



THE UNITED STATES CONFERENCE OF MAYORS

A Common-Sense Jobs Agenda

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The United States Conference of Mayors



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Overview

In the aftermath of the drawn out debt debate and credit downgrade, and with a staggering 14 million Americans out of work, it's time for leaders in Washington to stop playing politics and act to create jobs now. We know that the problem is much deeper than the official 9.1 percent unemployment rate, which doesn't count the millions of Americans who have become so discouraged they have stopped looking for work altogether. Today, just 58 percent of Americans are working full-time, the lowest percentage since 1983.

Policy leaders in Washington must focus immediate action on the central question: How can we put more Americans back to work and make our economy more competitive for the future?

According to The U.S. Conference of Mayors June 2011 report, *Metro Economies: GMP and Employment Forecasts*:

- Job growth in 2011 will reach just 1.2 percent, barely keeping pace with underlying labor force growth.
- By the end of this year, 25 metro economies will have unemployment rates higher than 12 percent, 75 will still be in double digits, and 193 (53 percent of all metros) will have rates higher than 8 percent.

Many cities and their metropolitan areas face more dire prospects:

- Forty-eight metros will not regain jobs lost during the recession in the next 10 years.
- In the last 10 years (2001-2011), 166 metro economies (46 percent of all metros) suffered net job losses.

Any real U.S. Jobs Agenda must focus on growing our metro economies stronger and more globally competitive. Our 363 metro areas are the nation's economic engine. They account for nearly 89.8 percent of the nation's gross domestic product and wages, and 85.7 percent of all jobs. Viewed in any context, our metro areas are global powerhouses, with 37 ranking among the world's 100 largest national economies.

That is why the nation's mayors, mindful of the long-term need to put the federal government's fiscal house in order, are urging Congress and the Administration to focus on a set of common-sense solutions that are practical, bi-partisan and actionable. To that end, we believe that money should be directed towards cities and metro areas to ensure that money is targeted towards programs that can help create jobs quickly and effectively.

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There are four critical steps that Congress can take to get our economy moving again:

1. Invest in infrastructure jobs now. That begins with passing a comprehensive, fully-funded transportation bill
2. Provide immediate relief to employers and workers
3. Stimulate manufacturing, trade, and tourism
4. Maintain smart investments in key domestic priorities.

Given our current fiscal crisis, initiatives to create jobs must move forward hand-in-hand with efforts to reduce federal budget deficits in the long term, with the goal of increasing confidence in the federal government and the U.S. economy. These initiatives include:

- Closing corporate loopholes will result in a simpler and fair tax code.
- Repatriating offshore corporate profits, estimated at \$1.5 trillion, would result in U.S. dollars returning to U.S. soil where they can be used for job creation while generating federal revenue.
- As our missions in Iraq and Afghanistan are brought to an end, reallocate spending to domestic priorities to strengthen our economy. This amounts to an additional \$126 billion annually to rebuild American infrastructure.
- Establish more equitable tax rates that will ensure that we can adequately invest in our national priorities.

As mayors, we believe job creation should be the top priority of Congress when it returns to work after Labor Day. Job creation must also be incorporated into the work of the Joint Select Committee on Deficit Reduction as it makes recommendations that will shape the federal fiscal policy for the years ahead.

We call on both parties in Congress and the Administration to work together to create a U.S. Jobs Agenda to help Americans get back to work. Below is a menu of options that could help get metro economies moving again. Recognizing the current fiscal reality, we would not expect all of these to be enacted. But even if Congress enacted just a small selection of these recommendations, it would help get America working again.

The Agenda

I. INVEST IN INFRASTRUCTURE JOBS NOW

Pass the Transportation Bill at existing funding levels, which will create 2.8 million jobs and reward local infrastructure investment.

The American Society of Civil Engineers gave our infrastructure a “D” rating, citing \$2.2 trillion in unfunded investment needs. If we continue to defer maintenance on our crumbling infrastructure, we face the loss of jobs in high-value, high-paying industries totaling \$252 billion in income by 2040. With countries like China, India and Brazil investing heavily, we cannot afford to undermine our competitiveness over the long-term. Failure to pass a Transportation bill will result in the immediate elimination of hundreds of thousands of private sector jobs.

