

Rep. Ro Khanna's Jobs for All Plan (DRAFT)

A New Deal for the 21st Century

"In our day these economic truths have become accepted as self-evident. We have accepted, so to speak, a second Bill of Rights under which a new basis of security and prosperity can be established for all regardless of station, race, or creed. Among these are: The right to a useful and remunerative job in the industries or shops or farms or mines of the Nation."

-President Franklin D. Roosevelt, State of the Union Message to Congress, January 11, 1944

PROGRAM GOAL

The purpose of this program is to apply a range of approaches to ensure that job opportunities are provided through federally-subsidized employment for all unemployed, underemployed, and jobless who want to work. The program will help them cope with structural unemployment in their communities, job displacement resulting from trade, automation/artificial intelligence, and societal barriers that separate the most vulnerable from employment. The program will provide for credentialing/certificates that employers recognize and provide both low-income and middle-class jobseekers with concrete pathways to good paying, skilled jobs in both the private and public sector. Program will expand automatically during economic downturns to stabilize national and state economies.

PROGRAM BENEFITS & DURATION

PLACEMENT LENGTH:

- 1) 18 months (may be terminated earlier for unsatisfactory performance), but no less than 3 months. Additional 12-month waiver possible, which can be granted in two instances:
 - a) When a participant pursues significant training such as technical training conducted by employer or outside educational institution that results in a vocational credential in that sector, subject to program coordinator approval and employee's good standing in training program;
 - b) For workers who are low-skilled (HS or less) or facing other major barriers (e.g. age, criminal record, disabilities, domestic violence victims, recovering addicts) as determined by overseeing department or local program administrator that facilitated placement.
- 2) Worker could participate in three subsidized job placements in a 10-year period (becoming eligible for a new placement if still unemployed 4 weeks after previous placement), though could not stay with same employer with federal subsidy to prevent employers using taxpayer money indefinitely without hiring employee.
 - a) These limits may be suspended during recession, and for certain at-risk workers. Recession, for purposes of this bill, means a consecutive three-month decline in national payroll employment and continues until the total payroll employment of the United States reaches the level reported by the Bureau of Labor Statistics (BLS) in the peak month prior to the downturn.

PAY:

- 1) The floor is the applicable minimum wage in the region, but states can determine their own plans that provide for higher wage jobs also.
- 2) The quality of all jobs under this proposal would be raised by passage of: a public health care option, the Healthy Families Act (earned sick leave); the Raise the Wage Act of 2017 (minimum wage); the FAMILY Act (paid leave); an expansion of the EITC and CTC, and the Schedules that Work Act (fair and predictable scheduling).

PROGRAM ELIGIBILITY

WORKERS:

- 1) Must be at least age 18
- 2) Out of work for more than 90 days or have earnings below poverty level for previous 6 months.
 - a) An individual could demonstrate their unemployed status by being registered as unemployed for more than 90 days under the state UI system, or they could otherwise qualify if they are out of work for 90 days by submitting a self-affidavit attesting to their joblessness to local program administrator. The program is therefore open to those who have opted out of the workforce but continue to desire a job.
- 3) No asset tests to eliminate this costly administrative burden and allow participation by the middle class unemployed.

EMPLOYERS:

- 1) Public, non-profit, and for-profit employers eligible for subsidies.
 - a) Subsidies cover up to 120% of wage costs—to offset on-the-job training, benefits, or overhead. For unionized jobs, subsidies cover up to 150% of wage costs.

- b) When connected to a job placement in high growth or stable sectors, additional funds would be available for up to one year of technical training by employer or outside educational institution resulting in a vocational credential in that sector. After 3 months of satisfactory performance, workers in non-growth fields would also have option to seek technical education leading to credential.
- 2) Non-profits, local government entities, and labor unions may act as employers of record, administrators, or intermediaries.

OUTREACH: DOL/States to establish websites with information on program opportunities for potential workers and employers.

