



# Jobs and the Economy

ANDREW STETTNER AND AMANDA NOVELLO

Policymakers face a dual and urgent set of challenges when it comes to building an economy that works for everyone. First, they must repair the immediate economic damage from the pandemic. And second, they must address systemic inequality to build a foundation for long-term equitable growth. The COVID-19 pandemic unleashed an unprecedented wave of unemployment and exacerbated long-standing, deep, and racialized economic inequality and has resulted in a short-term recovery in which the fortunes of the most advantaged have soared while the fates of average Americans—especially frontline workers, who are disproportionately women and people of color—grow more dire. The policy priorities below complement a detailed set of recommendations for gender and racial equity found in the Women's Economic Justice section.



**THE BIG IDEA:** The economy reflects the well-being of the American people, not the latest stock market trend, and as such it must be managed to promote the well-being of ordinary Americans, not just the wealthiest among us. Policymakers must make choices now to repair the damage wrought by the pandemic-induced recession and invest in workers for long-term and equitable economic growth.

## TCF's 2021 Jobs and the Economy Policy Priorities

1. **Bolster and Modernize the Safety Net for Jobless Workers**
2. **Provide Universal and Effective Economic Adjustment and Retraining Assistance**
3. **Strengthen and Expand Access to Well-Paid Manufacturing Jobs**
4. **Cut Child Poverty by Half**
5. **Begin Addressing Reparations for Black Americans**
6. **Strengthen the Power of America's Workers**
7. **Invest in Infrastructure for New Jobs and a Green Recovery**

### 1. Bolster and Modernize the Safety Net for Jobless Workers

An unprecedented 45 million Americans have applied for unemployment insurance (UI) benefits since March 2020, as the pandemic forced record numbers of layoffs, furloughs, and a crisis in caregiving. The crush of claims has exposed major flaws in the administration of state unemployment insurance programs and the need for both immediate changes and long-term reforms. In light of this, the next administration and Congress should:

- **Extend the CARES Act.** The CARES Act contains the key components needed to support unemployed workers through a long recovery. Congress should restart the additional \$600 per week in federal Pandemic Unemployment Compensation (PUC) and phase it

The full report "The Century Foundation's Top Policy Priorities for 2021" can be found at <https://tcf.org/content/report/century-foundations-top-policy-priorities-2021/>

down on a quarterly basis to \$450, \$300, or \$150 per week, depending on the state unemployment rate. In addition, the Pandemic Unemployment Assistance (PUA) program should be retooled to cover those who cannot work for pandemic-related reasons not covered by regular UI, including new entrants into the workforce.

- **Extend unemployment benefits.** The current Pandemic Emergency Unemployment Compensation (PEUC) program should be expanded from its original thirteen weeks to twenty-six weeks for all workers, and thirty-nine weeks for those living in high unemployment states. Moreover, full federal funding of the federal extended benefits program should be provided for high unemployment states beyond PEUC.
- **Protect workers from COVID-19 exposure.** The Employment and Training Administration (ETA) should issue new guidance to states on the right of unemployed workers to refuse employment that exposes unreasonable risk of COVID-19 infection.
- **Modernize the UI system.** The secretary of labor should appoint a senior official in charge of the repair of the UI system. The official should launch a new initiative focused on timely payment of benefits, including a review of challenges facing the states, the positioning of accessibility enforcement staff through the regional offices, stronger regulations, and new performance standards on the performance of online systems. The president's budget should direct at least \$2 billion to UI technology repairs.
- **Make UI a federal program.** Develop and implement a proposal to switch the financing (and administration) of all unemployment benefits to an increased federal unemployment tax, with a base equal to one-third of the Social Security wage base, but replacing a state tax. States would administer a program with a minimum federal standard floor (with an option to go further), including twenty-six weeks of benefits, a maximum weekly benefit equal to two-thirds of the wages, an

alternative base period, eligibility for compelling personal circumstances and expansive work-sharing.

- **Help job seekers.** Enact a permanent job-seeker allowance (based on PUA) that provides basic benefits and employment services to those out of work, looking but not eligible for UI that transforms PUA into a permanent program (funded through appropriations) to provide a basic benefit (tied to reemployment services) equal to one-half of regular unemployment benefits, for gig workers and new entrants not covered by regular UI.

