Q&A Concerning H.R. 1000—the Jobs for All Act

For a copy of the current version of the bill go to

https://www.congress.gov/bill/116th-congress/house-bill/1000/text?q=%7B%22search%22%3A%5B%22H.R.+1000%22%5D%7D&r=1&s=1

What is the bill's purpose?

To make sure everyone who wants to work has access to a freely-chosen, living-wage job, thereby achieving true full employment and realizing the right to work promoted by FDR and recognized as a fundamental human right by the United Nations. 12

How would H.R. 1000 fulfill this purpose?

By creating as many public sector jobs producing useful public goods and services as are needed to provide work for everybody who wants it.

Would the jobs be permanent?

They would last until a program employee received an offer of comparable work from a private or regular public-sector employer, with the program employee having the same right to refuse the job offer for good cause that newly eligible recipients of unemployment insurance are granted under existing law. If, for any reason, the non-program job does not work out, the former program employee would have the right to return to program employment.

Who would create the jobs?

The jobs would be created in updated versions of New Deal direct job creation programs like the Civilian Conservation Corps (CCC), Works Progress Administration (WPA), and National Youth Administration (NYA).

- The program would be funded entirely by the federal government.
- The Program would be administered by the Department of Labor (DOL).
- However, the DOL would rely mainly on public sector agencies and not-for-profit organizations to create the needed jobs.
- Entities eligible to apply for program funding include 501(c)(3), (5) and (19) not-for profit organizations and the public sector agencies of any level of government—including Indian Tribes and U.S. territorial governments.
- These eligible entities would be encouraged to apply and assisted in applying for "Employment Opportunity Grants"
- All grant applications would be subjected to a transparent and non-partisan review to assess their compliance with program requirements, the benefits likely to flow from the job-creation project being proposed, and the capacity of the applicant to carry out the proposed project.
- Program requirements would include both a general one indicating the kind of projects eligible for funding and a long list of obligations regarding both the hiring and the terms and conditions of employment of program employees.
- The DOL would monitor the projects funded under the program and insure that project sponsors and administrators comply with all program requirements.
- The DOL would be mandated to insure that enough jobs were created under the program to provide suitable employment for all jobseekers, including, to the extent necessary, by establishing and administering its own job creation projects.

What kind of projects would be eligible for funding?

The appropriate response to this question is to ask what the person asking the question thinks their community or other communities need. The only limitations on the type of projects the program would fund are that they address community needs, promote equality, and are relatively labor-intensive, with priority given to projects that furnish goods and services (like childcare or home-to-work transportation) that make it easier for individuals to exercise their right to work. The requirement that projects be relatively labor-intensive is embodied in a rule that at least 75 percent of a program grant must be spent on wages, benefits and support services for program employees. The purpose of the rule is to maximize the number of jobs the program can create for unemployed workers. More capital-intensive projects could be funded, but non-labor costs that exceeding 25 percent of the program grant would have to be funded from other sources. Finally, projects that furnished goods and services that make it easier for individuals to exercise their right to work (e.g., childcare or home-to-work transportation services) would receive priority in funding.

Beyond those limitations, the possibilities are limitless. Funded projects could be as simple as increasing the staffing of a public library to allow it to stay open longer hours, or as complicated as a partnership between a local government and a consortium of not-for-profit organizations to provide decent, affordable homes for everyone living in the community. Needed housing units could be renovated or built by program workers and then rented out on terms comparable to those provided under the Section VIII housing voucher program. Elder care programs and support services for disabled individuals could be expanded to fully meet not only their special needs, but also the needs of family carers. Prescription compliance support programs could be established or enlarged. Peer support programs for individuals seeking to overcome substance abuse problems—at home, in their communities, or at work—could be expanded to meet their actual needs. The same would be true of nutritional assistance programs.

School buildings could be renovated and redecorated. All categories of teaching and support staff could be expanded. Educational and recreational programing could be added—not just to the school day but to after-school and vacation-period programming as well. Work study employment could be made available to all students along with resume-enhancing “bridge employment” for job-seeking graduates of secondary and post-secondary educational institutions who are unable to find work in the field of their training. Educational completion programs could be provided in conjunction with the jobs furnished school dropouts. Aspiring writers, artists and performers could be hired to work on projects recording, preserving and enriching the cultural life of communities.

