Big Ideas for Job Creation, a project of The Institute for Research on Labor & Employment at the University of California, Berkeley, tapped into the innovative thinking of leading experts across the nation to develop job creation proposals. Every idea had to meet the following criteria: Designed for implementation by cities and/or states; capable of producing short-term gains in net jobs; practical, sustainable, scalable and already tested; accessible for low-skilled workers and able to provide career opportunities. Taken together, these Big Ideas can create millions of new jobs for our country.

Big Ideas for Job Creation by States and Cities

by Karen Chapple and Robert P. Giloth

In the aftermath of jobs speeches and counter proposals over the nation’s stagnant unemployment rate, one thing is clear: The need for job creation will remain in the headlines as long as 25 million Americans need full-time work.

What is less clear is how best to create those jobs. Conventional wisdom tells us that the federal government must use fiscal and monetary policies, while counting on innovation, skills and trade over the long haul. But the traditional policies are not working as expected. Spending and investment have not materialized, and debate rages about how demand, investment, and global conditions can create jobs in the short-term. Throughout, we hear the perennial partisan cries for more tax cuts or more infrastructure investment.

As President Obama said in his jobs speech, we cannot waste any more time. For every job the private sector has added in the past two years of recovery, the public sector has cut half a job. What’s more, job losses since the beginning of the recession reflect an ongoing restructuring that has disproportionately affected the most disadvantaged populations, with losses concentrated in construction, manufacturing, retail and administrative and waste services.

Whether Congress takes up any of President Obama’s range of practical ideas for job creation, states and cities need to step into the job creation arena if the unemployment crisis is to be addressed. But are there good ideas out there that could make a difference in communities across the country?

Recently, the Institute for Research on Labor & Employment at the University of California, Berkeley, supported by the Annie E. Casey Foundation, solicited big ideas about promising programs and policies for job creation.

We found a number of ideas worthy of consideration and potential investment, ranging from direct, FDR-style job creation to tax credits for employers who add jobs. They include sustainable local food systems and strategies for turning waste into jobs.

We asked our big idea generators, a group of academics and practitioners versed in economics and economic development, to design jobs programs for cities and states (with or without federal support) that would lead to net new job creation in the short-term—one to three years. We wanted low-cost, readily implementable programs that would create jobs accessible to low-skilled workers. We sought to avoid gimmicks (such as one-time budget transfers), as well as wasteful incentive programs that simply lured jobs from one place to another.
Three basic approaches emerged in our search:

- Tweaking an existing federal employment or tax policy so that it can be implemented at the state or local level.
- Helping small businesses generate more jobs.
- Developing new jobs in emerging or resurgent sectors, such as clean energy and manufacturing.

Our list touches on the major generators of job growth from private and public sectors: small business, new markets, public employment and tax policy. The list stands out as distinctive in at least two ways: Each jobs idea offers potential for local and state action; and our jobs ideas are particularly relevant for low-skilled workers.

Moreover, several of our big ideas directly address a neglected part of the unemployment debate: job quality. The economy of today is still creating jobs in services and health care. Many of these jobs are low-paying, without adequate benefits and with few prospects for career advancement. Not surprisingly, there is a lot of turnover in these positions because of the nature of the jobs themselves. We believe reducing this job churn should be part of a short-term job creation approach, as well as retention more generally.

### THE IDEAS

#### Federal Tax Policy Approaches

One set of jobs ideas addresses federal tax policies and examines how effective policy changes could be for disadvantaged workers. Though many of the jobs created under these programs will be short-term, most will be new, without displacing any workers. The ideas include:

- **Hiring Tax Credits**: David Neumark at University of California, Irvine shows how hiring tax credits for every new job an employer adds are an effective short-term policy in response to a recession.
- **Subsidized Jobs**: Elizabeth Lower-Basch of the Center for Law & Social Policy demonstrates how subsidized jobs programs, such as those under the TANF Emergency Fund, are more effective for disadvantaged workers than the Work Opportunity Tax Credit.
- **Tax Benefits for Entrepreneurs**: Bill Schweke at CFED explains how the government can leverage Schedule C tax preparation assistance for the self employed, thereby allowing workers to access current tax credits, creating additional jobs.

