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THE CASE FOR A FEDERAL JOB GUARANTEE PROGRAM

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EXECUTIVE SUMMARY

The coronavirus pandemic has brought the country to the brink of economic collapse. While the CARES Act provided some temporary relief, sustained economic recovery requires a plan to give unemployed workers an opportunity to support themselves and their families with dignity. New Deal-style federal jobs programs can help eliminate working poverty and create a more stable, inclusive economy. Congress should establish a program that provides a true public option for employment and gives existing workers, particularly those confined to the low end of the labor market, jobs in projects that will serve the public welfare.

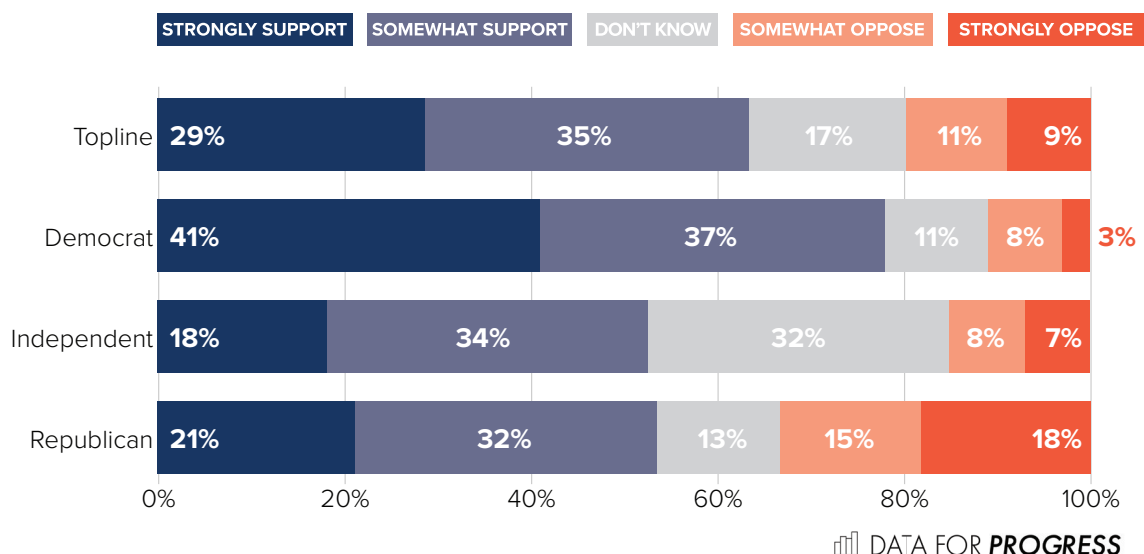
A federal job guarantee program would:

- Provide a permanent public option for workers to receive training, living wages, benefits, better working conditions, and full worker rights, as a true alternative to the private job market.

- Invest in projects that benefit the public, such as caregiving (especially child and elder care); the conservation of natural resources; the creation of emergency relief programs; investments in education, health, and culture; and the building of critical infrastructure. It would also make these services affordable for all.
- Offer a better response to economic crises like the pandemic by eliminating the need for poorly paid and unsafe employment.

Polling by Data for Progress and The Justice Collaborative Institute shows strong bipartisan support for a federal job guarantee program. Sixty-four percent of likely voters, including 78% of Democrats and 53% of Republicans, said they would support a federal job guarantee program as part of the government's response to the economic crisis.

Do you support or oppose a federal job guarantee as part of the federal government's response to the current economic crisis?



BACKGROUND

The United States is several months into the worst recession since the Great Depression. Record numbers of workers have lost their jobs, with thousands more furloughed or fearing future layoffs. More than 27 million Americans are receiving some kind of unemployment benefit. And because most American workers receive health insurance through their employer, the job crisis has even more significant consequences during the COVID-19 pandemic: A recent study shows that 5.4 million workers lost their health insurance between February and May, nearly 40% more than the previous record-setting losses in the 2008-09 recession.

The CARES Act provided important stop-gaps to address the overwhelming unemployment numbers, offering an additional \$600 per week until the end of July, to all those receiving unemployment insurance, and extending the length of time they could receive benefits. The legislation also established the Paycheck Protection Program to provide federally-guaranteed loans to small businesses for the purpose of maintaining payroll, benefits, and other expenses for eight weeks. But these programs are limited, intended only as emergency measures, and not as solutions to the deepening employment crisis.

Even before the pandemic, the country was marked by steep income inequality, with the productivity gains of economic expansion going to the wealthiest Americans. The most vulnerable groups—including Black and Latinx people, veterans, and people with disabilities—are much more likely to be involuntarily unemployed or underemployed. Forty percent of workers in America are employed in insecure, “contingent” jobs, and almost half (44%) of workers work in low-wage jobs. The coronavirus pandemic has

only widened the divide between those with and without employment that offers a meaningful path to financial security.

A FEDERAL JOB GUARANTEE FOR ECONOMIC SECURITY

A federal job guarantee is needed to eliminate working poverty and stabilize the pandemic-crushed economy. A permanent public work sector offsets the private sector by competitively providing goods, services, and opportunities as a path toward economic security. The government serves as the guarantor and supplier of jobs that provide training, living wages, benefits, better working conditions, and full worker rights, as a true alternative to the private job market. The availability of such an alternative has the added benefit of protecting workers who wish to unionize because it effectively eliminates employers’ ability to threaten workers with job loss. Like a public banking option for financial services, a federal public job sector would not replace the private market, but instead compete with the private sector, particularly at the low end of the labor market, increasing job quality, quantity, and accessibility.