Senator Barbara Boxer (CA) and Senator James Inhofe’s (OK) bipartisan Transportation Bill would maintain current funding levels and create up to 2.8 million jobs across the United States. It would increase investment under the Transportation Infrastructure Finance Innovation Act (TIFIA) to \$1 billion and reward localities across the country who bring local dollars to the table. Based on historical estimates, the expanded program could leverage as much as \$60 billion over two years in additional infrastructure spending. In addition, it is a matter of urgent necessity that Congress pass a clean extension of the current Transportation Bill - without policy and funding changes - and extend the gas tax to give Congress time to pass the larger reauthorization bill. If such an extension is not signed by the President by September 30, the entire program will be suspended - causing the loss of 1.8 million jobs and doing irreparable harm to our economy. In this scenario, the Highway Trust Fund will lose \$100 million dollars each day and the Trust Fund would completely run out of money early next year.

Create 114,000 clean energy jobs through expansion of the Better Building Initiative.

Residential and commercial buildings alone account for almost 40 percent of the nation’s energy usage, costing the U.S. economy more than \$400 billion annually. According to a June 2011 U.S. Conference of Mayors report, 86 percent of the 396 cities surveyed (representing nearly one quarter of the U.S. population) saw building retrofits and clean energy conversion as economic priorities for their cities. To make the nation’s commercial buildings 20 percent more efficient by 2020, mayors support the Better Building Initiative, including: new tax incentives for building efficiency; more financing opportunities for commercial retrofits; “Race to Green” for state and municipal governments that streamline regulations and attract private investment for retrofit projects; the Better Buildings Challenge for CEOs and University Presidents; and training the next generation of commercial building technology workers. According to a recent study by the University of Massachusetts’ Institute of Political Economy Research, more than 114,000 jobs would be created through the Better Buildings Initiative, with over 77,000 new jobs coming from a revised tax incentive to encourage building retrofits.

Create 50,000 construction jobs by transforming foreclosed housing into energy efficient, rental properties.

The government is expected to gain control of about 250,000 homes during the course of the current foreclosure crisis. FHA should rehabilitate these properties and retrofit them to make them more energy efficient. They could then be pooled into geographically concentrated portfolios that would be sold off as rental units with affordability requirements. The Laborers’ International Union of North America estimates that an investment of just \$7,500 per house in energy retrofits in HUD-owned portfolios would generate more than 50,000 construction jobs each year. The final purchasers could acquire rental portfolios that are already generating cash flow and have reduced operating costs.

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Promote investment in water and sewer infrastructure through private activity bonds and innovative financing.

Water and sewer infrastructure investment needs are expected to grow between \$2.8 and \$4.8 trillion over the next 20 years. A 2008 study by the Cadmus Group estimates that we can generate \$6.35 in private sector activity for every dollar we invest in water and sewer infrastructure. The same analysis estimates that adding one job in water and sewer creates 3.68 jobs in the national economy to support that job. To help local government invest more now in water and sewer infrastructure and comply with unfunded federal mandates, Congress should pass bipartisan bills (S. 939 and H.R. 1802) exempting Private Activity Bonds for water and sewage facilities from the state volume caps. In addition, water and sewer infrastructure must be included as an “eligible activity” in any infrastructure bank proposal. Congress should apply innovative financing mechanisms to address the nation’s water infrastructure, modeled on the existing Transportation Infrastructure Financing and Innovation Act (TIFIA), to reward and encourage local investment. Further, Congress should expand the Clean Water Act and Safe Drinking Water Act State Revolving Loan Fund programs to include direct grants, no-interest loans, and low-interest loans to cities to comply with water and wastewater mandates.

Modernize our school facilities and create more than two million jobs.

The average U.S. public school building is 40 years old. The accumulated backlog of deferred maintenance and repair in America’s schools stands at between \$270 and \$500 billion. A national project to address this backlog could create hundreds of thousands of jobs, including construction workers, building technicians, boiler repairmen, electrical workers, roofers, plumbers, glaziers, painters, plasterers, laborers, and tile setters. It could also lead to the direct hire of building maintenance workers to help slow or prevent the deterioration of buildings and building systems, while generating new savings through energy conservation. Eliminating half of the existing backlog could create more than two million jobs. In addition, existing funding formulas, such as Title I of the Elementary and Secondary Education Act of 1965, should be utilized to quickly disseminate funding to “fast track” job creation.

Permit transportation agencies receiving federal transportation dollars to implement local hiring or procurement programs when local funding is paying for a majority of a project’s cost.

