

GOOD JOBS FOR ALL WHO NEED THEM **Empire State Economic Security Campaign**

The Challenge

Increasing Unemployment and Lack of Good Jobs

New York State's unemployment rate has reached crisis levels. The number of unemployed persons in the state was 848,000 in December 2009, twice the number at the end of 2007, and close to 3 million people are receiving Food Stamps assistance, a rate that has also doubled in less than three years. A recent national study has found that, among the lowest income households, unemployment rates have reached levels exceeding the worst unemployment rates of the Great Depression.

Loss of Jobs Paying Family-Sustaining Wages and Benefits

Even before the recession started in December 2007, New York only had tenuous job growth recovery from the 2001 economic difficulties. In New York, economic output per worker increased by 11.4 percent from 2000 to 2006, while average wages increased by only 1.1 percent and real wages for workers in the bottom half of the wage distribution are in fact no higher than in 2001. Across the state, the net loss of thousands of good paying jobs has meant that the "hollowing out" of the middle of the income distribution continued at a rapid pace. Those fortunate enough to find work after being laid off often find themselves earning less and receiving fewer benefits like health insurance and retirement plans in their new jobs. Industries in which the share of total jobs has declined, on average, provided health insurance to 68 percent of their worker force, compared to the 55 percent of workers insured in industries in which the share of jobs increased in 2004.⁸

New York City has not been spared this trend of declining annual earnings, hours worked, and hourly wage rates in the face of rising poverty. From the peak of the economic expansion of the 1990s (2000/1999) to the years 2004/2003, annual earnings and hourly wage rates dropped dramatically for workers in the bottom third of the pay scale. From 2000/1999 to 2004/2003, annual earnings fell by 5.2 percent and hourly wages declined by 6.5 percent for workers in the lowest earnings tier.⁹

Decline in Manufacturing Jobs and Outsourcing of Jobs

Although there has been a decline in manufacturing jobs nationwide, the decline in upstate New York areas has been much steeper than for the U.S. as a whole. New York has lost 25 percent of its factory jobs since 2000.¹⁰ Outsourcing of U.S. jobs to other countries is a clear contributor to this problem. By 2015, the total number of U.S. jobs expected to be moved out of the U.S. through "outsourcing" is expected to reach more than 3.3 million.¹¹

Real Wages Outpaced by Rising Cost of Living.

Real wages — your paycheck minus inflation — are falling for most workers. From 2002 – 2006, real median hourly wages in New York fell from \$16.00 per hour to \$15.678 per hour.¹² Not only has the price of gasoline gone through the roof, but heating oil and gas, too. Health care costs have made a double-digit increase for several years. Property taxes are up significantly in most places, as are rents. As a result, many working families with low or moderate wages can't really afford to live on what their jobs pay.

Welfare Recipients and Low-Wage Work

Thousands of individuals have entered the low-wage, low-skill job market under welfare reform. However, getting a job no longer necessarily lifts people out of poverty or even keeps them off the welfare rolls for good. Most welfare leavers work at or below poverty wages (except those fortunate few who obtained a college education) with the average wage in 2008 just \$8.50 an hour which is barely above the state's minimum wage. Once in a low-wage job, there is little opportunity to climb the company ladder since investment in improving the job skills or education of welfare participants after they find work is rare. Two major labor market challenges facing hard-to-employ welfare recipients warrant special attention:

⁸ Drum Major Institute for Public Policy

⁹ Community Service Society, "NYC Poverty in New York City, 2004" by Mark Levitan

¹⁰ Fiscal Policy Institute, "The State of Working New York 2007: Encouraging Recent Gains but Troubling Long Term Trends"

¹¹ Drum Major Institute for Public Policy

¹² Fiscal Policy Institute, "The State of Working New York 2007: Encouraging Recent Gains but Troubling Long Term Trends"

- **Low levels of work readiness among hard-to-employ recipients.** The individuals who remain on welfare have greater barriers to employment, including little or no prior work experience. They need an opportunity to develop employable skills before moving into unsubsidized jobs.
- **Inner cities and rural areas with high rates of joblessness.** Even in regions that are experiencing strong economic growth, inner cities and remote rural areas often have an inadequate supply of jobs. Transportation and family relocation strategies may succeed in expanding job options for some individuals but they do not solve the underlying problem of persistent job shortages in depressed areas.

For low-income and working families struggling with debt, unemployment, and high housing costs, true economic growth must create well-paying jobs that can sustain their families.

Lack of Oversight of the State's Multi-Billion Dollars Economic Development Program

State and local governments give away billions of dollars annually to companies in the name of economic development. This huge investment in tax credits, subsidies, exemptions and payments is supposed to create jobs but government oversight has been weak. A report by the Syracuse Post Standard found that half of the companies receiving economic development funds from New York State fell short of their "job goals." Almost a quarter actually cut jobs. But the state often fails to penalize the companies that fail to meet their job requirements, even when many millions of dollars are involved.

