

# 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

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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.

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*Policy Matters Ohio is a nonprofit, nonpartisan research institute dedicated to researching an economy that will work better for all in Ohio. Learn more about Policy Matters Ohio at [www.policymattersohio.org](http://www.policymattersohio.org).*