## 2. Provide Universal and Effective Economic Adjustment and Retraining Assistance

By the start of 2021, an estimated 4.5 million Americans will be out of work for more than six months, and many of them will need additional support to find a new job. The United States spends much less (0.1 percent of GDP) than other industrial nations (0.6 percent of GDP, on average) on active programs to help the long-term unemployed cope with disruptions such as the pandemic and long-term economic changes wrought by automation, climate change, and international trade. The next administration and Congress should take the following steps to address weaknesses in the current program that lead many displaced low-wage workers, such as those in service sector jobs who are more likely to be people of color, to be unable to access economic adjustment assistance:

- **Enact a twenty-first-century reemployment accord.** Establish a new program to provide up to \$15,000 per dislocated worker for training and include a federal reemployment distribution fund, initially capitalized with \$20 billion to allow states to provide income support and support services.
- **Improve TAA benefits and training.** Reauthorize Trade Adjustment Assistance (TAA) before its June 30, 2021 expiration and include improved notification provisions; support for apprenticeship and work-based learning by allowing such trainees to have access to

Trade Readjustment Allowance benefits; automatic eligibility based on WARN notices, industry patterns, or trade enforcement; and by reestablishing the 2009 TAA Community College and Career Training program. The reauthorization should include a pilot program that expands TAA benefits to those who lose jobs due to automation.

- **Establish a right to training on new technology.** Pass the Worker's Right to Training Act, which would require companies adopting automation to provide training to workers for new roles in their company, or a severance package.
- **Save more jobs.** Strengthen the Workforce Innovation and Opportunity Act's layoff aversion provisions by requiring states to use a portion of funds to provide professional turnaround assistance to small companies.

### 3. Strengthen and Expand Access to Well-Paid Manufacturing Jobs

The pandemic exposed weaknesses in our manufacturing sector—already struggling to create good jobs—that was unable to produce sufficient medical equipment during a crisis. A robust manufacturing sector is a win-win, allowing for the production of goods critical to national needs, such as converting to a green economy and building infrastructure and providing well-paying careers in which workers without college degrees can excel. The next administration and Congress should take the following steps to adopt a high-road national manufacturing strategy that is racially and socially inclusive:

- **Rebuild manufacturing.** The next administration should immediately restart the Investing in Manufacturing Communities Partnership program (IMCP), provide technical assistance, and request grant funding for partner communities, while quadrupling funding for the manufacturing extension program and directing it to develop a set of diversity, equity, and inclusion metrics.

- **Make manufacturing racially inclusive.** Establish a new national program on racial inclusion in manufacturing, with funding for workforce pipeline programs and local industry and inclusion councils.
- **Finance reshoring and green jobs.** Capitalize an industrial bank to finance reshoring of manufacturing jobs and the development of green manufacturing. Similar to the U.S. Export-Import Bank, the industrial bank would provide low-cost loans, loan guarantees, and equity investments and would be structured with guardrails to limit federal support to companies that supply well-paid jobs for diverse communities.

### 4. Cut Child Poverty by Half

Before the pandemic, one in eight American children lived in poverty, according to the Supplemental Poverty Measurement. Research shows that the impact of childhood poverty follows children throughout life, resulting in lower long-term educational, health, and economic outcomes. The child poverty rate is also much higher for Black and Latinx children than for white children, and the official measurement is an undercount. The next administration and Congress should make it a priority to reduce child poverty by taking the following steps:

- **Enact a true child allowance program.** Reform the Child Tax Credit by adopting the American Family Act (AFA). Distribute the benefit amount monthly rather than in a lump sum, raise the payment to \$3,000 per year for all children and to \$3,600 for children under age 6, and make the credit fully refundable, with no earnings threshold.
- **Reform measurements of poverty.** Issue an Executive Order with the intention of retiring the Official Poverty Measure as a government statistic and develop a new measure of poverty. Convene a new National Academy of Sciences working group to propose a revised supplemental poverty measure that reflects the level of income needed to “live in a manner acceptable to society,”<sup>1</sup> and, adopt a relative measure of poverty

tied to the measure of percentages of median income, as done in other wealthy nations and by the OECD.

