

BACK TO WORK:  
*THE CASE FOR PUBLIC JOB  
CREATION IN OHIO*

A REPORT FROM  
POLICY MATTERS OHIO

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## **Back to Work: The Case for Public Job Creation in Ohio**

### **Executive Summary**

As joblessness lingers in the wake of the Great Recession, it is time for a strategy that creates jobs for the unemployed and rebuilds Ohio's and America's economy from the bottom up. The economic policies aimed at employment for the past 30 years have typically positioned job creation as a secondary or tertiary benefit that trickles down from a primary mission of boosting wealth. That has not worked here. Close to one in five Ohio workers is unemployed, underemployed, or too discouraged to look for work. We need a job-led recovery strategy in Ohio.

High and lingering unemployment hurts the economy and society. Unused workplace skills may become obsolete over time, reducing ability to replace lost wages or regain employment. The stress of unemployment is damaging to families, causing illness, mental health problems and sometimes break-up of homes and families. Reduced income leads to inability to pay bills, which can result in bankruptcy, foreclosure or eviction, all of which can destabilize neighborhoods and reduce other property values.

Ohio needs a jobs-led recovery strategy to stabilize communities and families and help the economy. A federal jobs programs like the Works Progress Administration (WPA), which pulled America out of the Depression, could put people back to work, rebuild damaged neighborhoods and provide services in communities afflicted by disinvestment. An initial federal expenditure of \$46.4 billion could create a million jobs directly and efficiently. The reduction of expenditures on safety net services and increased tax revenues from earned income would bring the cost down to \$28.6 billion: a small sum compared to the rescue packages offered to financial institutions during the recession. Direct job creation is a particularly effective means of stimulating the economy. As re-employed workers pay mortgages and shop, inventories are restocked and factory orders maintained, supporting jobs. This is a stimulus that spirals up through the economy. There is an added benefit in that communities served are left better off: think of all of the benefits we reap today from the public works projects built by our parents, grandparents and great grandparents during the depression of the 1930's. Jobs like those that would benefit our communities today and put people back to work include:

- **Construction work** - Dismantling or repairing abandoned houses and buildings, weatherizing homes and buildings; lead and asbestos removal.
- **Recycling work** - Trash sorting and landfill maintenance.
- **Neighborhood services** - Security, clean-up and foreclosure prevention.
- **Conservation work** - Disaster clean-up, erosion abatement, and lake and waterway repair and conservation.
- **Public health work** - Free clinic staff, nutrition counselors, health care aides,

community health workers.

- **Educational services** - Tutoring and childcare; staffing and career advising in community colleges and vocational schools.

The federal funds for a public works program could be distributed by formula, as with the Community Development Block Grant (CDBG), which takes socio-economic factors into consideration. To ensure quick and competent use of funds, local projects might be required to:

- Demonstrate ability to provide immediate employment;
- Include participation by a community-based organization to ensure local residents get the jobs;
- Show sufficient management capacity and track record of the applicant;
- Demonstrate political approval by submission through the highest local elected official;
- Ensure soundness by approval by the United States Department of Labor (DOL) on an expedited basis;
- Demonstrate transparency and accountability through detailed web-based disclosure about administration, participation and employment;
- Ensure competent administration by requiring a regular (annual) audit.

The program would need to incorporate eligibility and labor standards:

- Eligibility might include the long-term unemployed, people living in a census tract where more than thirty percent (30%) live in poverty; and/or people who are themselves below the poverty level, homeless, formerly incarcerated, or out-of-school and less than 24 years old.
- Participation could be limited to a specific number of months;
- Employment could be part-time or full-time, depending on the task and preference of the workers;
- Wages and benefits should be comparable to workers ordinarily hired to do similar work in the community;
- Administering agencies and participating workplaces would be barred from using these workers to displace regular employees;
- For jobs in construction, Davis-Bacon or prevailing wage would be required;
- Participating employers would need to have a record free of any violations of labor, wage and hour, safety, or discrimination laws.

In this report, Policy Matters Ohio examines the high costs of lingering unemployment, reviews labor market conditions and past programs, and makes recommendations for a contemporary direct job creation strategy. We conclude that the quickest and most direct route to recovery is a jobs program that restores people to work, keeps families in homes, repairs property, boosts local business and ultimately, reinvigorates the national economy.

## **Back to Work: *The Case for Public Job Creation in Ohio***

### **Introduction**

The Great Recession of 2007 swept eight million Americans out of their jobs. The social safety net, developed in the depression of the 1930s, has helped afflicted families with income support through unemployment insurance, Medicaid and food stamps. The American Recovery and Reinvestment Act of 2009 (“Recovery Act”) boosted the safety net with extended unemployment benefits and subsidies to reduce the cost of health insurance, and provided fiscal aid to help states and localities retain services and avoid layoffs. The job creation component of the Recovery Act produced several million new jobs and protected the economy from worse damage.<sup>1</sup>

Weak labor market conditions continue, however, and benefits from the Recovery Act will end this year. The extension of unemployment benefits has been critical to scores of thousands of Ohioans who faced a cutoff in December.<sup>2</sup> Yet, while unemployment insurance is a critical support, work is what people want and need. Lingering unemployment causes long-term social and economic damage. Americans need to go back to work in a way that boosts business, stabilizes home values and maintains the standard of living and wages. This is the direct route back to a competitive national economy. The last 80 years of business cycle boom-and-bust has provided effective models for employment programs that have worked. In fact, a Recovery Act program under Temporary Assistance for Needy Families (TANF) put 250,000 back to work last year in public and private jobs (9,500 in Ohio alone),<sup>3</sup> but the program has expired. As the economy slows again, it is time to revisit ways to put Americans back to work.

The “New Deal” of the Depression created public work programs that were swift and effective in getting people back to work. The strategy was simple: Create jobs for the unemployed directly and immediately in public employment programs that produce useful goods and services for the public’s benefit. The expenditures create private-sector jobs as well, via the multiplier effect, and more efficiently than other approaches to fiscal stimulus such as tax cuts. When program participants spend their wages and program administrators purchase materials and supplies, the benefits delivered to workers also benefit the private sector. A direct employment program can put people back to work quickly, even during a recession; it can create jobs where they are needed the most; it can target the needs of the community, and

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<sup>1</sup> Alan Blinder and Mark Zandi, “How the Great Recession Was Brought to an End,” July 27, 2010, accessed on September 30, 2010 at <http://www.economy.com/mark-zandi/documents/End-of-Great-Recession.pdf>

<sup>2</sup> National Employment Law Project, “Out in the Cold for the Holidays,” October 27, 2010, p.10.

<sup>3</sup> Center for Budget and Policy Priorities (CBPP), Ohio Counties Will Be Unable to Expand Successful Jobs Programs if U.S. Senate Fails to Extend TANF Emergency Fund, 9/2/10 at <http://www.cbpp.org/cms/index.cfm?fa=view&id=3279>

it can boost private sector demand (thereby boosting private-sector hiring) more evenly across the economy than more conventional stimulus strategies.<sup>4</sup>

In this paper, Policy Matters Ohio considers the long-term costs of high and lingering unemployment. We look at labor market conditions in Ohio. We examine employment programs in America over the past 80 years that quickly moved people into jobs. We present a quantitative analysis that demonstrates how a million jobs could be created at a net cost of \$28.6 billion dollars, taking into consideration reduced outlays and enhanced tax collection as the unemployed return to work. We consider skills of the currently unemployed, civic needs, and current annual job openings, and conclude with a sketch of how a public jobs program in Ohio could effectively address those three variables.

### The cost of long-term unemployment

Elevated unemployment has short and long-term costs attributable to the wasted resources of idled labor, devaluation of unused workplace skills, costs of safety net services and revenue loss, social impact on families and children, destruction of wealth through foreclosure, business failure and decline in property values and ultimately, loss of population as workers move to find jobs.

- **The cost of wasted resources:** In technical terms, unemployment wastes scarce economic resources and reduces growth in the economy. The hours that the unemployed do not work can never be recovered. Increased employment raises total national output, which improves economic welfare.
- **The cost of lost opportunity.** Workers who are unemployed are not using their skills. If they remain unemployed, their skills can become less relevant to the rapidly changing job market. This reduces future employability and ability to recover lost wages. The Department of Labor's biennial survey of displaced workers found less than half of full time workers laid off between 2007-09 and subsequently re-employed in similar work were able to match their former earnings. More than a third suffered losses of greater than 20 percent of prior earnings.<sup>5</sup>
- **The cost of heightened service needs:** High unemployment increases government outlays for social services. Unemployment compensation is funded by the Unemployment Compensation Trust Fund, a public form of insurance in which employers participate. Other safety net services are provided through federal, state and local budgets. When individuals are unemployed, their contributions to Medicaid and Social Security cease and they pay little or nothing in income tax. As they are spending less they contribute less in sales taxes. Tax revenues fall while service needs rise.
- **The cost of personal and family stress:** Rising unemployment is linked to

<sup>4</sup> Phillip Harvey, "Back to Work: A Public Jobs Proposal for Economic Recovery, Demos, March 2011.

