



Policy Memorandum

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AN ANALYSIS OF THE LOCAL JOBS FOR AMERICA ACT

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The Economic Policy Institute strongly supports enactment of the Local Jobs for America Act, legislation recently introduced by Rep. George Miller and co-sponsored by Congressional Black Caucus Chair Barbara Lee. By directly creating approximately one million jobs in the public and private sectors, the Act would make a significant contribution to solving the jobs crisis that afflicts our nation and so many communities. The jobs directly saved by the Act would also support jobs in the private sector as greater employment would increase consumer demand for a wide range of local goods and services. Because of the way the bill is funded and because it targets local government employment first and foremost, it is likely to be especially helpful in creating jobs for black Americans.

The Local Jobs for America Act authorizes \$100 billion over two years for three purposes: preserving state and local government jobs, creating local government jobs, and creating jobs in the non-profit sector. Funds for these purposes totaling \$75 billion would be provided directly to local governments through a formula modeled on the Community Development Block Grant program, but modified to better target people and communities in need. Another \$23 billion would be provided to the states for hiring and re-hiring firefighters, police officers, teachers, and other education personnel.

Targeted grant formula

The Act's grant formula takes into account three things: population, poverty, and unemployment. Both of the latter factors, which control three-quarters of the funds, will significantly help communities with large concentrations of African Americans, whose unemployment and poverty are excessively, disproportionately high.

We know, for example, that black unemployment, at 15.8%, is almost double the white unemployment rate, which is 8.8%. Similarly, poverty is far more common in the black community than among whites. Two in three black children born between 1985 and 2000 were born into a community with a poverty rate of 20% or higher. On the other hand, only 6% of white children were born into communities with a poverty rate as high as 20%.

So funding according to a community's share of unemployment and national poverty is a good way to target funds and jobs to black Americans.

Targeted job creation

The second way the legislation addresses black unemployment is by creating and preserving jobs in local government, which on average employs black Americans at a rate higher than their participation in the overall workforce.

Table 1 (see p. 3) looks at the non-college-educated workforce (which represents 69% of all workers) and shows the race/ethnic/gender composition of various sectors in the labor market. Local governments have a disproportionately black workforce (15% vs. 11.9% overall in economy). Thus, preserving or creating local government jobs will tend to be beneficial to black workers.

Even more importantly, a large share of the unemployed who previously worked in local government are minorities. As **Table 2** (see p. 3) shows, 21.5% are black and 14.4% are Hispanic. Among male workers whose last job was in local government, 40% are minorities. Preventing further unemployment among local government employees should be particularly beneficial to black workers, who are bearing a disproportionately heavy share of the sector's layoffs.

The Local Jobs for America Act, by providing about \$56 billion for local governments to retain current employees or create new positions over the next two years, would directly improve black employment.

*Vice president of EPI since 2003, **Ross Eisenbrey** is a lawyer and former commissioner of the U.S. Occupational Safety and Health Review Commission. Prior to joining EPI, he worked for many years as a staff attorney and legislative director in the U.S. House of Representatives, and as a committee counsel in the U.S. Senate. He served as policy director of the Occupational Safety and Health Administration from 1999 until 2001. He has testified in both the House of Representatives and the Senate, and has written scores of articles, issue briefs and policy memos on a wide range of labor issues.*

TABLE 1

Race/ethnic and gender intensities of employment

	Total	Construction	Auto	State gov't	Local gov't
<i>Non-College Educated</i> *	100.0%	100.0%	100.0%	100.0%	100.0%
<i>By Race/Ethnicity</i>					
<i>White</i>	65.6	64.7	72.4	66.0	67.0
<i>Black</i>	11.9	5.3	14.0	17.8	15.0
<i>Hispanic</i>	17.5	27.0	9.2	10.9	13.6
<i>Other</i>	5.0	3.0	4.3	5.2	4.4
<i>By Gender</i>					
<i>Men</i>	54.1	91.5	72.4	40.4	44.8
<i>Women</i>	45.9	8.5	27.6	59.6	55.2

* Less than a four-year college degree, 69% of total employment.

SOURCE: EPI analysis of Bureau of Labor Statistics data.

TABLE 2

Race/ethnic distribution of unemployed local government workers, last half 2009

All	100.0%
<i>White</i>	55.6
<i>Black</i>	21.5
<i>Hispanic</i>	14.4
<i>Other</i>	8.5
Male	100.0
<i>White</i>	52.2
<i>Black</i>	24.6
<i>Hispanic</i>	15.4
<i>Other</i>	7.9
Female	100.0
<i>White</i>	57.7
<i>Black</i>	19.7
<i>Hispanic</i>	13.8
<i>Other</i>	8.8

SOURCE: EPI analysis of Bureau of Labor Statistics data.