

AFSCME

Legislative Fact Sheet

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President Obama's American Jobs Act: Putting Jobs Front and Center

For months deficit reduction has taken center stage in Washington, DC, but now, while the economy continues to sputter, President Obama has shifted the debate to where it belongs – jobs. The President has taken his job creation proposal, the American Jobs Act (AJA), directly to the American people. It is a robust plan, investing \$447 billion into creating jobs to fix crumbling schools, roads, bridges, transit, ports and energy systems. It will help state and local governments avoid layoffs that are dragging the economy down, protecting the jobs of 300,000 teachers, police officers and other first responders. It protects the long-term unemployed by extending unemployment benefits for a year. And, it pays for these boosts to the economy fairly, by levying a 5.6% surtax on households with annual income above \$1 million. The AJA (S. 1660) is a critical first step towards putting America back to work, and we urge Congress to pass it quickly.

The American Jobs Act contains key provisions that will protect and create jobs by providing state and local governments with additional federal funding. State governments are suffering through the fourth year of serious fiscal problems due to the persistent economic downturn and shrinking tax revenues. As part of their efforts to balance their budgets, states have drastically cut revenue-sharing and other state aid to local governments. The result: Cleveland has laid off 123 police officers due to this year's state budget; Michigan has cut \$16 million to the city of Troy over the past decade, which amounts to two-thirds of its police budget and more than its entire road maintenance budget; Nebraska has eliminated state aid to cities and counties entirely. Since the official end of the recession, state and local governments have eliminated 600,000 jobs, driving up the unemployment rate and dragging down the overall economy.

The specific provisions in the AJA that will alleviate the economic tailspin in states and localities include: \$30 billion in grants to states to avoid teacher and other school personnel layoffs in K-12 education; \$5 billion for a Community Oriented Policing Stabilization Fund to be used to hire, rehire or retain career law enforcement officers and to provide competitive grants to support hiring first responders; \$25 billion for the modernization, renovation and repair of elementary and secondary school buildings, and \$5 billion for similar infrastructure projects at community colleges; \$50 billion for highway, bridge, airport improvement, port, high-speed and intercity rail, transit capital, bus, and other transportation-related projects.

The American Jobs Act also supports unemployed workers and helps them find new jobs. Millions of Americans have found themselves among the long-term unemployed through no fault of their own. The 9.1% official unemployment rate, high as it is, fails to include millions more unemployed workers who are not included in the official statistics. Our economic recovery must include helping the unemployed find good jobs with decent pay and benefits, as well as ensure they have the income support they need to support their families while they are out of work.

American Federation of State, County and Municipal Employees, AFL-CIO

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The provisions in the AJA that will move us toward these goals include: 100% federal funding for extended unemployment benefits for an additional year, which will help six million families pay for their basic necessities while also sustaining the nation's economy; \$1 billion to provide in-person reemployment services and eligibility reviews; \$4 billion in fiscal year 2012 for a new Reemployment NOW program, which states can use for a range of reemployment strategies; resources to states for Short Term Compensation (STC) programs, which are designed to help employers avoid layoffs by reducing employees' hours instead and allowing them to receive partial unemployment insurance to supplement reduced pay; and \$5 billion for a Pathways Back to Work fund that would provide grants to states to subsidize employment and work-based training for unemployed low-income adults and youth.

The AJA's revenue provisions protect low- and middle-income families while requiring more well-off Americans to pay their fair share of taxes. We agree with President Obama that Warren Buffet should not have a lower tax rate than the middle class. Taxes for people at the very top have fallen dramatically, even as their incomes have soared. For the nation's top 400 households (those whose incomes averaged \$270 million in 2008), the average share of income they paid in federal income taxes dropped from 26% to 18% between 1992 and 2008, while their annual incomes shot up by over 700% after inflation. This is unfair and unsustainable, especially given our aging population, increased national security costs, tax cuts in 2001 and 2003 that we could not afford, and the effects of the economic crisis. S. 1660 addresses this unfair tax burden by requiring millionaires and billionaires to pay a surtax of 5.6% of their annual incomes above \$1 million.

AFSCME is building and mobilizing support for this legislation in Congress and across the country. We need the American Jobs Act to help bring our country out of its worst jobs crisis since the Great Depression. We have no time to waste. We urge Congress to pass the American Jobs Act now.

*Department of Legislation
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