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PENNSYLVANIA NEEDS A STATE “MAIN STREET JOBS ACT OF 2010”

While states are more constrained than the federal government in their ability to create jobs, the severity of the current economic recession obligates Commonwealth policymakers to take the most decisive actions possible to drive down the state’s unemployment rate and restore our families and communities to economic health. A Pennsylvania Main Street Jobs Act could achieve the decisive action required by:

Accessing All Federal Funds Available to Stimulate Economic Growth in Pennsylvania, including by

- Modernizing our state’s unemployment insurance rules to access \$273 million in federal incentive money within the American Recovery and Reinvestment Act (ARRA). This incentive money (to implement the so-called “Alternative Base Period”) would provide unemployment benefits to an additional 29,000 of our most vulnerable working families who are disproportionately concentrated in the state’s rural areas.
- Bringing more than \$300 million into the state—and accessing four dollars in federal funds for each dollar in state funds—through the Temporary Assistance for Needy Families Emergency Contingency Fund within ARRA. These dollars could be used for short-term non-recurring benefits such as help with heating bills, food assistance for families with children or the homeless, back-to-school expenditures, and subsidized employment. The Commonwealth could partner with local governments or private philanthropy to provide matching dollars.

Implementing State Policies to Boost Immediate Job Creation and Strengthen the Middle Class by

- Enacting legislation to allow for voluntary work sharing and unemployment compensation payments to workers whose hours have been reduced. Work sharing can prevent skyrocketing unemployment rates by helping businesses keep their workforce at reduced hours. For example: instead of laying off 20 percent of its workforce, an employer could reduce the work hours for all employees by 20 percent. The federal government needs to provide resources to subsidize work sharing but Pennsylvania needs legislation so that it is ready to capitalize on such incentives. “Work Sharing” is already a successful job retention strategy currently used in 17 other states. Both the Pennsylvania Chamber of Commerce and the Pennsylvania AFL-CIO have agreed that having a voluntary program would be a great benefit for companies experiencing slowdowns, but who are committed to retaining their workers. Work sharing creates the ability to retain skilled workers without incurring additional costs of recruiting and training new workers when economic conditions improve.
- Enacting a state budget that adequately funds essential services, education spending, and other critical investments—and that doesn’t undercut the impact of federal job creation. Economists recognize that sharp cuts in state and local spending in a recession can exacerbate a downturn. By contrast, state and local spending on services and investment hold up the economy and generate multiplier effects when employees or business owners spend their salaries and profits locally. In Pennsylvania, each additional billion dollars in state spending translates into an estimated 20,000 more jobs (when financed through revenues collected from upper-income taxpayers who save much of their income).
- Boosting investment and job creation in solar and wind energy production and carbon capture and storage (CCS). Policies to boost investment in renewable energy and energy efficiency have helped Pennsylvania

maintain an unemployment rate below the national average, a “Pennsylvania advantage” that translates into about 80,000 jobs retained. The Clean Energy and Green Jobs Bills (currently House Bill 80 and Senate Bill 92) are two vital pieces of bipartisan legislation that will bolster Pennsylvania’s position as a national leader in renewable energy production, spur investment, and create great green jobs. These bills would raise the amount of electricity sold in Pennsylvania from renewable sources and make Pennsylvania an international leader in capturing and storing heat-trapping gases from coal-fired power plants.

- Enacting a Pennsylvania Cash for Caulkers program that would make cost-effective energy audits and retrofits free up-front for customers, with the up-front cost recaptured from a portion of the energy savings. State legislation could establish revolving loan funds that pay for up-front retrofits, create contractor and auditor certifications that build consumer confidence, and facilitate recapture of a portion of the cost savings through monthly bills or property taxes. These initiatives would build on existing efforts in Philadelphia and Pittsburgh.
- Investing in the skills Pennsylvania businesses need to create good jobs. Pennsylvania’s nationally recognized “Industry Partnerships” bring businesses in key regional industry sectors together to make employers’ need for skilled workers transparent to educators and trainers, create joint training initiatives, and guide public and private job training investments toward jobs and careers with a future. Industry Partnerships will help make sure that skill bottlenecks do not strangle job creation at companies that want to hire as the economy begins to come back. In the 2009-10 budget, however, Pennsylvania slashed its funding for Industry Partnerships by more than half. A dedicated fund for Industry Partnerships would accelerate immediate skill development and job creation, while giving Pennsylvania a sustainable skills infrastructure that boosts competitiveness and opportunity for the long term.
- Providing subsidies to employers that create jobs and upgrade workers’ skills. Pennsylvania has made aggressive use of ARRA job training funds which allow the state and local workforce areas to pay companies as much as 50% of wages for employees brought back to work who are also receiving skill upgrades. These subsidies are structured to ensure decent wages, health benefits and long term employment. Additional state investment for on-the-job training and wage subsidies targeted to unemployed workers would create more jobs.

Advocating for Federal Policies that Bolster Main Street Next Year and for the Next Generation

- Enacting a federal jobs bill that is large enough to prevent the economic recovery from stalling, and that includes
 - Continued support to states to maintain health care and education jobs through an extension of Federal FMAP funding with states and localities at least through June 2011. Extension is also needed for funding for job preservation in schools and in early childhood education.
- Establishing a 21st Century New Deal for Main Street through policies that rebuild the middle class for the long term by:
 - Enabling labor unions to lift the low-wage service sector into the middle class and to partner with manufacturing employers to develop the skills needed to compete based on innovation by passing the Employee Free Choice Act.
 - Modernizing the nation’s re-employment system and skills infrastructure including through federal cost-sharing of dedicated state training funds that invest in Industry Partnerships.
 - Investing in the green economy at the scale needed to arrest global warming, including green infrastructure (e.g., high-speed rail) and clean manufacturing.

(To provide input on the need for and content of a Pennsylvania Main Street Jobs Act, contact Stephen Herzenberg at herzenberg@keystoneresearch.org or 717-255-7145. The subject line of emails should read “Pennsylvania Main Street Jobs Act.”)