



RUTGERS

Job Guarantee Legislation

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SESSION TITLE: “The Case for a Job Guarantee”

Job Guarantee Bills

- **Federal:** H.R. 1000 (The “Humphrey-Hawkins 21st Century Full Employment and Training Act,” aka The “Jobs for All Act”)
- **New York City:** A local law to add a new chapter to the N.Y.C. Administrative Code providing for the establishment of a “New York City Jobs for All Program”

Purpose of Program

H.R. 1000

“to fulfill the right to useful work at living wages for all persons seeking employment by establishing a Full Employment Trust Fund to fund and operate a national program of public service employment”

N.Y.C. Bill

“[to establish] a public service employment program designed to insure the availability of enough jobs and paid job-training opportunities to provide decent employment at living wages for all New Yorkers across all phases of the business cycle”

Program Cost

H.R. 1000

≈ \$250 billion

average annual cost

N.Y.C. Bill

≈ \$7.4 billion

average annual cost after
deducting additional city
income tax revenue paid by
program employees

Funding

H.R. 1000

A newly enacted financial transactions tax (FTT)

- 20 basis points (20 cents per \$100) on transfers of ownership of stocks and derivatives based on stocks
- 6 basis points (6 cents per \$100) on transfers of ownership of bonds and other debt instruments)

N.Y.C. Bill

Not specified

- City authority to raise taxes is very limited
- Would require $\approx 12\%$ increase in city revenue
- Equal to
 - $\approx 31\%$ increase in property taxes, or
 - 1% payroll tax on employers and a 1% income tax on all personal income

Administrative Structure

H.R. 1000

DOL would

- Administer job training funds under WIOA
- Distribute job creation funds via RFP process
- Have authority to administer some job creation programs directly

N.Y.C. Bill

City agency would

- Provide resources to expand operations of One Stop Employment Centers and WIOA workforce development activities
- Distribute job training and job creation funds via RFP process
- Provide other program support services

Job Creation Project Administration

H.R. 1000

- By Indian tribes, state and local governments, and eligible non-profit entities awarded job creation grants—and by DOL as needed
- All project proposals would have to satisfy program requirements to obtain funding

N.Y.C. Bill

- By any public sector entity (federal, state or local) and by eligible non-profit entities
- As with H.R. 1000, all project proposals would have to satisfy program requirements to obtain funding

What Kind of Projects?

H.R. 1000

Activities that

- Provide public services or produce public goods that address community needs and reduce inequality
- Are labor intensive (or can tap other funding sources for additional capital costs)
- Can be started and terminated (or expanded and shrunk) as labor market conditions change

N.Y.C. Bill

Same criteria as H.R. 1000

Who Is Eligible for Program Employment?

H.R. 1000

- All unemployed and involuntary part-time workers after they complete a job search for non-program employment
- And all program workers must remain available for comparable non-program employment (for reasons I will explain later)

N.Y.C. Bill

Same as H.R. 1000

What Would the Jobs Pay?

H.R. 1000

- Option of either part or full-time employment
- Job must last ≥ 12 mos.
- Wages = those paid public sector employees for comparable work
- Construction work subject to Davis-Bacon rules
- Health insurance not addressed in bill

N.Y.C. Bill

- Option of either part or full-time employment
- Jobs must last for duration of project
- Same wages as other employees receive for same work or “prevailing wage” if no comparators
- Includes health insurance and paid sick leave, holidays and vacations

What About Other Employee Rights

H.R. 1000

- Same rights as non-program employees
- No placement in unionized work places without consent of union and collective bargaining
- Very strong anti-displacement rules
- Mandatory dispute resolution system

N.Y.C. Bill

- Same as H.R. 1000

Why Not Inflationary?

- Fiscally deflationary at top of business cycle (no “demand-pull inflation”)
- Job creation narrowly targeted on geographic areas and occupations for which no job shortages exist
- “Buffer stock effect” because program employees must remain available for comparable non-program employment
- Reduction in frictional and structural unemployment due to various program features

What About Recessions?

- A very powerful automatic stabilizer (performs a Keynesian anti-cyclical function)
- Two to four times as many jobs created per dollar of spending compared to conventional Keynesian stimulus initiatives
- Fairer distribution of job-creation effect than conventional Keynesian stimulus initiatives
- More effective anti-recessionary effect than conventional Keynesian stimulus initiatives because the immediate re-employment of laid off workers will tend to stop the downward recessionary spiral that accounts for most unemployment during recessions (shortening recessions and making recessions less severe)

Compared to Basic Income Guarantee?

1. A UBI grant system that guaranteed either a poverty line or truly adequate minimum income (60% of the median income for a single individual living alone) would cost approximately 8 times as much as a job guarantee combined with increases in means-tested benefits to UBI levels for persons unable to work
2. And even then, a UBI grant would NOT provide an adequate substitute for securing the right to work
3. A UBI guarantee is morally justifiable only if it is set at a high enough level to support a truly adequate standard of living. Otherwise, the argument for more targeted means of relieving poverty are overwhelming. Unfortunately, this means there is no viable path for “getting there from here.”
4. An adequate income guarantee is needed, but the Universal Declaration of Human Rights provides a better strategy for achieving that goal than UBI proposals.