<sup>5</sup> U.S. Department of Labor, Bureau of Labor Statistics, BLS News Release, "Worker Displacement Survey, 2007-2009," August 26, 2010, p.3.

- social and economic deprivation. The physical, psychological and social costs of unemployment are well documented. Being unemployed is associated with increased rates of physical and mental illness, alcohol and drug abuse, child and spouse abuse, failed relationships and family dissolution, suicide and attempted suicide, and a host of other personal and social ills.<sup>6</sup>
- **Inter-generational costs of sustained high unemployment:** The impact of sustained high unemployment and resulting deprivation may have particular impact on young children. Poor nutrition, change in housing and school, inadequate health care, lack of summertime and after school enrichment opportunities and household and family stress can damage school performance and long-term opportunity.<sup>7</sup>
  - **The cost of disinvestment:** Areas of prolonged high unemployment see a decline in real income and spending together with increased poverty and income inequality. Younger or more skilled workers may move, leaving the area less attractive as investment locations for new businesses.
  - **The cost of property and business loss:** A short-term cost particularly acute in this Great Recession is loss of wealth from foreclosure. The value of residential property, a major nest egg of many working families, has plummeted nationally. Business activity has plunged as well. The 20 percent reduction in total non-residential investment that has occurred nationally will cause reduced production capacity for years to come.<sup>8</sup>

These factors combine into a downward economic spiral that is hard to reverse. The dilapidated landscapes of many Ohio towns and cities illustrate the effects of long-term unemployment.

## Labor Market Conditions in Ohio

Unemployment is at unacceptable levels for all regions of Ohio. We know that 17.2 percent of Ohio's workers – almost one in five - are unemployed, underemployed, or too discouraged to look for work.<sup>9</sup> As untenable as this is, the situation is worse in some places and for some people. This section examines unemployment among different demographic groups and communities in Ohio, some of which have been more badly harmed. Unemployment rates in this recession are higher among men, Hispanics, African-Americans, workers under 24 years of age and people with low levels of formal education.

We start with a portrait of high and persistent unemployment throughout the state and country (Figure 1). Even before this recession began, unemployment was

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<sup>6</sup> For citations to this literature, see Philip Harvey, "Combating Joblessness: An Analysis of the Principal Strategies that Have Influenced the Development of American Employment and Social Welfare Law During the 20th Century" *Berkeley Journal of Employment and Labor Law*, 21: 675, 677-78 (2000).

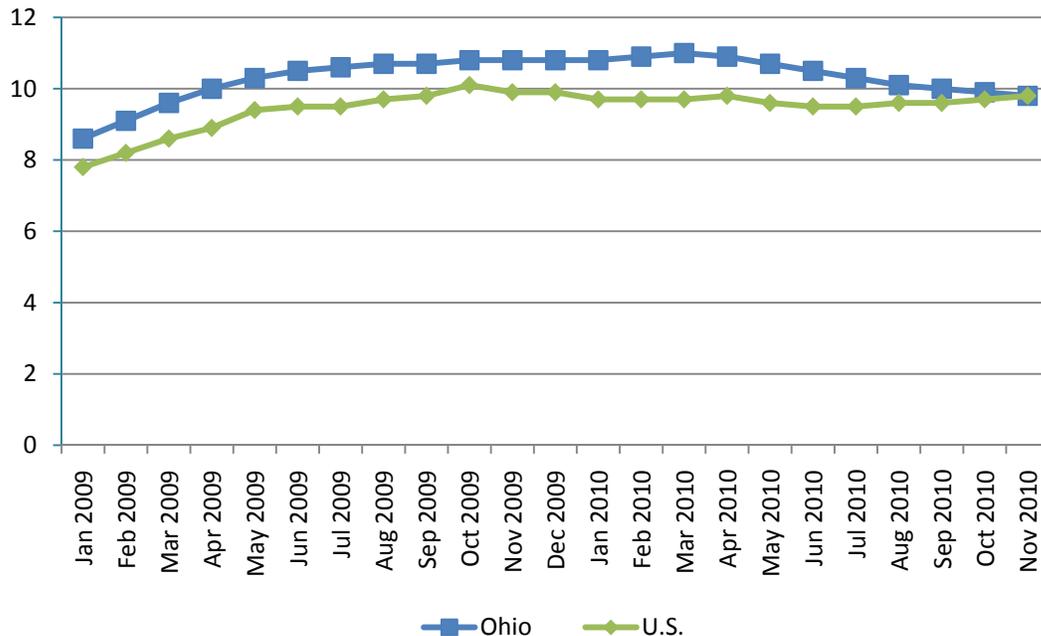
<sup>7</sup> Jeremy Irons, "Economic Scarring: The Long-Term Impacts of the Recession," Economic Policy Institute Briefing Paper #243, September 30, 20-9, pp4-6.

<sup>8</sup> Irons, FN#7, p.7.

<sup>9</sup> Amy Hanauer, *State of Working Ohio*, 2010, Policy Matters Ohio September 2010.

unacceptably high in Ohio and the United States, with about 8 percent of people officially out of work. Ohio's unemployment rate was higher than that of the nation until November 2010, when both were 9.8 percent on a seasonally adjusted basis.

**Figure 1: Monthly unemployment rates in Ohio and the U.S. since the recession began (seasonally adjusted)**



Source: Economic Policy Institute analysis, based on U.S. Dept. of Labor, Bureau of Labor Statistics

### ***High Rates of Unemployment and Poverty in Ohio's Cities***

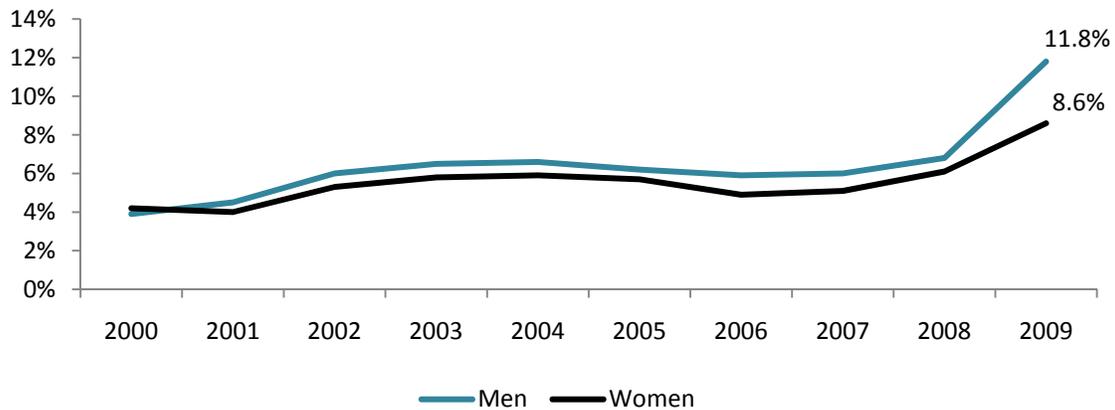
Ohio has many cities, many with unemployment rates higher than the state average. As a result of long-term unemployment and low job quality, Ohio's cities also have high poverty rates. Cleveland's poverty rate of 35 percent places it second nationally among large cities in economic distress. Among Ohio's metropolitan areas, Youngstown's poverty rate is 35.7 percent, followed by Cleveland (35 percent), Lorain (33.7 percent), Dayton (30.9 percent), Canton (30.5 percent), Cincinnati (25.7 percent), Akron (24.6 percent), Toledo (23.8 percent), Columbus (22.6 percent) and Parma (8.8 percent).<sup>10</sup> Ohio has been home to one or more of the nation's ten poorest big cities for several years. Two that periodically appear on the list - Cincinnati and Cleveland - are embedded in metropolitan areas with unemployment *lower* than the state average. This points to a complicated problem of economic dysfunction at the urban core that regional growth has not ameliorated.

