the Steel Valley Authority (SVA) as a response to the tremendous loss of steel manufacturing jobs in the western region of the state. The result has been the creation and preservation of 7,500 jobs over the last 10 years. SVA is an inter-municipal economic develop agency that brings together local resources to facilitate worker and manager buy-outs, management consulting, and training for labor and management. SVA also works with United Steel Workers to support worker-friendly investment vehicles and local development funds.**

## **Reform of Corporate Subsidy and Jobs-related Programs**

### **Reform of Empire Zones**

**NYS should end the abuse of the Empire Zones program and other economic development programs that don't create jobs - savings \$250 million per year. Eliminating or reforming economic development programs that do not create jobs or which create very few jobs at exorbitant costs per job could generate significant savings for state and local governments. Such actions include reform of the Empire Zones program (\$100 million), eliminating the abuse of "point-of-service" sales tax exemptions (\$75 million), limiting Industrial Development Agencies' ability to abate state taxes (\$60 million), and recovering subsidies from companies that do not live up to the conditions of their tax abatements (\$15 million).**

### **NYS Legislature Corporate Welfare Reform and Jobs-related bills:**

**Assembly proposed bills: A03424 (As. Brennan): requires the reporting of tax payments by major corporations; A05068 (As. Millman): requires social services districts to give consideration to education and training for sustainable wage jobs and nontraditional employment opportunities for public assistance employment programs; A08858 (As. Brodsky): requires corporations to return job creation subsidies when they do not create the jobs at living wages**

**Senate proposal bills: S6040/A9567 (Spano/Brodsky): calls for 5-year moratorium on state subsidies to firms that move jobs out of NYS; S3606: requires state-financed construction project contractors to pay the prevailing wage; S7083: enacts the "Come Home to New York" job creation initiative (small business technical assistance fund and provides tax benefits for creating or locating jobs to NYS).**

### **Develop a Job Vacancy Survey for NYS**

**New York State and local governments should fund the development of a Job Vacancy Survey (JVS) to provide regular, accurate, objective and timely information on the number and types of job vacancies, and the level of skill training employers need, in local areas across the state.**

**{See attached Fact Sheet}**