Another critical element of a federal job guarantee is the opportunity to invest in projects that benefit the public, but may be undervalued by the private sector. For instance, child and elder caregiving is poorly served by the private market, where services are costly for clients while provider wages are extremely low. A public option for dependent care, among other important services, is a better tool to ensure that everyone has access to the services—and, for providers, the

compensation—needed for individual and social wellbeing. Other federal jobs programs should similarly serve the public good, investing in projects such as sustainable and energy-efficient infrastructure, conservation, and emergency relief projects.

Finally, a comprehensive federal jobs program is an important part of addressing urgent crises like the pandemic. By offering safe, reasonable working conditions and adequate compensation, public sector jobs would eliminate the need for individuals to seek out unsafe or inadequate private sector jobs. The infrastructure of federal jobs programs would also allow for quick deployment of emergency relief services, such as contact tracing and production of personal protective equipment. Particularly in an economic crisis, a federal job guarantee will have a critical impact on expanding labor force participation and restoring the economy.

HISTORICAL PRECEDENT

The idea of a federal job guarantee is neither new nor radical. In his 1944 State of the Union address, President Franklin D. Roosevelt said that “true individual freedom cannot exist without economic security and independence.” He proposed a “second Bill of Rights” to provide economic security, wherein the first article would secure the right to a “useful and remunerative job.” Harry Truman’s 1945 proposal to Congress echoed the same theme. Sadie Alexander, the country’s first Black economist, advocated for full employment programs as a means to achieve racial economic equity. Civil rights leader Bayard Rustin prepared a Freedom Budget for the A. Philip Randolph Institute in 1966, which included a provision for a job guarantee. In the 1960s, Dr. Martin Luther King, Jr. likewise called for an Economic Bill of

Rights, and with his partner, Coretta Scott King, endorsed federal legislation that could guarantee a job to anyone able and willing to work.

During the Great Depression, Roosevelt’s direct-hiring programs such as the Civilian Conservation Corps (CCC) and the Works Progress Administration (WPA) were highly successful at alleviating economic suffering. These and other New Deal jobs programs ushered in the post-war economic boom through the creation of beneficial infrastructure like roads, bridges, schools, and parks; development of cultural and social programs; and the conservation of natural resources. As World War II loomed and the economy improved, Congress eliminated these programs and, in doing so, extinguished the permanent, long-reaching job guarantee benefit Roosevelt and others had hoped to achieve.

Yet, for the years that the United States government was the nation’s largest employer, federal jobs programs both helped to reverse the economic crisis and built enduring public achievements. Joblessness fell dramatically as the federal government provided unemployed workers an opportunity to support themselves and their families with dignity. Indeed, if workers employed in direct job-creation programs were counted as employed (as they are in unemployment statistics today), the nation’s unemployment rate dropped from nearly 23% to 10% during Roosevelt’s first term in office, rather than the commonly reported drop from 23% to 17%.

Impetus for funding the projects did not arise from consumer demand, but from an interest in the public good. Roosevelt’s work programs revealed a strong ethic for projects that would benefit the public. His vision prioritized the conservation of natural resources; the creation of emergency relief programs; investments in education, health, and culture; and the building of critical infrastructure—the types of projects

often overlooked by the private sector. Decades later, it is difficult to overstate the valuable legacy of this public contribution. Not only did the New Deal jobs programs propel a nation out of economic devastation into prosperity, they laid the foundation for a country that could better support and protect future generations.

POLITICAL MOMENTUM

In recent years, more policymakers have begun to advance versions of a job guarantee program. During her 2020 presidential campaign, New York Senator Kirsten Gillibrand said she supported a government jobs guarantee. New Jersey Senator Cory Booker proposed legislation that would establish a pilot grant program at the Department of Labor to guarantee jobs to individuals in 15 high-unemployment locations. Vermont Senator Bernie Sanders announced a federal job guarantee plan that would pay workers a minimum of \$15 per hour and provide healthcare.

In July 2020, Minnesota Representative Ilhan Omar and New Jersey Representative Bonnie Watson Coleman introduced the Workforce Promotion and Access Act (WPA). The legislation authorizes a grant program administered through the Department of Labor to guarantee jobs in states, localities, and tribal entities where employment is greater than 10% or double the national unemployment rate. The jobs created would pay at least \$15 per hour and be targeted to local needs, such as caregiving or infrastructure.

Hundreds more organizations and leaders have called for a federal job guarantee by signing the Jobs for All pledge. Even before the pandemic and resulting economic crisis, the idea for such a program has been popular with voters. With

substantial political support and the dire need to rebuild our economy, the federal job guarantee is a policy solution that all policymakers should be enthusiastic in advancing.

CONCLUSION

Our country is in desperate need of a contemporary iteration of Roosevelt's vision: A federal job guarantee that protects workers and ensures full rights and benefits. A permanent federal jobs program will mitigate the worst of the pandemic recession and steer the nation to recovery and resilience, protecting against future recessions. This is a critical opportunity to invest in much-needed public work, like infrastructure and environmental protection, while creating a more stable and inclusive economy. These programs are not unique or radical. Similar New Deal-era jobs programs achieved great, albeit short-lived, success. The current recession reveals the vulnerabilities of wholly private, consumer-driven economies. A permanent federal job guarantee that complements the private job market is essential to both our national economic stability and continued investment in the public welfare.

POLLING METHODOLOGY

From 7/10/2020 to 7/12/2020, Data for Progress conducted a survey of 1,390 likely voters nationally using web panel respondents. The sample was weighted to be representative of likely voters by age, gender, education, race, and voting history. The survey was conducted in English. The margin of error is +/- 2.6 percent.