### ***Men suffer from higher unemployment rates than women***

<sup>10</sup> Rich Exner, "Cleveland's poverty is second among big cities; gap between rich and poor grows nationally." *The Plain Dealer* 9/28/2010; (Cleveland.com) at [http://www.cleveland.com/datacentral/index.ssf/2010/09/clevelands\\_poverty\\_is\\_second\\_a.html](http://www.cleveland.com/datacentral/index.ssf/2010/09/clevelands_poverty_is_second_a.html)

Just as the situation is worse for some communities, it is worse for some groups. Since 2000, men in Ohio have had slightly higher unemployment rates than women, but that gap widened in 2009 when unemployment for men soared to more than a third higher than for women (Figure 3). This may be attributed to decline in construction and manufacturing jobs, which plummeted in the recession.<sup>11</sup>

**Figure 3: Unemployment by gender in Ohio, 2000-2009**

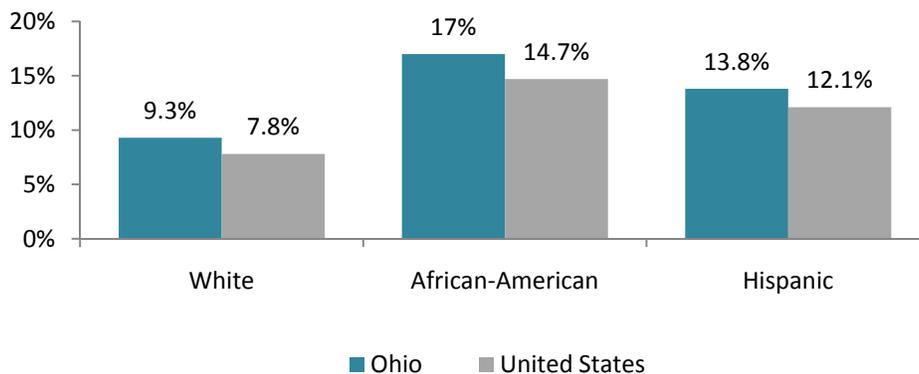


Source: Economic Policy Institute analysis of Current Population Survey

***Higher unemployment rates for Hispanics and African Americans***

The impact of the recession has varied by ethnic group as well. In 2009, unemployment rose to 9.3 percent for white Ohioans, 13.8 percent for Hispanics and a staggering 17 percent for African Americans (Figure 4).

**Figure 4: Unemployment by race, Ohio and the United States, 2009**



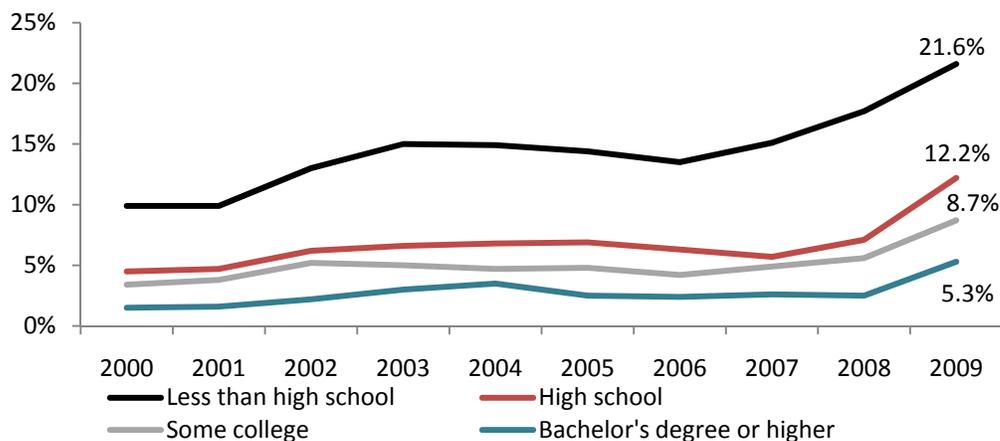
Source: Economic Policy Institute analysis of Current Population Survey

<sup>11</sup> Policy Matters Ohio, based on analysis of numbers by the Economic Policy Institute based on the Current Employment Statistics.

### Unemployment rates vary by education level

Unemployment of those with less than a high school degree exceeded 21 percent in 2009, more than twice as high as in 2000 and more than twice as high as the overall state unemployment rate. Unemployment among those with just a high school degree was two points higher than the state average (Figure 5).

**Figure 5. Unemployment by education level in Ohio, 2000-2009**



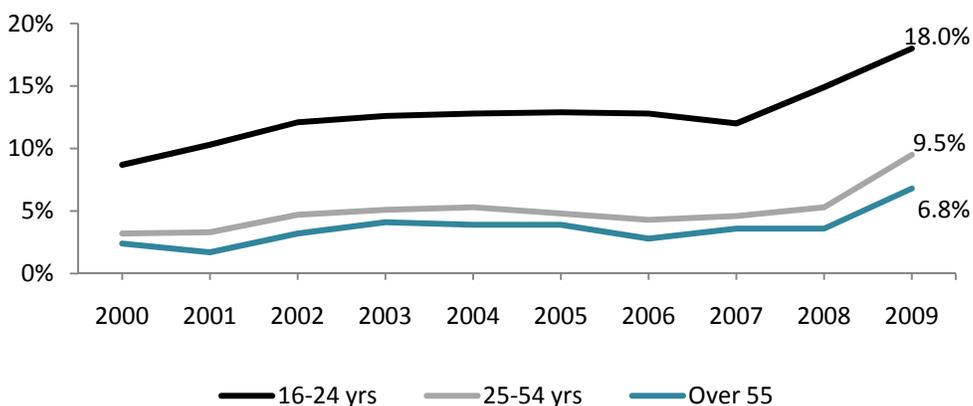
Source: Economic Policy Institute analysis of Current Population Survey

College education offers protection from unemployment: the rate among Ohioans with just ‘some’ college was 8.7 percent in 2009, less than the state average; for Ohioans with a bachelors degree or higher, the unemployment rate was 5.3 percent – higher than before the recession, but much lower than the state average.

### Youngest workers are hit the hardest

Unemployment in Ohio is concentrated among young workers age 24 and younger; at 18 percent, it is 80 percent higher than the state average (Figure 6).

**Figure 6. Unemployment by age group in Ohio, 2000-2009**



Source: Economic Policy Institute analysis of Current Population Survey

Inability to find work as they start their adult lives has profound negative implications for the long-term career pathways and stability of this next generation of Ohioans.

In sum, Ohio's unemployment rate is higher than the nation's and has been so for going on eight years. The recession made it worse. As this section documented, unemployment is particularly high for men, young workers, black and Hispanic workers, and those with less education.

### ***Employment trends underlying labor market conditions in Ohio***

A quick review of employment by sector over the past decade highlights where job loss has occurred: manufacturing and construction stand out in Ohio (Figure 7). Both sectors traditionally paid a living wage; the loss of significant jobs in these sectors hollows out local economies. Because of its unusual concentration in the Ohio economy, we focus in on the manufacturing sector. The manufacture of goods is critical in a local economy because of its upstream and downstream linkages to other sectors (purchases made from other factories for parts and supplies; expenditures for packaging, shipping and trucking, etc.) Table 2 shows manufacturing job loss in the state and within the metropolitan statistical areas.

**Table 2: Manufacturing job loss in Ohio and metropolitan statistical areas, 1999-2009.**

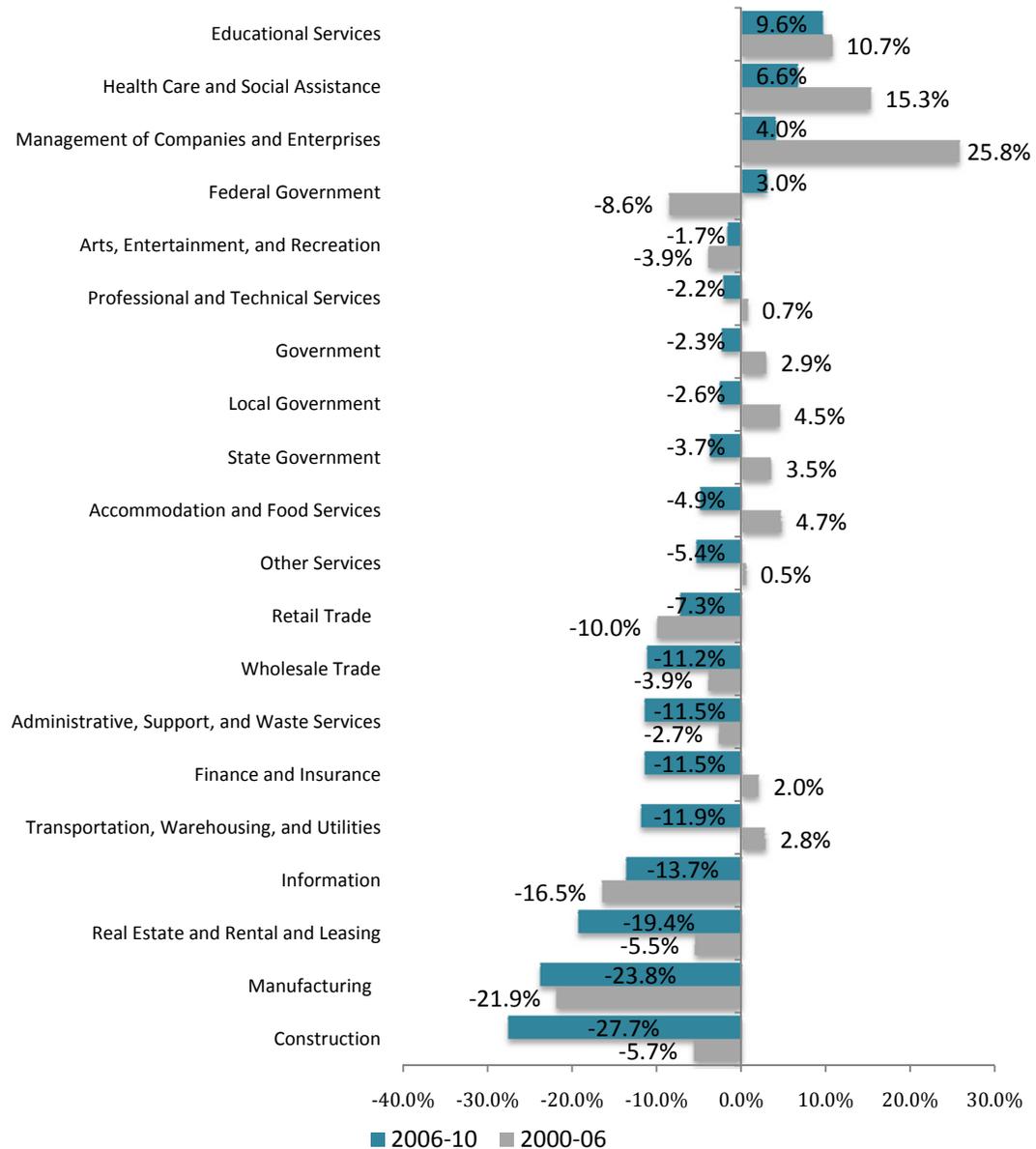
<b>Place</b>	<b>Manufacturing jobs, 2009</b>	<b>Manufacturing jobs, 1999</b>	<b>Percent change</b>
Ohio	629,200	1,027,600	-38.8%
Akron MSA	37,900	59,300	-36.1%
Canton - Massillon MSA	25,400	45,000	-43.6%
Cincinnati - Middletown MSA	106,700	149,100	-28.4%
Cleveland - Elyria - Mentor MSA	118,200	196,500	-39.8%
Columbus MSA	66,100	99,300	-33.4%
Dayton MSA	39,000	78,900	-50.6%
Lima MSA	7,600	12,600	-39.7%
Mansfield MSA	9,700	16,700	-41.9%
Sandusky MSA	4,800	9,600	-50.0%
Springfield MSA	6,300	12,600	-50.0%
Steubenville-Weirton MSA	6,500	13,100	-50.4%
Toledo MSA	36,000	62,000	-41.9%
Youngstown - Warren - Boardman MSA	26,300	54,400	-51.7%