NONDISPLACEMENT:

- 1) Grantee organization may not use subsidized employment if:
 - a) Results in layoff or partial displacement (such as a reduction in hours, wages, or employee benefits) of an existing employee
 - b) If will perform substantially similar work that had previously been performed by an employee of the unit or organization who has been laid off or partially displaced if the previous employee has not been offered to be restored to their former position.
 - i) An elimination of position will be if the position has remained unfilled and there has been no attempt to fill such position for at least a period of one month. Further, no subsidized hires may be used if infringes on promotional opportunities of an existing employee.
- 2) Community-based organization receiving funds under this title may not use such funds to provide services or functions that are customarily provided by a unit of general local government where such services or functions are provided by the organization.
- 3) After hiring more than 15 employees, company must hire more than 25% in unsubsidized capacity to continue participation in program. This requirement would be suspended during periods of recession.
- 4) Company may not hire without union consent if collective bargaining agreement in effect.

WRAPAROUND SERVICES:

- 1) Federal, state, and local administrators must may use funding for wraparound services (e.g. screening/matching/job preparation services, transportation, childcare, counseling), but must use an evidence-based approach regarding the impact of these services and importance to job placement.
- 2) To reduce wraparound services costs, participants shall be made aware of opportunities for these services through existing social programs.

PROGRAM STRUCTURE & FUNDING

STRUCTURE:

- 1) 3-pronged federal strategy managed by DOL:
 - a) Grants to states based on above funding formula;
 - b) Competitive federal grants program for local entities;
 - i) *State grants:* Each state would complete a detailed plan specifying how they would use funds in areas with above-average rates of joblessness and outlining how they would target workers with serious or multiple barriers to employment.
 - ii) *Competitive grants:* Municipalities or private, nonprofit organizations linked to local governments will be chosen based on criteria including, but not limited to, ability to recruit target group, provide meaningful work, and teach hard/soft skills.
 - (1) *Local Job Guarantee Pilots:* Competitive grants are available for up to five pilot programs conducted by municipalities that seek to implement local job guarantees with living wages and benefits including paid vacation and healthcare.
- 2) Preference will be given to applicants in areas facing acute challenges, including but not limited to persistent racial unemployment gap, drug addiction epidemics, or high mortality rates. The competitive grants will also prioritize programs that work with the skilled building trades to provide individuals with paid apprenticeships. Program will seek to, where possible, initiate a long-term career rather than a low-wage job (with exceptions for very at-risk workers who need significant support to remain employed and may not be able to transition to high wage, skilled jobs).

FUNDING:

- 1) Two separate but harmonized dedicated funding streams with generous federal matching funds for participating grants to states and local entities. Funding for each would be mandatory rather than discretionary.
 - a) *State Grants:* Each state's grant would be based on state's FMAP ("Medicaid match rate"). Each state would receive a minimum match equal to its FMAP plus half the gap between the state's FMAP and 100 percent, resulting in minimum matching rates ranging from 75 percent in the wealthiest states to 91 percent in the poorest.

- i) This proposed federal subsidized employment match (FSEM) also would rise (never above 100 percent) and fall (never below 75 percent), with each year-over-year percentage point increase in three-month average state unemployment rates triggering a percentage increase in the match rate.
- ii) States would be allowed to count TANF, WIOA, and other federal funding used for subsidized employment towards their contributions.
- b) *Competitive Grants*: Funding level for competitive grants for local entities would be determined by taking the difference between number of Americans counted under the U-6 measure of unemployment/underemployment and number of workers served by the state-federal program and multiplying it by the average cost per participant in these programs.
 - i) Individual grant size would be determined by DOL but would be required that they be appropriately sized so that groups/local government will find it attractive while ensuring that adequate funds remain to reach every community that would benefit from such funding.

EVALUATION & EXPANSION:

- 1) DOL will develop a strategy to ascertain whether various elements of the law are achieving goals & focus on program improvement. The primary goals would include raising earnings and increasing overall rates of employment/labor force participation.
- 2) DOL will continuously monitor successes and failures of each program and make a yearly report to Congress with their findings, to give Congress an informed opportunity to update the legislation to target the most effective programs. This would include an annual, representative, random survey of both worker and employee participants to learn from their feedback.
- 3) As most distressed communities approach unemployment national rate, program would expand to address new pockets of persistent unemployment. Program would be expanded until DOL certifies that maximum possible number of individuals who are unemployed or have unwanted joblessness have been reached through the program.