



Creating Good Jobs 101

The economy has lost more than 8 million jobs since the recession began in December 2007, including many that provide critical services in communities across the country. Teachers, police, and firefighters have been laid off due to state and local budget cuts; nonprofits serving those suffering the harshest effects of the recession have had to scale back or close their doors; and small businesses facing shrinking demand have had to lay off employees.

Unemployment rates have risen even higher for people who were already struggling to make ends meet during the previous jobless recovery, including single-parent households and communities of color. Although the economy is beginning to recover, it will take some time to return to the nearly full-employment economy of the 1990s.

The situation is even worse for youth who are entering the workforce today. They must compete with overqualified adults and are less likely to be hired. To make matters worse, numerous studies have shown that unemployment early in one's career has a domino effect, leading to lower salaries and worse jobs throughout a person's life.

Even with jobs, too many American families are struggling. Poor people in the United States work more than poor people in many other developed countries, but many of those low-wage jobs do not pay enough to meet a family's needs. Also, many working parents, both in and out of poverty, struggle to provide care to their children and elderly parents while working. As important as job creation is, we must also ensure that jobs provide the wages, benefits, and flexibility necessary to support a family.

How does creating good jobs cut poverty?

Work is the cornerstone of the American dream, and must be a central element to any antipoverty strategy. Job creation and preservation is an essential first

step to lifting families out of poverty, and policymakers should keep low-income Americans in mind as they craft recovery policies.

Good jobs are important even after our economy recovers. The Urban Institute found that raising the minimum wage would bring 1.7 million Americans out of poverty (from a 2003 baseline), and would raise wages for another 4.6 million poor workers. Improvements to the earned income tax credit would also raise 2.2 million people out of poverty.

Policies that create good jobs

Creating and saving jobs

Preventing state and local layoffs: The economic crisis has challenged state and local governments to balance their budgets, leading many to cut back on essential services and workers—including teachers, police, and firefighters. Congress should help these communities meet their fiscal obligations without pushing Americans out of work. Two important ways to accomplish this goal are providing increased funding to states in the form of Medicaid (known as FMAP), and providing education funding, both of which help states meet two of their biggest fiscal obligations.

Encouraging private sector jobs through the TANF Emergency Fund: Congress established the emergency fund in 2009 to help states explore innovative ways to combat joblessness in low-income communities. The fund has successfully put more than 240,000 people to work in communities across the country. However, the Temporary Assistance for Needy Families Emergency Fund is at risk to expire long before the need for it ends, and Congress must act to extend the fund so that states can continue partnering with the business community to create jobs for vulnerable populations.

Creating temporary public service employment: One critical strategy to combat high unemployment is funding to support creation of temporary jobs to meet community needs, either in the public or nonprofit sector. The Local Jobs for America Act would dedicate \$100 billion over two years to save 250,000 education jobs, 750,000 jobs providing needed local services, and 5,500 law enforcement jobs, as well as funding to hire firefighters and provide on-the-job training slots to help local businesses create employment opportunities.

These jobs in turn will put money in the pockets of families, spurring demand in the economy and creating additional private-sector jobs and tax revenues. These jobs can be created quickly. Funding will go directly to state and local governments according to a formula based on population, area unemployment, and poverty rates. This bill also includes strong displacement protections, giving first priority to city workers that have already been laid off. Congress can also expand on-the-job training programs, including grants to states to extend these programs within the Workforce Investment Act.

Maintaining demand through unemployment insurance: Families with unemployed workers are forced to make extreme cutbacks to their budgets without unemployment insurance, meaning that they buy fewer American products and services. This can cause a vicious cycle, where falling demand leads to further job loss. Emergency unemployment insurance is an essential tool to ensure that we stay on course for economic recovery and avoid further job losses.

Combating youth unemployment

National service: National service programs like Americorps and YouthBuild provide opportunities for difficult-to-employ youth to develop workplace skills, while helping to serve urgent community needs. This sets youth up for better jobs in the future.

Jobs for youth: The Summer Youth Employment Program provides hundreds of thousands of youth with seasonal employment and also provides year-round opportunities, giving young people essential job skills and helping prevent them from being permanently disconnected from the workforce.

Ensuring quality jobs

Indexing the minimum wage to half the average wage: At \$7.25 per hour, the federal minimum wage currently stands at less than 40 percent of the average wage for nonsupervisory employees, and its value will continue to erode without frequent congressional action. By permanently setting the federal minimum wage to 50 percent of the average, Congress can restore the minimum wage to its historic level and permanently ensure that all work pays sufficiently to support a family.

Ensuring work pays with the earned income tax credit: The earned income tax credit is one of the single most important ways to make work pay. It must be maintained at a level that ensures that work pays more than welfare, and in a manner that does not penalize marriage, young workers, noncustodial parents, or larger families.

Promoting workplace flexibility for caretakers: Low-income parents often have more responsibility to care for family members, since they are more likely to have an ill family member and less likely to be able to pay others to provide care. All workplaces should incorporate some measure of flexibility such as paid sick leave so that low-income parents can care for their families without losing their jobs.