Source: Policy Matters Ohio based on Ohio Department of Jobs and Family Services Labor Market Information portal (Nonagricultural wage and salary jobs by place of work).

Figure 7 illustrates how the drop in manufacturing activity is reflected in the sectors serving industrial firms. Transportation, warehousing and logistics dropped in the latter part of the decade as manufacturing collapsed, even after some

expansion in prior years. Employment in wholesale trade has dwindled throughout the decade as commercial business slowed. Administrative and retail employment has declined. We also see some heavily impacted professional sectors: information; finance, insurance and real estate and governmental positions.

**Figure 7: Change in employment by industry in Ohio, 2000-06 and 2006-10**



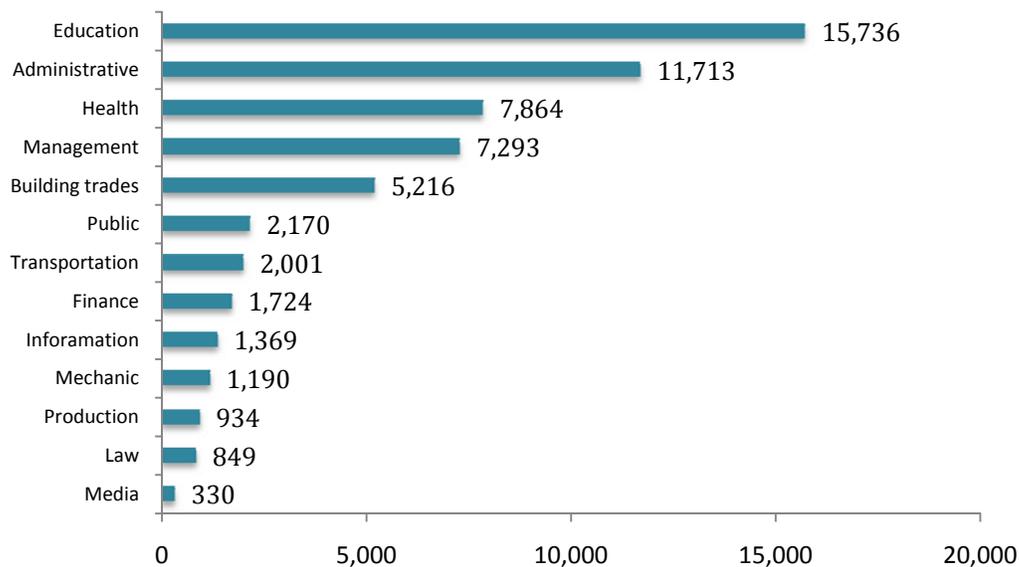
Source: Policy Matters Ohio, based on Ohio Department of Jobs and Family Services, 2010 Economic Outlook: A New Beginning, January 2010

We see steady growth in the sectors that require more education: health, education, administration and management. These growth fields might offer opportunity for a career pathway, starting with unskilled work, which may be upgraded through training (in the model of the Civilian Conservation Corps and the

National Youth Administration). Public works jobs could be aimed at diverse skill levels – from hospital orderly to medical information programmer – which could absorb workers and put them on a career path to move them into a better future with additional training when the private job market recovers.

Figure 8 looks at sectors with more than 200 openings per year that pay living wages. Sectors with the largest predicted annual openings are in the highly skilled growth sectors mentioned above: education, health care, and administration. Construction, although clearly hard hit in the current recession, is also included as a growth field. Some sectors that are declining overall also made it into this ranking. For example, production workers in manufacturing will still see close to 1,000 new jobs annually, despite the fact that job losses in that field may be swamping annual openings. Indeed, the sectors below the top four all saw overall employment declines in spite of sizable annual openings.

**Figure 8: Annual openings in fields that pay a living wage in Ohio**



Source: Policy Matters Ohio, based on Ohio Department of Jobs and Family Services, [2010 Economic Outlook: A New Beginning](#), January 2010.

Even while millions suffer from unemployment and underemployment, employers are concerned about a shortage of workers with skills in growth fields. Job creation and skill building in growth sectors during periods of high unemployment is a strategy that supports long term growth and competitiveness for individuals, families, communities and the national economy.

In the next section, we examine the history of employment programs over the past eighty years of boom-and-bust business cycles. Programs that have supplied jobs while preserving or building a skill base provide potential models for today's dilemma.

## Models of Public Jobs Programs

When the American Recovery and Reinvestment Act (“Recovery Act”) was enacted in February 2009, the White House projected stimulus spending would create or save three to four million jobs over two years. It is on track to do so, but job loss has been twice as great. The Recovery Act was instrumental in limiting unemployment, but it was not big enough to restore employment.<sup>12</sup> Unemployment remains unacceptably high in Ohio communities. The job programs of the Depression offer a good model for job creation during economic recessions and after them until the labor market is restored.

The programs discussed in the following section give examples of employment programs that first emerged in the 1930s and continued in various forms through the present. The federal and even state governments sponsored many employment programs during the Depression, most of which focused on meeting public need. A mission of public benefit allowed geographic targeting and prevented ‘creaming’ the pool of available workers for the best instead of the neediest. The outcomes of the public jobs provided long-term benefits for the community. Some of the major employment programs of the Depression, as well as more recent employment programs, are listed in Appendix A.

### *Lessons from the New Deal*

In the fall of 1933, President Franklin Delano Roosevelt realized that programs to get people back to work on construction projects were moving too slowly to provide relief and calm an increasingly restive population. The Federal Emergency Relief Administration had provided the states with grants for relief and the Public Works Administration planned to hire millions on large infrastructure projects. But it was all taking too long. Roosevelt’s staff proposed emergency measures: direct use of federal funds to pay wages on immediate public works projects. To save money, the federal government itself would act as the contractor.<sup>13</sup> The Civil Works Administration (CWA) was quickly created to put people immediately to work under this plan. The program dramatically improved American communities – some Ohio examples are below:

### *A Sample of Ohio Civil Works Administration Projects*<sup>14</sup>

- **Cleveland:** Construction of the public mall; restoration of the lakefront; 119 recreation centers; surveys of schools and neighborhoods.
- **Toledo:** Demolition of dilapidated and abandoned structures, construction of the Toledo Zoo and construction of the Canal Boulevard Project.
- **Youngstown:** Rehabilitation of the Mahoning Valley Sanitary System and reservoir; a million evergreen trees were planted; roads were repaved.