Projects to improve the ambiance and safety of lower-income neighborhoods could be undertaken, with residents of those neighborhoods being employed to perform the work. Crews of program-funded workers could be provided to assist in recovery operations following natural disasters.The nation’s parks and public recreational areas could receive the same kind of attention they were afforded by New Deal job-creation programs. Cities big and small could be filed with community gardens and urban farms. Solar panels could be installed on every suitable roof in a community, and energy-saving conservation upgrades could be made available to all on a sliding price scale based on the owner’s or renter’s ability to pay. Indoor and outdoor public spaces could be made as aesthetically pleasing and as well-maintained as corporate developments, and government offices could be made as welcoming as private-ones out to win your business. Public infrastructure could be improved and maintained.

At the end of the day, the scope of the projects that could be funded by the program would depend on the creativity and commitment of the program’s supporters working in or with public sector agencies and not-for-profit organizations. They would finally have the opportunity to do things for which they previously could only advocate, and to imagine new ways of meeting human needs.

What About Job Training?

All program employers would be required to provide their employees with as much program-funded training as they needed to perform their jobs in a professionally competent manner. This training could be provided either on the job or by free-standing training programs under contract with program employers. Free-standing training programs would also be funded to provide vocational training for individuals who wanted to increase their earning capacity. However, to avoid dead-end training, funding would be provided for such programs only if they were able to provide reasonable assurances that all their graduates would be placed in jobs utilizing their newly acquired skills—either inside or outside the program—upon completion of their training; and anyone enrolled in a training program who was not being paid by their employer to attend, would be eligible to receive a program-funded cost of living stipend as long as they maintained satisfactory attendance, participation, and progress in the training program.

Who would be eligible for program employment?

Anyone who is either unemployed or employed part-time while seeking full-time work. To establish their eligibility, they would have to register with their state's public employment service as available for and seeking work. The employment service (whose capacities would be expanded with program funding) would evaluate the jobseeker's qualifications and interests, counsel the jobseeker on the availability of both jobs and/or training opportunities, and refer them to jobs and/or training opportunities that match their interests and qualifications—first outside the program and then inside the program. Individuals who are still unable to find a job will be referred to an Office of Assisted Placement that will be provided with ample resources and authority to insure the successful placement of the individual in a program job with whatever accommodations or special support the individual needs to succeed in the job.

What would program jobs pay?

They would pay the same wages and provide the same benefits as equivalent public sector jobs in the community where the worker is employed.

Would that be enough to guarantee a living wage?

In most cases it would. The bill's funding estimates are based on the assumption that full-time program workers would be paid an average of about $21.50 per hour in current 2019 dollars—or about $42,000 a year for a 37.5 hour average work week. Individuals who cannot qualify for a program job that would pay them enough to support a decent standard of living, given their family circumstances and the local cost of living, would be provided additional opportunities and benefits to guarantee them a remuneration package that would meet their needs.

Would the Jobs of Existing Public Sector Employees Be Protected?

Absolutely. The bill contains strong anti-displacement language and, more importantly, an effective enforcement mechanism insuring compliance with this requirement. The bill also prohibits the placement of program employees in a unionized workplace without the consent of the union and the completion of collective bargaining with the union concerning the terms and conditions of the program employees' employment.

What Would the Program Cost?

The size and cost of the program would vary over the course of the business cycle. More jobs would have to be created during recessions and fewer jobs when the economy was at the top of the business cycle. On average, the program would cost about $320 billion a year. That's less than a fifth of what federal, state and local governments spend on health care, less than a quarter of federal spending on Social Security, and only 28% of total federal, state and local government spending on education.

Where Would the Money Come From?

The good news is that the program would almost surely pay for itself because of the additional revenues and savings it would generate for all levels of government. Unemployment is very costly not just to the individuals who suffer it, but to society as a whole. The bad news is that that these additional revenues and savings are scattered so widely in government budgets that it would be hard to identify and estimate their magnitude with enough accuracy to reallocate them to pay for the program. There are, however, four such sources of additional revenues and savings that H.R. 1000 does claim for the support of its job-creation purpose.