Currently, federal procurement rules preclude local government agencies from requiring bidders to establish local hiring or purchasing programs if they receive federal transportation funding. The rationale for this prohibition is that the federal gas tax is collected from around the nation and therefore everyone in the country should have the opportunity to bid on any given project. We propose that we change these regulations to help incentivize localities to raise a greater share of their own revenue for transportation projects. If local taxpayers step up to increase non-federal revenue to pay for more than half of a transportation project’s costs, stretching limited federal dollars further, the locality should be permitted to hire locally and buy goods and services locally in proportion to their local investment. The federal government should recognize and encourage this behavior and help ensure that these local projects will truly benefit local residents through increased employment opportunities and increased mobility.

II. PROVIDE IMMEDIATE RELIEF TO EMPLOYERS AND WORKERS

Extend unemployment benefits now and save one million jobs.

Unemployment creates a snowball effect where people who have lost their job reduce their spending, causing businesses to lose money and lay off additional workers. Unemployment insurance acts to reduce this effect by helping the unemployed to continue to pay their bills and purchase vital goods and services for their family. A total of 7.3 million people were receiving unemployment insurance benefits at the end of July. In a report released last November, the U.S. Congress Joint Economic Committee concluded that unemployment benefits generate \$75 billion to \$80 billion in purchasing power. The Congressional Budget Office estimates this purchasing power is likely to create one million or more jobs. A study commissioned by the Labor Department found that for every dollar spent on unemployment insurance, two dollars of economic activity are generated. Failure to extend these benefits will drain that purchasing power from the economy and cost more than one million jobs.

Extend the payroll tax cut and add a tax cut for employers on new hires.

The payroll tax cut enacted in December 2010 reduces the Social Security payroll tax rate employees pay from 6.2 percent to 4.2 percent, providing the average working family an extra \$1,000 to spend this year. It allows middle class families to buy needed goods and services and can spur increased production and employment to meet the increased demand. In all it is expected to pump \$112 billion into the economy this year. Unless action is taken, this tax cut will expire on December 31, 2011. Therefore, Congress should extend the payroll tax cut for employees, and it should add a payroll tax cut for employers on new hires.

Help the million unemployed veterans by offering tax incentives for companies that hire U.S. war veterans.

More than one million veterans are currently out of work in the U.S. Among those who joined the military after the September 11 attacks, the unemployment rate is 13.3 percent, as returning veterans have struggled to find a job consistent with their skills and experience. The Returning Heroes Tax Credit would provide private-sector employers that hire unemployed veterans with a tax credit of up to \$2,400 for every short-term hire, and up to \$4,800 for every long-term hire. The proposal also gives additional credits to those hiring veterans with disabilities. Veterans bring experience, skills and leadership abilities that strengthen the American workforce. Congress should pass this legislation, which would charge the private sector with hiring or training 100,000 unemployed veterans by the end of 2013.

Allow employers to use Unemployment Insurance (UI) to hire workers.

Of the 14 million workers unemployed across the United States, up to 50 percent of them will exhaust their regular unemployment insurance without finding work. Allowing those who are collecting unemployment to receive workplace training from a potential employer results in permanent placement for high percentages of claimants. The Georgia Department of Labor (GDOL) embraced this philosophy and implemented Georgia Works in 2003, resulting in a nearly 60 percent placement rate for UI claimants converting their tryouts into permanent posts. In addition, the Department of Labor should immediately broaden its waivers to states with cities experiencing high unemployment to permit states to implement UI pilot programs, in partnership with employers and utilizing UI funds, for employer-based training programs of up to 180 days for prospective employees. This should include waiver of federal Fair Labor Standards Act application to training stipends paid to trainees under the program, to secure widespread employer participation and expand this proven re-employment strategy.

Repeal the 3% Withholding Rule that is a burden on governments and contractors.

Beginning in 2013, federal, state, and local governments with annual expenditures in excess of \$100 million will be required to withhold three percent of government payments made to contractors. While the law has been delayed multiple times, its effect once implemented will be massive - causing accounting burdens on governments and potentially harmful cash flow disruptions for contractors and subcontractors across all sectors. Congress should repeal this burdensome requirement and relieve construction contractors, medical providers, manufacturers, farmers, and many others providing goods and services under government contracts of the uncertainty the impending law is creating.