<sup>12</sup> Dean Baker, “The Housing Crash Recession: How We Got There and How We Get Out,” Power point from presentation at Ford Foundation summit on the Recovery Act, Baltimore, July 2010

<sup>13</sup> Harvey, FN#3, pp. 16-19

<sup>14</sup> Dayton H. Frost, Administrator, Federal Emergency Relief Administration in Ohio, Emergency Relief Administration in Ohio, 1931-1935.

- **Summit County:** Construction of sewage plant; repair of municipal airport.
- **Columbus:** Repair and widening of roads and streets; creation of alleys for transportation and garbage removal; smaller sewers built.
- **Kent and Ravenna:** Streetcar track removal and repaving; development of a public sewage system; restoration of buildings at Kent State University.
- **Cincinnati:** Improvement of civic parks, the zoo and the Lunken airfield;
- **Dayton:** Development of Hills and Dales Park, alignment of the rock cut at Englewood dam, maintenance of schools and public buildings.
- **Van Wert:** Sewers and water mains installed; streams and waterways cleared; brick sidewalks laid and brush removed along roads and streets.
- **Richland County:** The Mansfield airport was improved; 12 schools were built; Shelby's city park, a lake, tennis courts and a bridge were built.
- **Columbiana County:** Six major public works projects included construction of a new city hall in East Liverpool and renovation of a courthouse in Lisbon.

Though the program lasted only five months from its establishment in early November 1933 to its effective termination in early April 1934, the CWA still stands as the largest public employment program ever established in the United States. With a peak employment of 4.2 million in a labor force of 51 million, the CWA provided employment to about eight percent of the nation's work force during the winter of 1933-34.<sup>15</sup>

### ***Ohio Relief Production Units***

The State Relief Commission of Ohio, informally created in 1930 to address drought conditions in southeastern counties and formalized by an act of the state legislature in 1932,<sup>16</sup> took a bold step in the summer of 1934 and formed the Ohio Surplus Relief Corporation (later renamed the Ohio Relief Production Units, Inc.) to lease twelve shuttered factories, giving jobs to the unemployed and providing for their needs. A concept known as 'production for use' had swept the nation and led to establishment of 'self-help cooperatives' in many states. California's 'Epic Plan' captured the national imagination as the state leased idled factories and farms to put the unemployed back to work in production for their own needs. The businessmen on Ohio's State Relief Commission followed suit, driven by the persistence of the business community to get government orders and the urgency of the unemployment problem spreading across the counties. Factories were established in Delaware, Toledo, Cleveland, Dayton, East Liverpool, Hillsboro, New Philadelphia, Mansfield and New Bremen. They produced clothing of various kinds, bedding, blankets, furniture, stoves and china. Ultimately, balancing pay and earnings proved challenging. Labor costs were reduced by cutting work schedules, which left people without money to buy goods; in some cases workers were paid with goods, but the goods didn't always match worker needs. Marketing also

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<sup>15</sup> Frost, FN#15, pp 51-65

<sup>16</sup> Wayne McMillian, "Unemployment Relief in Ohio," *Social Service Review*, University of Chicago Press, 1935. P.464.

proved a problem. The program was short-lived, but it served to provide employment, clothing and household goods while the big federal employment programs, slow to get started, were ramped up.<sup>17</sup>

### ***Public Works Jobs for Youth***<sup>18</sup>

The Civilian Conservation Corps (CCC), which inducted its first enrollee 37 days after Roosevelt took office,<sup>19</sup> hired unemployed men under 25 years of age to work on public projects: road construction, flood control, reforestation, and soil erosion prevention. CCC workers also improved or constructed local, state, and national parks. Examples of the work of young adults in these programs in Ohio included:

- Mount Airy Forest in Cincinnati: The African-American Civilian Conservation Corps (CCC) planted trees, built roads and trails, and constructed shelters and comfort stations.
- The African-American CCC worked in Zanesville, Ohio on one of the largest tree nurseries in the U.S.
- The Muskingum Conservancy District
- The infrastructure of the Cuyahoga Valley National Park was built by the CCC, including what are now Happy Days Lodge and the shelters at Octagon, Ledges, and Kendall Lake.
- Facilities and trails at Pike State Park and Forest and Shawnee State Park.
- The work of the CCC in cleaning up southern Ohio communities after the floods of the Ohio River have become part of regional legend.
- Ohio University Southern Campus

The Federal Employment Relief Administration (FERA) of 1933, which administered many of Roosevelt's agencies and programs, established analogous programs for young women, focused on provision of services, such as child care, typing and clerical work, school lunches, library services, museum work, statistical and research projects, recreation, fine arts and sewing.

### ***Works Progress Administration (WPA)***

While there were many job creation programs in the Depression, perhaps the best recognized was the federal Works Progress Administration (WPA), established in 1935. Between 1935 and 1943, WPA spent \$11 billion (about \$170 billion in today's dollars) and put 8.5 million Americans to work on 1.4 million projects.<sup>20</sup>

The WPA evolved from the work of a taskforce appointed by Roosevelt in 1934. Known as the Committee on Economic Security (CES), this cabinet-level task

<sup>17</sup> Frost, FN#15, pp 229-233.

<sup>18</sup> Information for this section is taken from Ohio History Central at <http://www.ohiohistorycentral.org/entry.php?rec=864>; Wikipedia's list of CCC projects at [http://en.wikipedia.org/wiki/Category:Civilian\\_Conservation\\_Corps\\_in\\_Ohio](http://en.wikipedia.org/wiki/Category:Civilian_Conservation_Corps_in_Ohio)

<sup>19</sup> U.S. history.com at <http://www.u-s-history.com/pages/h1586.html>

<sup>20</sup> U.S. History.com at <http://www.u-s-history.com/pages/h1599.html> accessed 10-15-2010.

force was charged with creating legislative proposals to meet the economic security needs of the American people. The Committee's report was focused on employment assurance, characterized as the "first objective in a program of economic security." The basic premise was that while government would do what it could to stimulate private employment, it should back up these efforts with a promise of "public employment for those able-bodied workers whom industry cannot employ at a given time."<sup>21</sup>

President Roosevelt endorsed the Committee's recommendations, but concern about deficit spending lingered. Roosevelt's Administration supported a more limited goal of providing jobs for unemployed workers who otherwise would qualify for public relief—i.e., those with demonstrated "need." The Works Progress Administration (WPA) was established for this narrower purpose. The program was targeted to families who otherwise might be forced to go on relief – as compared to typical targeting of those already on relief. The distinction created a particularly effective recovery program. The needs tests for WPA were less stringent than for relief, allowing people to prevent household economic disaster. The U.S. Employment Service administered the WPA needs test, ameliorating social concerns about applying for relief.<sup>22</sup>

This strategy was pursued mainly for social welfare purposes, but the economy also benefited as WPA workers spent their paychecks on Main Street. Premature downsizing of the program in 1937 due to fears of deficit spending slowed recovery. The economy did not regain the growth rates built up by 1937 for another three years.<sup>23</sup>

Public work programming was an indispensable tool for economic stimulus in the Depression because it supported households and production simultaneously. Working households that maintain consumer demand keep the economy intact: mortgages paid, stores open, factories operating and garbage picked up. This type of stimulus spending prevents the downward spiral in household, business and community fortunes that characterize a recession. An extra benefit was that the projects supported under the WPA met community needs and left society better off. The Roosevelt Administration had plenty of good news stories to use promoting the strategy to the public, illustrated by this background to a video clip from the Depression:

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<sup>21</sup> Report of the Committee on Economic Security, Jan. 15, 1935, available at <http://www.ssa.gov/history/reports/ces.html>; cited in Philip Harvey, see footnote #3, p.16. The CES is known best for its proposal for a different system of support, for those who could not be expected to support themselves: The Social Security System.

<sup>22</sup> Correspondence with Phillip Harvey, 11/01/2010

<sup>23</sup> U.S. History.com, FN #21.

*“Today, “Depression” is a fading memory. Millions of men and women have found employment, restoring hope and confidence... The Great Work Projects have removed a vast army from relief rolls, revived lagging industry, restored morale and renewed courage...”*

“A better Ohio: Great Depression WPA New Deal Programs, 1937”  
<http://video.yahoo.com/watch/1195842/4268329>

### ***WPA projects in Ohio and the nation***<sup>24</sup>

According to information from the Ohio historical society, in a single year across the nation, the WPA built or improved the following projects on a national basis:

- 140,000 miles of roads and streets.
- 1,500 athletic fields, playgrounds, and shelter houses,
- 250 swimming pools,
- 45 airports,
- 4,000 miles of sewers and
- 4,500 public buildings.
- 5 million trees planted
- WPA sewing rooms in the cities provided clothing for the needy and supplies for disaster relief, as in the Ohio floods of 1937.
- Federal Arts Project paid artists to paint murals in public buildings, to teach art classes, and to catalog pieces of art.
- The Federal Writers' Project hired people to compile histories of communities across the United States.
- The Federal Theater Project employed actors and directors to bring live theater productions to towns and cities throughout the United States.