### 5. Begin Addressing Reparations for Black Americans

Black Americans have never received specific economic compensation, let alone an official apology, for the impact of slavery, (steps that were afforded to Japanese-American victims of internment camps, for example). The damage done to Black Americans (and their descendants) through the institution of slavery casts a long shadow, including a persistent racial wealth gap (the average black family only has \$17,600 in wealth, compared to white median wealth of \$171,000) that constrains the ability of Black Americans to advance economically across generations, even as educational attainment has increased. The next administration and Congress should:

- **Establish a reparations commission.** Enact H.R. 40 to establish a Commission to Study and Develop Reparation Proposal for African Americans to study slavery and discrimination from 1619 to the present and recommend appropriate remedies that would provide acknowledgment, redress, and closure.
- **Develop local reparations examples.** The departments of Housing and Urban Development, Education, and others should provide technical assistance and pilot funding to local communities, such as Asheville, North Carolina, and higher education institutions, such as Georgetown University, that use their own resources to provide reparations.
- **Support Historically Black Colleges and Universities (HCBUs).** Triple and make permanent the funding for HCBUs in Title III and IV of the Higher Education Act, and include a special one-time federal capital investment (for example, a grant that does not have to be spent but rather can be invested) in the endowments of HCBUs, which due to the racial wealth gap are typically a quarter of the size of those of similar institutions.

### 6. Strengthen the Power of America's Workers

When workers are able to organize and act collectively, such as through a union or other professional organization, they strengthen their voice and their power, and gain important economic and legal protections. It is indisputable that America needs a better balance among those who benefit from our economy—since the 1970s, wages for the average worker have risen by only 12 percent while CEO compensation has grown 940 percent. The next administration and Congress should:

- **Pass the Pro Act** to give workers more power during disputes at work, add penalties for companies that retaliate against workers who organize and grant collective-bargaining rights to workers who do not currently have them.
- **Ensure that union membership and the ability to act collectively** is available to every worker, though frameworks such as SEIU's Unions for All, and ensure workers have the ability to form and join unions online.
- **Create a system of sectoral bargaining**, in which agreements are binding on all entities in the sector.
- **Revitalize the Occupational Safety and Health Administration (OSHA)** and enhance its ability to protect workers who raise concerns about workplace safety, particularly as they relate to the ongoing pandemic.
- **Authorize a \$50 million discretionary grant program through the Department of Labor to strengthen worker voices**, including enhancing the internet connectivity and digital literacy of worker organizations, and advancing their efforts to recruit, connect, empower, and provide services to workers.
- **Raise the federal minimum wage** to \$15 per hour for all workers.

## 7. Invest in Infrastructure for New Jobs and a Green Recovery

The climb out of the COVID-19 economic recession should focus on creating and supporting jobs that address the intersecting crises of climate change, mass unemployment, racial inequality, and our deteriorating national infrastructure. Big, immediate, and smart investments in the nation's infrastructure—from school construction, to transportation, to clean energy generation—would employ millions of workers in good-paying jobs, advance racial equity, and make our country greener. Working with Congress, the next administration should:

- **Invest in jobs that create a greener economy.** Investing in clean energy, transportation, housing, education, child care, and water infrastructure would create good jobs and begin to redress long-inflicted environmental and economic harms on communities of color and working class communities, grow a climate-

resilient green workforce, and ensure these jobs pay well through Project Labor Agreements, Buy America provisions, and Davis Bacon prevailing wage law.

- **Fund transit infrastructure improvements**, including upgrades, shovel-ready projects, high-speed rail, a “Fix It First” approach to federal highway programs and incentives for transit-oriented development to reduce sprawl.
- **Create a pathway to high-quality jobs for unemployed workers** through robust incentives for, and direct investments in, registered apprenticeships and targeted training, and establish a Climate Corps to reduce historic levels of youth unemployment.

## Note

1. O'Hare, Mann, Porter, Greenstein, “Real Life Poverty in America: Where the American Public Would Set the Poverty Line,” CBPP and Families USA Foundation, July 1990.