III. STIMULATE MANUFACTURING, TRADE AND TOURISM

Invest \$20 Billion in jobs with a new Manufacturing Loan Program.

The United States must manufacture more goods for consumption at home and export abroad if it is to create jobs and achieve sustainable economic growth. Unfortunately, the manufacturing sector has accounted for a shrinking share of the domestic economy over the last decade, and this decline is contributing to the nation's growing trade deficit. Congress should pass the New Manufacturing Loan Program proposed by California Senator Dianne Feinstein. This program would authorize the Export-Import Bank to offer up to \$20 billion in loans for job creation in the domestic manufacturing sector and establish a one-stop shop in the Commerce Department to help manufacturing companies navigate the complex U.S. regulatory framework and expedite the permitting process. To be eligible for loans, businesses would have to demonstrate that they can create jobs in the U.S., are in competition with foreign companies receiving subsidies, can contribute to continued expansion and innovation in the U.S. manufacturing sector, and will have a positive impact on the trade balance.

Help America's small employers create jobs, start up new businesses, promote high-tech manufacturing and strengthen American industry.

Small businesses represent 99.7 percent of all employer firms, employ just over half of all private sector employees and pay 44 percent of total U.S. private payroll. To help small business access capital and create jobs, Congress should enact a comprehensive package that includes: Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs to ensure that the nation's small, high-tech, and innovative businesses are a significant part of the federal government's research and development efforts; the Innovative Technologies Investment Incentives Act which would accelerate innovation by providing a 25% tax credit for qualified equity investments in eligible high technology and biotechnology small businesses; Small Business Start-up Savings Accounts to establish tax-preferred savings accounts for small business; and Make It in America Block Grants to establish a program at the Commerce Department to provide small to medium-sized businesses in communities hardest hit by unemployment with the resources and strategies they need to retool and retrofit their operations and train their workforce in order to transition to the manufacturing of clean energy, high-technology, and advanced products.

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Bring in a million more tourists and create over 1.3 million jobs by passing visa reform.

A burdensome U.S. visa system drives millions of potential travelers to other countries at an enormous cost to our economy. Between 2000 and 2010, the world travel market grew by more than 60 million annual travelers. Yet, in 2010 the U.S. welcomed essentially the same number of travelers as it did in 2000. Legislation has been introduced in the House and Senate to reform the Visa Waiver Program. The Department of Homeland Security is working on a new method of collecting visa overstay data, which is necessary to advance the legislation. Increasing travel to the U.S. could inject over \$859 billion into the economy, and create over 1.3 million new American jobs. To increase economic activity and create jobs, the U.S. should prioritize inbound travel through the issuance of a Presidential Directive to recapture the 17 percent of the global long-haul travel market and match Western Europe's current market share in Brazil, China, and India by 2015. The U.S. must also reform its cumbersome visa entry process; and expand its Visa Waiver Program to potentially qualifying nations as Argentina, Brazil, Chile, Poland, and Taiwan.

Expand U.S. international trade to strengthen the U.S. economy and create jobs for U.S. workers.

Congress should enact legislation to approve and implement pending Free Trade Agreements (FTAs) with Colombia, Panama and South Korea. Trade agreements reduce barriers to U.S. exports, protect U.S. interests, and enhance the rule of law in the FTA partner country. Reducing trade barriers and creating a more stable and transparent trading and investment environment will make it easier and cheaper for U.S. companies to export their products and services to trading partner markets. Congressional approval of the FTAs will result in a significant increase in jobs for Americans. The United States is the world's largest trading nation, with exports of goods and services of nearly \$1.6 trillion in 2009. The 2010 U.S. Department of Commerce report, *Exports Support American Jobs*, showed that export-supported jobs rose from 7.6 million in 1993 to 10.3 million in 2008, an increase of 2.7 million jobs. This was 40 percent of total job growth in the U.S. during this period. And, U.S. Trade Representative Ron Kirk has stressed that, "Every one billion dollars in new exports of American goods supports more than 6,000 additional jobs here at home. The export of services from the U.S. supports an additional 4,500 jobs here at home."

Extend the Trade Adjustment Assistance (TAA) program as Congress considers the pending South Korea, Columbia and Panama free trade agreements.