Within the first six months, the Works Progress Administration employed 173,000 Ohioans. Specific projects built included:

- Chestnut Ridge Park Amphitheater, Akron, Ohio
- Glass Bowl Stadium in Toledo
- Rockefeller Park in Cleveland
- Forest Park Lawn in East Cleveland
- Runways at Port Columbus
- Buildings at the Fort Hayes military base in Columbus
- Stillman Hall and the Faculty Club at The Ohio State University
- Clermont County Courthouse
- Youngstown-Warren Regional Airport
- Columbia Parkway in Cincinnati
- Lake White State Park in Waverly, Ohio

<sup>24</sup> “When Work Cured Despair: Great Depression's WPA jobs program left lasting legacy in Ohio” The Columbus Dispatch, Joe Hallet, October 18, 2009; Ohio Historical Society at Ohio History Central.com <http://www.ohiohistorycentral.org/entry.php?rec=1011>; Wikipedia (WPA) at [http://en.wikipedia.org/wiki/Category:Works\\_Progress\\_Administration\\_in\\_Ohio](http://en.wikipedia.org/wiki/Category:Works_Progress_Administration_in_Ohio)

### ***Public works programming in the 1970s***

Recent jobs programs have focused on training among targeted population groups (trade impacted, defense downsizing, youth or low income) rather than for counter-cyclical purposes. The Comprehensive Employment and Training Administration (CETA) of the mid-1970s, however, was specifically designed as a preferred form of federal stimulus. At that time direct job creation was deemed the best policy lever because earned income of working families was not expected to fuel inflationary excess demand. The problem of fiscal substitution, in which administering agencies used program funds to support existing workers, limited the effectiveness of the CETA program, but that was corrected before the end of the decade.<sup>25</sup> A component of the program centered on socially useful work: community recreation and arts programs, screening clinics in hospitals, and weatherization of low-income homes. CETA supported workers in law enforcement agencies, day care and senior centers.<sup>26</sup> The civic orientation created a long-term benefit for communities.

Since that time, employment programs have undergone several reincarnations. Wage subsidy for “On-the-Job Training” (OJT) under the Workforce Investment Act of 1998 (WIA) has been used successfully in some places. Problems emerged in employer attachment to the subsidy rather than the worker: job-training agencies have struggled with substitution of workers at the end of the time-limited subsidy. During the current recession a program provided under Transitional Assistance for Needy Families (TANF) and based on job subsidies created 250,000 jobs across the nation.<sup>27</sup> Both of these focused on subsidizing private sector hiring of disadvantaged workers, rather than on public employment.

Job creation efforts continue to emerge under flexible Recovery Act funding. A good example is the Ohio Woodland Jobs Corps, which has put 132 people to work in rural Ohio, described below.

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<sup>25</sup> It was corrected only by limiting the program to severely disadvantaged workers with very limited skills—thus making it difficult for local governments to use CETA workers to replace regular public employees. This strategy for controlling fiscal substitution would NOT work in a jobs program that serves all categories of unemployed workers. You need either (1) strong maintenance of effort requirements that prohibit state and local governments from substituting program workers for regular government employees paid from local tax dollars, or (2) a federally administered program that does its own hiring but undertakes projects proposed and sponsored by state and local governments (the New Deal model). (Philip Harvey, “Learning from the New Deal,” unpublished paper available at <http://www.philipharvey.info/>, also, direct correspondence, 11/01/2010.)

<sup>26</sup> Nancy Rose, National Jobs for All Coalition, “Workfare versus Fair Work: Public job Creation,” January 2001 at <http://www.njfac.org/us16.htm>, accessed 10/22/2010.

<sup>27</sup> CBPP; FN # 3.

## Public Works Jobs in Ohio – The Ohio Woodland Jobs Corps

The State of Ohio is spending \$4.4 million in federal stimulus money to hire and train 132 temporary workers to attack invasive species in state forests. The invasive plants crowd out or hamper the growth of native plants and trees that are critical to the health of the forests. Besides removing invasive species, the workers will help with forest-inventory work, tree planting, trail maintenance and other activities.

The grant, administered through the U.S. Forest Service, will pay for 25 weeks of total employment at \$13.44 an hour or \$14.36 an hour for crew leaders, officials said.

The program also involves four weeks of training through Ohio State University and Hocking College, including how to fight wildfires and use chain saws, that could help corps members get full-time forestry jobs later.

Eleven crews are expected to start training and working by Sept. 14 in seven state forests in parts of Muskingum, Hocking, Fulton, Henry, Lucas, Highland, Pike, Ross, Adams, Scioto, Athens and Vinton counties -- many of which are struggling with high unemployment rates.

Sean Logan, natural resources director, noted that the project developed quickly -- from final approval July 16 to job postings July 22 to work expected to begin this fall.

Source: Mark Niquette, Stimulus funds to help state forests by creating jobs, Columbus Dispatch, July 31, 2009.

### Job creation for today

In the next section, we review the proposal of Phillip Harvey, Professor of Law and Economics at Rutgers University, for a public works job program based on direct job creation. According to Professor Harvey, such a program could provide jobs and fiscal stimulus as re-employed workers pay bills, buy groceries, see movies and shop. The advantages of this approach stem from opportunity costs as seen broadly. According to Dr. Harvey:

*“Economists describe money as having “time value” in order to explain why people are willing to pay interest to borrow it; but the time value of money is nothing compared to the time value of jobs during a recession. Measured in the currency of human well-being, every job created for an unemployed worker during a recessionary contraction is worth far more than the same job created 2 years later. By then, a house may have been lost. A drinking problem may have surfaced. A marriage may have failed. A child may have been traumatized in ways that will resonate throughout his or her life.*”

*Whatever the discount rate used to measure the “present value” of future income, a larger discount rate should be used to measure the “present value” to an unemployed worker of a job promised a year or two (or more) in the future. The jobs created immediately in a direct job-creation program are simply more valuable to the people who occupy them than jobs created at some point in the future due to the multiplier effect of stimulus spending.*

- Phillip Harvey, *Back to Work: A Public Jobs Proposal for Economic Recovery*, Demos, 2011.

The design of the program would influence the costs; Table 1, below, presents a cost analysis with assumptions of program design presented below. An initial investment of \$46.4 billion in federal dollars would put a million unemployed back to work. Of that \$46 billion, \$17 billion would be recouped through service outlays reduced and taxes paid, so the net cost would be \$28.6 billion. Private sector jobs would also be created as a result of the multiplier effect of the investment, from program purchases and from wages spent in the community; the indirect and induced job effect is forecast to be 414,000 additional jobs.

**Table 1: Annual cost per million jobs of a direct job creation program**

<b>Direct Job Creation Program Costs</b>		
Estimated Avg. Hourly Wage of UI Recipients Employed in Program	\$17.46	dollars
Estimated Avg. Hourly Wage of Other Program Participants	\$11.70	dollars
Annual Wage Bill	\$26.8	billion
Employers share of FICA	\$2.1	billion
Cost of Providing Federal Employees Health Benefits (FEHB)	\$5.9	billion
Non-Labor Costs (space, materials, transportation, etc.)	\$11.6	billion
<b>Total Jobs Program Budget</b>	<b>\$46.4</b>	<b>billion</b>
<b>Additional Govt. Revenues and Savings Attributable to Program</b>		
Estimated Social Security & Income Taxes Receipts Included in Wage Bill	\$5.4	billion
Estimated UI Savings	\$6.1	billion
Estimated Medicaid and CHIP Savings Due to FEHB Enrollments	\$1.6	billion
Estimated Revenue from Goods & Services Produced @ avg. of 10¢/dollar	\$4.6	billion
<b>Total Additional Govt. Revenues and Savings</b>	<b>\$17.8</b>	<b>billion</b>
<b>Net Program Cost to the Federal Government</b>	<b>\$28.6</b>	<b>billion</b>

Source: Phillip Harvey, *Back to Work: A Public Jobs Proposal for Economic Recovery*, Demos, March 2011.

## Assumptions of the analysis of the jobs-led recovery strategy<sup>28</sup>

Table 1 demonstrates the economics of creating a million jobs directly rather than through private contracting. The estimate assumes that a mix of workers who need jobs would participate in the program. This mix includes unemployed workers who currently are receiving Unemployment Insurance (UI) benefits, unemployed workers who are not eligible for UI benefits or who have exhausted their benefits, workers who are employed part-time but want full-time jobs, and individuals who want jobs but are not counted as unemployed because they aren't looking actively for work.

This cost estimate assumes that jobs program participants could elect to work either full-time or part-time, that they would be offered jobs consistent with their skills and experience, and that they would be paid the same hourly wage that similarly qualified and experienced workers receive as new hires in comparable jobs in the regular public and private sector labor market (except that upper-level managers would receive the equivalent of public rather than private sector managerial salaries).