1. Savings in other categories of government health care spending because of the health insurance benefits the program would furnish its employees. These savings would be hard to calculate but probably would be greater than the cost of the health benefits provided by the program to its employees, since they would be responsible for premium contributions and co-pays comparable to those paid by public-sector employees under their own health insurance plans.
2. The income and payroll taxes paid on program wages. These would average about $44 billion a year.
3. The Unemployment Insurance benefits program employees would forgo by accepting program employment. These would average about $37 billion a year.
4. The revenue the program would generate because everything it produced would not be given away for free—housing units renovated or constructed by the program for example. A low estimate of this revenue stream is that it would equal 10% of the cost of production of the program's entire output of goods and services, or about $30 billion a year.

The first pot of savings listed above would be reallocated to support the program indirectly by allowing program employees to purchase health insurance benefits on State Health Exchanges for the same net cost local public-sector employees pay for the health insurance benefits they receive from their public sector employers. The second and third pots of revenue and savings would be deposited directly into the program's trust fund account where they could be used for no other purpose except to support the program. The last source of revenue would be used to help pay for the projects that produce the revenue subject to the same terms and conditions as the project's program grant. Any unused project funds would be returned to the program's trust fund upon the termination of the project.

The remaining $209 billion average annual program cost would be funded by a newly-created Financial Transactions Tax (FTT) levied on transfers of ownership or beneficial interests in financial securities. The tax rate would be low (either 20 cents or 6 cents on each $100 worth of taxed securities, depending on the type of security). It would be paid almost entirely by the wealthiest individuals in society. And it would provide an economic benefit in addition to funding H.R. 1000 by discouraging speculative trading in securities.

Finally, to insure the program's solvency in even the deepest recession, H.R. 1000 includes a provision requiring the Federal Reserve System (the "Fed") to lend the program as much money as it needs to fulfill its mission if its dedicated trust fund ever runs short of funds. The loans would be repayable with interest over ten years, but H.R. 1000 would impose a continuing obligation on the Fed to cancel all or part of the program's outstanding loans whenever it could be done without significant adverse effect on the economy.

Q&A for People Interested in Macroeconomics

Aren't we already at full employment?

Not even close. In February 2019, when the unemployment rate was 3.8%, there were still 6.2 million officially unemployed workers, 4.3 million workers who were employed part time but wanted full time jobs, and another 5.2 million individuals who wanted a job but were not counted as officially unemployed because they weren't seeking work actively enough to be counted as unemployed. That's a total of 15.7 million professed job wanters in the United States competing for approximately 7.3 million job openings—job openings that may not be located where job wanters can access them, may or may not line up with the full or part-time preferences of job wanters, and may or may not require qualifications that job wanters possess.

The frequently recited claim that we are at or close to full employment is based on the misappropriation of the term by economists who equate it with the so-called "non-accelerating inflation rate of unemployment" or NAIRU—the lowest rate of unemployment achievable via the process of economic growth without triggering an unwanted increase in the rate of inflation. It doesn't mean there are jobs available for all jobseekers.

Based on our own historical experience on both the national and regional level, as well as the similar experience of other market economies, we know that the unemployment rate can and does fall into the 1% to 2% range when jobs are plentiful enough to provide work for substantially everyone who wants to work. There is absolutely no empirical evidence that the "jobs for all" definition of full employment is satisfied by the achievement of the NAIRU. Indeed, the empirical evidence is clearly to the contrary. More importantly, the "jobs for all" conception of full employment is clearly the one embodied in legal mandates to pursue the goal that are legally binding on the federal government under both international and domestic law even if the obligation cannot be enforced in a court of law. *See* Articles 55 & 56 of the U.N. Charter, and Section 102 of the Full Employment and Balanced Growth Act of 1978.

The claim that the NAIRU constitutes full employment allows economists to claim compliance with these policy mandates despite the economy's manifest failure to provide work for everyone who wants it. It also provides political cover for the failure of the economics profession to support policies like those embodied in H.R. 1000 that are capable of achieving true full employment.

How would H.R. 1000 achieve true full employment?

By means of the direct job creation strategy proposed by New Deal social welfare planners as a means of providing the nations labor force with "employment assurance" which FDR's Committee on Economic Security described as "the stimulation of private employment and the provision of public employment for those able-bodied workers whom industry cannot employ at a given time."