TAA reauthorization must include meaningful investments in job training to help trade-impacted workers obtain the skills and credentials they need to secure employment in today's labor market. Preserving current funding levels for the TAA Community College and Career Training (TAACCCT) program will provide \$2 billion over four years for competitive capacity-building grants to community colleges and other eligible institutions to support education and training that prepares workers for high-wage, high-skill occupations. Also, increasing the annual funding cap for training under the TAA for Workers program from the current \$220 million to the authorized level of \$575 million would ensure that current participants can continue their training while allowing new participants to take advantage of education and training that can help them get back to work as quickly as possible. During the two years in which the higher funding cap was in place, state workforce agencies were able to increase the number of TAA-certified workers participating in training by 160 percent, from 37,753 in FY 2008 to a record 97,888 in FY 2010.

Expedite Implementation of "Metropolitan Export Plans".

The Administration's 2011 National Export Strategy recognizes the importance of metro economies and regional industry clusters in expanding U.S. exports. While exports fell during the recession, meeting the National Export Strategy's goal of doubling exports could bring with it up to 2 million jobs. The U.S. Conference of Mayors is launching an "Export-Ready Challenge" for at least 25 metros to implement such plans. Through the U.S. Department of Commerce, competitive FY2012 seed funding of \$12.5 million would leverage an equivalent private match in 20-30 cities and enable measurable export growth within a year. Additionally, the Small Business Administration (SBA) has \$30 million for FY2012 in already-appropriated second round STEP funding for use by states to increase the number of small businesses exporting and value of small business exports. First round awards are anticipated in September. SBA should expedite the next round, and put those funds to work by February 2012.

Build a nation-wide network to maximize workforce development strategies, job training programs, and job placement by improving industry partnerships with community colleges.

In a competitive global economy, America's economic growth and competitiveness depends upon the education and skills of its workers. Employers have identified public/private partnerships as one of the most effective ways to improve the skills and credentials of American workers and students. The establishment of an industry-led federal *Skills for America's Future* Task Force, co-chaired by top-level administration policymakers, would coordinate federal efforts and ensure the private sector is best poised to work with and leverage federal training and education investments. This effort to connect employers, schools, and other job training providers, and help them share knowledge about what practices work best, would foster the development of strong partnerships between growing industries and community college or training programs in support of the goal of more college graduates and skilled workers. The initiative, housed at the Department of Labor and implemented in close cooperation with the Department of Education, will build career pathways with businesses, advance the teaching of basic skills, establish education partnerships with other institutions, and support new online, open-source courses so that community colleges across the country can offer more classes without building more classrooms – putting more Americans back to work in high-skill, high-wage jobs at reduced cost.

IV. MAINTAIN SMART INVESTMENTS IN KEY DOMESTIC PRIORITIES

Congress and the Administration should fully fund key domestic discretionary programs that build infrastructure, provide vital services and help generate jobs.

For example:

- The Community Development Block Grant (CDBG), a program that targets low-to-moderate income neighborhoods, has already been reduced to 1980s funding levels. A recent study by IHS Global Insight projected that the \$3.9 billion in Fiscal year 2010 CDBG funding generated 120,000 jobs and contributed \$10.7 billion in Gross Domestic Product.
- The HOME Investment Partnerships, which has made possible more than one million units of affordable housing since its inception. A recent HUD study found the number of persons experiencing “worst case housing needs” skyrocketed by 42 percent since 2011. In light of the foreclosure crisis, the need for the HOME program has never been greater.
- The COPS program, which this year received \$2 billion in requests for just over 9,000 officers. Requests would have been significantly greater (\$5.3 billion in requests for 22,194 officers) if agencies had not had to limit their funding requests to 50 officers. Among those departments that have applied for COPS grants in recent years, 11.6 percent have had to lay off sworn officers this year - up from 5.65 percent last year - almost entirely due to reduced local revenues.
- The Urban Area Security Initiative (UASI) program, which focuses on enhancing regional preparedness in major metropolitan areas with at least 25 percent of appropriated funds dedicated towards law enforcement terrorism prevention, was reduced by 15 percent this year. The recent earthquake in the Eastern portion of the country and hurricane along most of the East Coast serve as reminders that municipalities always must be ready and resourced to prepare for and respond to both man-made and natural emergencies. The UASI program must be fully funded.
- Title I of the Workforce Investment Act (WIA), which last year served more than eight million people - a whopping 234 percent increase in participation rates over just two years. More than 4.3 million WIA participants found jobs last year, and hundreds of thousands more received training and education that will help them prepare for new career opportunities.



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