The estimated average hourly wage of former UI recipients enrolled in the jobs program is based on their estimated prior earnings in covered employment. The average hourly wage for which other program participants would qualify (officially unemployed individuals who are not receiving UI benefits, involuntary part-time workers, and persons who want a job but are not actively looking for one) is assumed to equal that of persons employed part-time in existing jobs in the economy. The estimate assumes that all officially unemployed workers would accept employment in the program if it were offered to them, but only 75 percent of involuntary part-time workers and 50 percent the group identified in Figure 1 as discouraged workers. The program cost estimate assumes that the program workforce would be a cross section of these three groups of likely candidates.

The estimate assumes that program participants would be liable for income, Medicare and FICA taxes on their wages, and that the government would pay the employer's share of FICA taxes as it does for other federal employees. The estimate also assumes that program participants would receive the same benefits, including health insurance, as other federal government employees.

Finally, the program cost estimate assumes that one dollar would be spent on non-labor costs (supplies and materials) for every three dollars in labor costs. That was the average ratio of non-labor to labor costs in New Deal direct job-creation programs, and it would allow for a reasonable mixture of public goods and services to be produced by the program today.

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<sup>28</sup> This section is taken from Phillip Harvey, "Back to Work: A Public Jobs Proposal for Economic Recovery, Demos, March 2011.

This job-led recovery strategy is proposed because it is economical, efficient in pumping stimulus directly into targeted communities left out of the slowly emerging recovery. Two additional benefits strengthen the strategy. One, the wages of the workers have a spin-off or ‘multiplier’ effect, increasing by more than one third the number of jobs created through indirect and induced demand. Finally, the jobs could be targeted to community needs, restoring housing, boosting child-care and education, improving health services, and more.

## **A Public Works Jobs Program for Today**

A public works job program for today could be targeted to meet the needs of families, the public needs of the community, and provide the basis for an enhanced workforce in key sectors of the future. We start with recommendations for the field of construction, energy efficiency, the environment and neighborhood services. This type of work has particular applicability in urban communities where high unemployment and poverty have caused poverty, loss of business and widespread property damage and could make good use of the skills of unemployed construction and manufacturing workers. Skills developed in these sectors could translate into careers in some of the higher paid growth opportunities outlined in Figure 8.

### 1. Construction, energy efficiency and property upgrading

Construction activity in the residential sector would provide a good place for young workers to learn the basics of the construction trades. Work projects of this type would be ideally suited to provide on the job training in a wide range of construction skills, with unemployed workers who already have those skills serving as crew leaders and trainers. Some programs already active in these areas, such as home weatherization, have pre-apprenticeship training programs in place.

- Retrofitting homes and buildings for energy efficiency
- Deconstructing damaged abandoned/foreclosed property
- Renovation of abandoned or dilapidated housing
- New housing construction of the modest sort undertaken by groups like Habitat for Humanity, or for community houses for people in need of shelter: ex-cons, homeless, mental health half-way houses.
- Lead paint abatement and asbestos removal

A public works jobs project in these occupational areas could serve both skilled construction workers and youth who could enter pre-apprenticeship programs and progress through Ohio’s extensive apprenticeship training programs into the skilled building trades. This could not only keep the skilled construction workforce intact, but could address retirement concerns in some building trades.

## 2. Construction, environmental and conservation projects

Climate chaos has brought windstorms and deluges to many places in Ohio, downing trees and clogging waterways. Blue green algae in stagnant waters have poisoned lakes. Because of the U.S. Department of Labor's National Emergency Grant program, capacity exists in local agencies to quickly hire available workers without formal training to cut logs, remove debris and clear waterways so that lakes could be restored. This is the kind of WPA-type job creation that could be immediately activated through local agencies with a protocol in place for hiring, administering and paying for this kind of work. These types of jobs would provide work in rural and urban areas:

- Cleaning lakes with algae problems; clearing and repairing waterways feeding or draining those lakes
- Maintaining and renovating waterfronts, streams and creeks
- Erosion abatement
- Soil and water conservation
- Abandoned mine land reclamation

A related set of more complex activities would address the following purposes:

- Removing out-dated, 'low-head' dams that impede flow in Ohio rivers.
- Repairing water and sewerage infrastructure in cities and rural places across the state.

## 3. Neighborhood services

Some of the most memorable projects from the WPA created works of art and civic structures. Jobs to improve communities remain an unmet civic need. Such jobs might include:

- Community security patrols
- Neighborhood clean-up, repair, construction of playgrounds and parks
- Recycling center workers/trash sorting and separating
- Food or clothing bank staff
- Emergency/disaster relief workers
- Foreclosure counselors
- Demand-responsive public transportation providers
- Senior center food service workers

## 4. Education

Families in Ohio's central city and deeply rural communities face some similar dilemmas. Opportunity is limited, high school graduation rates are low, and it can be difficult to get to jobs and stores. These are communities where individuals face the highest barriers to employment and the toughest labor market conditions. A variety of public works jobs in and around schools could offer jobs and ease economic stress for parents and children. Such jobs could include:

- Pre-school child care provider
- After school and evening care/recreational services
- Classroom aides and tutor
- Food service aide
- Custodian or landscaping assistant
- Public health assistant in the school
- Recess monitor

Jobs in the educational sector are growing and have the largest annual openings in a sector with living-wage jobs in Ohio. Preparing unemployed workers for a career in education could help individuals and communities. Partnership among the workforce trainers (typically, community colleges or career vocational schools), schools and unions could provide a robust career path training the teachers of the future as baby-boomer teachers start to retire. Education is a rewarding career for men and women, and offers a solid career path.

### 5. Workforce training

Ohio has lost 390,500 jobs since the recession began in 2007. Almost a fifth of the manufacturing base has vanished. The need for remedial and workforce training is high in a post-recession economy. Possible public works jobs to address re-employment and training needs could include:

- Peer counselors in Rapid Response<sup>29</sup> services for workers who face closure of their factory or work place.
- Remedial education providers (literacy, numeracy) for laid-off workers
- Career coaches at One-Stops
- Advisory staff at adult career technology schools, joint vocational schools and community colleges

Jobs in workforce training can start at an unskilled level and proceed through training to a professional, degreed position. A society with rapidly changing technology will need to continue retraining and re-skilling workers. Staffing will be needed to drive the new engines of the American economy. Ohio already benefits from a dense network of post-secondary training institutions. Capitalizing on this asset through public works jobs and creating a new job-training infrastructure is economic development strategy for the future.

### 6. Social services

During an economic downturn, social needs increase. By expanding the mentoring, intake, social work and legal services that we offer to struggling communities, we can ensure that damage to the next generation is more limited and that communities are stabilized through the recession.

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<sup>29</sup> "Rapid Response" to plant closure is a required and funded process under the Workforce Investment Act (WIA).

County social service agencies might be helped by expanded staff for intake at the central office, and in the field through the benefit bank, an automated social service intake system that is operated electronically. Benefit banks are effective because they can be used in the field in worker transition centers, food pantries, and churches. Aides for senior centers and staff for homeless shelters would provide jobs and facilitate services to meet growing needs. Community circle mentors have proven to be an effective way to help people just out of prison readjust to community life and to avoid further offenses. Paying community circle mentors instead of relying on volunteers would dramatically expand the capacity and stability of this now-sporadic service. Finally, young lawyers graduating from Ohio's law schools are facing real problems finding work, but they have important skills. Boosting the staff of legal aid could help families in this economy navigate legal problems, particularly with the foreclosure crisis. A list of job associated with social needs could include:

- Community circle mentors for ex-felons getting out of prison
- Community mentors to work with paroled youth
- House managers for group homes for ex-felons getting out of prison, homeless shelters, developmentally disabled, and other special needs groups.
- Case managers for substance abusers in the correctional system but receiving treatment at a community facility or at home.
- Intake workers associated with the benefit bank in local communities
- Staff for homeless shelters, supported work agencies, and related service functions.
- Foreclosure counselors

## 7. Health

A host of civic services in the field of public health, ranging from nutrition counseling through medical information management, could be addressed through public works jobs. Health is a growth field and pays a living wage. Health care reform will increase access to medical services, increasing the need for a trained health care work force.

There are many general and specialized health care positions that a public works program could address. With some preparation, people could serve as community health workers, providing basic nutritional training and assisting families with the administrative challenges of accessing and paying for health care. Medical records need to be standardized and input into electronic databases: public works jobs could draw on unemployed information technologists and administrative workers. Produce farms to supply neighborhoods without access to fresh food could be established on under-utilized land to improve health and offer business opportunity. Other public work jobs in the broad field of health might include:

- Public health workers/community health workers
- Support staff for free clinics

- Information technology positions
- Nutrition teachers and counselors
- Food preparers and staff in community kitchens, food pantries and shelters
- Agricultural workers in community supported agriculture
- Workers in community-based produce and farmers markets
- Public health program outreach (Medicaid, Medicare, SCHIP, and new benefits under national health care law).
- Immunization outreach
- Rat abatement/rodent control, bedbug and other pest control

### ***Public works jobs program structure***

A public works jobs program to put Ohioans back to work could be quickly established because workforce training and social service programs have protocols in place for hiring or otherwise moving people into jobs. A federally administered program that does its own hiring but undertakes projects proposed and sponsored by state and local governments could also be used. States, not-for-profit agencies, counties or local workforce agencies could immediately act as contractors for infrastructure or service projects, or as sponsors for such projects. The local entities could coordinate social service supplements, childcare operations and training programs for the workforce. Work and paychecks could start almost immediately.