Thankfully, the largest of these initiatives, the Empire Zones program, which was costing the state over \$600 million a year, is finally being phased out. Governor Paterson has proposed a much smaller new program called Excelsior Jobs which he claims will be more accountable and more targeted to strategic industries, but the history of tax giveaways in New York gives us no reason to rest assured—New Yorkers must continue to insist on more equitable and effective jobs programs.

What the Public Thinks

The prolonged recession has made the mass public more aware of the issue of unemployment and heightened concerns for the jobless. According to a poll cited by Forbes.com in 2009, 26% of respondents said someone in their family had lost a job as a result of current economic conditions; and two-thirds said that they knew someone other than a family member who had lost a job. The recession has also moved the general public to a more sympathetic position about public benefits. Seventy-seven percent of unemployed Americans who were looking for work reported feeling stressed, and the majority (51%) said the government is responsible for helping people who were laid off.

Working families are deeply concerned about making ends meet, obtaining affordable health insurance for themselves and their families and avoiding going deeper into debt and bankruptcy. In national polling, when asked "what is the most important financial problem facing your family today," Americans ranked "lack of money/low wages" number 2 – second only to "health care costs."¹³

- 85 percent of Americans believe "the economy and issues of job outsourcing" is a critical problem, ranking among the top ten most important issues in America.
- 73 percent of Americans rank "improving the economy and creating more jobs" their top priority when deciding on who gets their vote for Congress.

A New York citywide survey of 300 voters in September 2003 found that 73 percent of working households were either very worried (37 percent) or somewhat worried (37 percent) about making ends meet and being able to afford everyday things. In addition, half of them are finding it difficult, if not impossible, to save for the future.¹⁴

ES2 Policy

New York should commit to a rigorous job creation program that extends credits *only* to businesses that create family-sustaining jobs around the state and that are targeted for low and moderate income residents, especially those leaving welfare.

¹³ Drum Major Institute for Public Policy

¹⁴ Drum Major Institute for Public Policy

The ARRA or federal stimulus funds give us a golden opportunity to pilot new programs for just these lower income earners.

- **TARGETED HIRING:** New York should directly link job training and job placement for low-income and unemployed people to transportation, housing and other capital construction programs, both those funded by the stimulus and the regular budget. This could include a set percentage goal of hours worked on the construction project going to local residents and establishing pre-apprenticeship and union apprenticeship programs connected to the new jobs. This would provide jobs in the building trades industry, along with vocational training, for the unemployed, welfare recipients and other poor New Yorkers. We would revitalize the economy of low-income communities and get decent jobs for more people from those communities, including women and people of color.
- **JOBS WITH SUPPORTS:** The last state budget pioneered new kinds of welfare-to-work programs like Career Pathways, Transitional Jobs, and the Green Jobs Corps, which coupled subsidized employment with temporary but essential job training and supports, easing the transition of welfare participants into good-paying jobs.
- **GREEN JOBS INFRASTRUCTURE:** An exciting combination of special federal stimulus weatherization funds, the state's innovative Green Jobs, Green NY program, and a number of ongoing energy efficiency efforts in New York have emerged over the course of 2009. With special effort, these programs can develop a whole new training and jobs pipeline that could allow people without construction experience to find entry-level jobs weatherizing homes. This growing industry promises to provide a whole new form of proactive community development in low- and middle-income neighborhoods; saving people money on utilities, teaching people to make homes more efficient and giving them a good income, and cutting the greenhouse emissions impact of home heating and energy use on the environment.

The 2010-2011 Session

- The Legislature should restore funding to the job creation related TANF Initiatives: Career Pathways (\$10 million), the Green Jobs Corps (\$5 million) and the Wage Subsidy program (\$14 million).
- New York State should ensure that the recently enacted Recovery Act funds for infrastructure and other projects include substantial increases in funding for outreach and pre-apprenticeship programs, and a minimum of 15% of labor hours for apprentices and new workers with the new construction projects. A similar approach should be taken with local and state-funded projects.
- New York State should ensure that a minimum of 15% of labor hours and job training hours connected with the Green Jobs, Green NY program are targeted to welfare recipients and other low-income people.
- New York State should expand publicly funded transitional jobs programs, primarily for individuals transitioning from welfare to work.
- New York State should invest in public jobs creation, including constructing affordable housing and other capital projects. The state should enact policies that target government subsidized job openings to low-income households. For example, "corporate subsidies" and public contracts should be tied to the hiring of public assistance participants and other low-income New Yorkers to fill entry-level positions.
- New York State should create a Build NY Task Force on Construction Jobs of community-based and labor stakeholders to create strategies and set policy goals to ensure that unemployed and low-income people are prepared for and can gain access to good, permanent jobs in the construction industry: especially via an improved employment and training infrastructure of outreach, pre-apprenticeship programs, accountable apprenticeship monitoring and hiring compliance protocols, and on-the-job troubleshooting to improve new worker retention.
- The Governor's office and the NYS Departments of Transportation (NYSDOT) and Labor should increase statewide county-by-county Equal Employment Opportunity hiring targets as a starting point.
- New York State should ensure that corporate subsidies and tax credits result in the creation of jobs in New York State, promote the hiring of New York State residents and ensure that the jobs created are distributed throughout the state.