#### Employment Policy Approaches

State and local governments can stimulate job growth by investing in labor-intensive infrastructure projects, subsidizing wages or hiring workers outright.

- **Public Jobs**: Philip Harvey at Rutgers University-Camden explores the feasibility of state or local government creating public jobs, modeled on the WPA.
- **Infrastructure Investment**: Joel Rogers at the Center on Wisconsin Strategies outlines different financing innovations at the state level that can support physical infrastructure investment and result in net new public jobs.
- **Short-term Compensation**: Vera Brusentsev at the University of Delaware and Wayne Vroman at the Urban Institute demonstrate that jobs can be saved if companies reduce hours for all employees and supplement wages with unemployment insurance money, rather than laying off some workers. This is a particularly effective strategy in states reliant on manufacturing during recessions.
**Sectoral or Industry Approaches**

Sectoral or industry approaches offer short-term job opportunity and build capacity to help the U.S. compete globally in the long-term. Policymakers have attempted to spur the clean energy sector with mixed success. Energy efficiency retrofits and the recycling industry offer promise with just minimal job displacement.

- **Retrofitting Institutions**: Satya Rhodes-Conway and her colleagues at the Center on Wisconsin Strategy show how the lowest-hanging fruit for energy efficiency retrofits is in municipal, university, school, and hospital buildings.
- **Turning Waste into Jobs**: Nancy Green Leigh at Georgia Tech analyzes how waste diversion can create new jobs through both regulatory and demand-side strategies—turning waste into jobs, not landfill.
- **Retrofitting Homes**: Bill Lester at University of North Carolina at Chapel Hill demonstrates the economic logic of a real estate transfer tax to support residential retrofits.
- **Reviving Manufacturing**: Susan Christopherson at Cornell University argues that manufacturing has a future in the U.S., and could be supported through payroll tax incentives and more strategic approaches to energy and economic development policies.
- **Improving Child Care Jobs**: Steve Herzenberg at Keystone Institute and Elaine Weiss at the Economic Policy Institute turn to the service sector, showing how improving the quality of child care jobs could reduce turnover in that sector while enhancing investments in our future workforce.

**Entrepreneurship Approaches**

Targeting new sectors, working with community partners and removing regulatory barriers for immigrant workers and minority business owners can bring broader, more sustainable employment.

- **Community-based Job Creation**: A team from the Corporation for a Skilled Workforce argues for job creation partnerships within communities emphasizing building deconstruction, energy retrofitting and food production.
- **Capturing the Shadow Economy**: Anna Kim at Pomona College shows how bringing informal jobs in immigrant communities into the formal job markets can create new jobs while improving our counting of all jobs.

- **Regulatory Relief for Minority-owned Businesses**: Timothy Bates at Wayne State University shows how to improve access to capital for minority-owned businesses by enforcing existing laws outlawing small-business discrimination in lending.

Individually, each jobs idea has a small or modest impact on the current job shortage. But together, they show how to make collective impact by a multi-pronged approach. . . these ideas could create, retain, or improve millions of jobs.
We have looked for job creation ideas that could pay for themselves or rely upon new or re-purposed sources of financing. We have been only partially successful. For many of these ideas, investment is required. But we believe there are untapped sources of financing at the local, state, and federal levels to support these investments. We also believe there are other viable financing ideas yet to be identified that could be used to invest in job creation—and perhaps more critically as the public sector sheds jobs, preservation as well.

Our search for big ideas is ongoing, with solicitations for another round in the works. But we believe we have found an initial set of good, viable ideas that should be given a more detailed look. We have also found a lot of muddled thinking about the levers for creating jobs; distinctions between job creation, preservation, and quality; and scalable ideas that have passed a “proof of concept” in some form. One of the most difficult challenges, paradoxically, has been linking specific investments or policy changes to an expected number of new jobs.

We need lots of big ideas if we are to overcome our jobs challenge. And we need jobs investments to bubble up from cities, states, and regions as well as from smart federal action. Our sample of job creation ideas is just a start.