The funding for a public works program would have to be federal. With 47 out of 51 states and the District of Columbia looking at budget shortfalls, there is no capacity to support regional stimulus initiatives. Federal funding could be allocated to local government by formula, possibly the formula of the United States Department of Housing and Urban Development's Community Development Block Grant (CDBG), which takes socio-economic factors into consideration. As in the CDBG program, states could receive a portion of the formula grant to fund programs in rural areas. Under Dr. Harvey's formulation of the program, fully 80 percent of funding would go directly to wages.<sup>30</sup>

To ensure quick and competent use of the funds, local projects might be required to demonstrate ability to provide immediate employment to community residents; participation by a community-based organization representing people in the community in which the project was to be undertaken; management capacity and track record of the applicant and linkages to social service and training opportunities as needed and appropriate. More specific criteria consistent with above would be developed in consultation with community organizations, labor unions, and employers, in addition to local government officials.

Local projects could assure accountability by a requirement that they be submitted by the highest local elected official and approved by the United States

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<sup>30</sup> Economic Policy Institute, "American Jobs Plan: Public Service Jobs" at [http://www.epi.org/index.php/american\\_jobs/public\\_service\\_jobs](http://www.epi.org/index.php/american_jobs/public_service_jobs) accessed October 20, 2010.

Department of Labor (DOL) on an expedited basis. A list of projects, including employer, location, wage rate, job, and other relevant information could be posted on the web. Participating local governments and nonprofits could submit electronic records with key information about employment resulting from the projects. Rules would be needed to prevent employers on both the public and private side from using program funds to underwrite the wages of existing employees. A regular and speedy audit of the projects (by contractors for DOL – these themselves could be public works jobs for highly skilled professionals) could be part of the requirements.

Eligible participants might include those whose unemployment benefits have expired, who are facing foreclosure and lack income to make mortgage payments, or whose plant has closed. The best results for employment programs in the Depression came from the WPA, with an inclusionary target of ‘preventing the need for relief services.’ A broader, rather than narrower, eligibility would boost participation in the program.

A public works program would need to have identifiable standards, which might include some of the following suggestions:

- Employment could be part time or full time.
- Wages and benefits should be comparable to workers ordinarily hired to do similar work in the community.
- Workplaces/organizations would be barred from using these workers to displace regular employees.
- For jobs in construction, Davis-Bacon or Prevailing Wage would be required;
- Participating employers would need to have a record free of any violations of labor, wage and hour, safety, or discrimination laws.

The outlines of a program are familiar, based on provisions that are being or have been used. Lessons from history can help develop a public works program leading to a jobs-led recovery. We have pulled ourselves out of recession before in this way; we can restore workers to jobs, local economies and ultimately, the national economy as we have in the past: through work.

## **Summary and conclusion**

There is a good cost-benefit argument to be made for a public works program in Ohio. Unemployment is high and persistent. It is affecting the whole state, but disproportionately harming certain demographic groups and occupations, giving us a clear sense of how best to direct resources. Further, the state and communities in every county have substantial unmet needs that a public works program could address.

Ohio can retain and improve worker skills by providing jobs doing work that benefits the public. Our lakes, rivers, buildings, parks and communities could be

improved. Our neighborhoods could be cleaned up and made safer and the lost value of property due to the scourge of foreclosure could be reduced. Children could be given a safe place to go after school with tutors and recreation aids to offer assistance and maintain order. Workers facing layoff and plant closure could be provided with peer support. A host of unmet needs could be addressed and our communities could be made and left better off than they were before the recession – just as they were, in many cases, after the WPA projects of the Great Depression.

Ohio needs more jobs. We need to move beyond the small tools we have through social service and Department of Labor programs that support private sector job growth: some are helpful but they have not proven to add sufficient numbers to relieve lingering unemployment. There are big needs in communities, as there were in the Great Depression, and there are big needs for jobs. It is time for the second act of recovery in this nation, to bring relief to those who did not recover with the first round. This time, a jobs-led recovery strategy is what we need.

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## Appendix A: Employment programs over the past 80 years

- **Reconstruction Finance Corporation (RFC, 1932-1953)** – The RFC made loans to (among others) federal and state agencies that operated subsidized employment and public works projects.
- **Emergency Relief Administration (ERA, 1932-1933)** – Started by Herbert Hoover, the ERA made loans to states to assist with relief efforts.
- **Federal Emergency Relief Administration (FERA, 1932-1935)** – The FERA instituted the CWA and Emergency Work Relief Program to provide employment through construction projects.
- **Public Works Administration (PWA, 1933-1939)** – The PWA was established to stimulate economic recovery through very large public construction programs. This program undertook rural electrification, building the dams and hydro-power across the nation. It also undertook large road and bridge and other infrastructure projects.
- **Civil Works Administration (CWA, 1933-1934)** – A program under the FERA, the CWA provided employment in construction projects during the winter of 1933.
- **Civilian Conservation Corps (CCC, 1933-1942)** – The CCC provided employment relief to young, unmarried men through engaging them in environmental conservation work.
- **National Youth Administration (NYA, 1934-1942)** – The NYA addressed educational and employment needs of youth, including camps for young women between the ages of 18 and 25, the “female” counterpart to the CCC.
- **Works Progress Administration (WPA, 1935-1943)** – The WPA provided employment through a great variety of projects. It supported the construction of streets and roads. It built and renovated public and civic buildings, schools and university buildings. It hired people in fine arts, writing and theater. WPA sewing rooms provided clothing to the needy and supplies during disaster relief. Record keeping, surveys, statistical work, surveys and research were also part of the WPA legacy.
- **Resettlement Administration (RA, 1935-1937)** – The RA provided training to farm families, as well as employment through construction and reforestation projects on marginal agricultural land.
- **Manpower Development & Training Administration (MDTA, 1962-1973)** – The MDTA established programs to retrain workers displaced due to technological change. Renamed the **Employment and Training Administration (ETA, 1975)**
- **Trade Adjustment Assistance (TAA, 1962-present)** – The TAA offers training and reemployment assistance to workers displaced due to increased trade with other countries.
- **Economic Opportunity Act (1964) / Job Corps (1964-present)** – The Job Corps offers vocational training to young people aged 16-24.

- **Comprehensive Employment and Training Act (CETA, 1973-1982)** – The CETA replaced the MDTA and provided short-term full-time jobs for the unemployed.
- **Economic Stimulus Appropriations Act (Emergency Jobs Program).** (May 13, 1977)
- **Humphrey-Hawkins Full Employment and Balanced Growth Act; set new national economic goals.** (October 27, 1978)
- **Veterans Employment and Training Service established.** (December 10, 1981)
- **Job Training Partnership Act (JTPA, 1982-1998)** – The JTPA replaced the CETA, and provided employment assistance programs for youth and unskilled adults.
- **Economic Dislocation and Worker Adjustment Assistance Act (EDWAA, 1988-present)** – The EDWAA provides funds for employment services for structurally unemployed workers.
- **Jobs Opportunities and Basic Skills Training Program (JOBS, 1988-1996)** – The JOBS program provided education and vocational training services, and auxiliary services such as childcare, to the unemployed.
- **Clean Air Employment Transition Assistance Program (CAETA, 1990)** – The CAETA provided for retraining to displaced workers in industries affected by the Clean Air Act.
- **Defense Conversion Adjustment (DCA, 1991)** – The DCA was established to aid workers laid off in defense-related industries due to reduced US military expenditure.
- **Personal Responsibility and Work Opportunity Act (PRWORA, 1996) / Temporary Assistance for Needy Families (TANF, 1997-present)** – The TANF replaced the JOBS and AFDC (Aid to Families with Dependent Children) programs, and was established to shift the focus of welfare into work assistance.
- **Workforce Investment Act (WIA, 1998)** – The WIA replaced the JTPA, established the One-Stop system, and revised the delivery of workforce development services to involve the private sector to a greater extent.
- **Military Spouse Career Advancement Initiative (2007)** to provide military spouses with opportunities to pursue portable careers in high-demand, high-growth occupations.
- **America Recovery and Reinvestment Act (ARRA, 2009)** – The ARRA provides additional funding to various employment assistance programs in the wake of the 2007-2008 recession. The TANF emergency fund and WIA programs provided some subsidized employment opportunities.

Source: US Department of Labor timeline at <http://www.dol.gov/oasam/programs/history/dpt.htm#jobcorps>

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