Conceived by social workers rather than economists, this strategy was conceived as a social welfare strategy that would help unemployed workers and their families survive periods of unemployment rather than as an economic strategy for shortening recessions. The administrative feasibility and effectiveness of the strategy as a means of providing decent employment for unemployed workers while simultaneously enriching the nation with a valuable flow of public goods and services was amply demonstrated in programs like the Civilian Conservation Corps (CCC), the Civil Works Administration (CWA), the Works Progress Administration (WPA), and the National Youth Administration (NYA).

Unfortunately, Roosevelt administration's fiscal conservatism (except where the relief of destitution was concerned) meant that these programs were not funded at a level capable of achieving full employment, but their ability to do so cannot plausibly be contested. Now that we understand both the effectiveness of counter-cyclical fiscal policy and the shortcomings of that strategy as a means of driving unemployment below the NAIRU level, the New Deal's "employment assurance" strategy stands out not just as a superior means of providing unemployed workers with public aid, but as a better means of delivering a fiscal stimulus to the private sector during recessions, and the most reliable means of achieving true full employment without triggering an inflationary spiral.

Why wouldn't the program be inflationary at the top of the business cycle?

Because of four characteristics of the H.R. 1000 strategy that distinguish it from efforts to achieve true full employment via the process of economic growth.

1. By channeling program spending through a trust fund whose deposits would exceed withdrawals at the top of the business cycle, the H.R. 1000 strategy could create the additional jobs needed to achieve true full employment without adding to aggregate demand. With the Fed taking steps to restrain the rate of economic growth as the private sector NAIRU is approached, the economy would lack the fiscal fuel to accommodate an inflationary spiral.

2. The H.R. 1000 job-creation program would neither create nor aggravate potentially inflationary job shortages, because it would create jobs only for those individuals for whom suitable employment was unavailable in the private or regular public sectors of the economy.

3. The program would also ameliorate the inflationary effects of frictional and structural impediments to the achievement of true full employment. The job experience and skills training provided the program's workforce would help forestall the emergence of excess demand for qualified workers in rapidly expanding sectors of the economy at the top of the business cycle; and the enhanced quality and availability of information concerning the qualifications of program employees would make it easier for employers to find suitable candidates for employment when they have jobs to fill.

4. Finally, because of the relative stability of program wages, the program's workforce would perform an inflation-fighting buffer stock function similar to that provided by unemployed workers, but without requiring them to suffer unemployment.

How Many Jobs Would HR 1000 be Able to Create?

About 6.3 million on average, not counting the additional jobs the program would induce the private sector to create via its fiscal stimulus effect during recessions. The number of program jobs needed to fulfill the program's mission during a recession would generally be greater than 6.3 million, but that additional job creation would be balanced by program employment levels below the 6.3 million average at the top of the business cycle.

Would This Be Enough to Achieve True Full Employment

Not immediately because of the high levels of underemployment and labor-market withdrawal the economy's persistent job shortage generates in addition to "official" unemployment. However, as the H.R. 1000 job-creation program is rolled out, the existing workforce of involuntary part-time workers will gradually disappear as employers and job-seekers both adjust to the ready availability of full-time work for those who want it in the job-creation program. The same will be true of the population of job wanters who are not actively seeking work.

At first this will increase the number of workers seeking employment in the job-creation program; but it will also have the effect of increasing the rate of labor "availability" above the NAIRU level—the "labor availability rate" (LAR) being the percentage of the labor force that is either still unemployed or employed in the program and therefore "available" for private sector employment. This, in turn, will create more "room" for the process of economic growth to raise the overall employment level—the objective of European labor "activation" policies—and this additional economic growth will allow the LAR to decline to whatever level the FED believes is necessary to forestall a surge in inflation—the non-accelerating-inflation labor-availability rate (NAILAR). Assuming the NAILAR is no higher than the NAIRU (a likelihood in light of the program's effect on structural and frictional unemployment), the H.R. 1000 job-creation program will not have to create many more jobs (and perhaps fewer) than it would for the current population of officially unemployed workers.

If this sounds confusing, just consider the effect of the H.R. 1000 job creation program on the phenomenon of involuntary part-time employment and labor-market withdrawal by persons who are not counted as unemployment because they aren't actively looking for work even though they want a job and are available to accept one.

For Further Information and Additional Questions

If you have additional questions or would like further information regarding any of the questions addressed above, please feel free to contact Philip Harvey, Professor of Law and Economics, Rutgers Law School. pharvey@rutgers.edu