

**Job Creation for the Disadvantaged:
A Review of State and Local Efforts**
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Introduction: The Great Recession and Disadvantaged Jobseekers

Six years after the onset of the Great Recession, American workers still feel its impacts. Although each month brings new jobs, full recovery remains elusive. The “jobs gap,” or the number of jobs needed in order to reach pre-recession labor market norms, is 9.1 million (Bivens, Fieldhouse, & Shierholz 2013). There are 12 million unemployed, 40% long-term (seeking jobs for over six months), and three to four million discouraged or “missing” workers. Inequality and poverty continue to grow, erasing the gains of the 1990s. Thus, the economy still needs to accelerate job creation.

Improved overall economic performance is stimulating new job creation. In the longer run, sustained economic competitiveness and job creation will require additional smart investments in fiscal and trade policies, technology, infrastructure, and skill development. But the traditional policies for short-term job creation are not working as quickly 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. Moreover, we are seeing that a higher proportion of the new jobs created by the private sector alone are on the lower end of the wage and benefit continuum, as has been the pattern after other recent recessions.

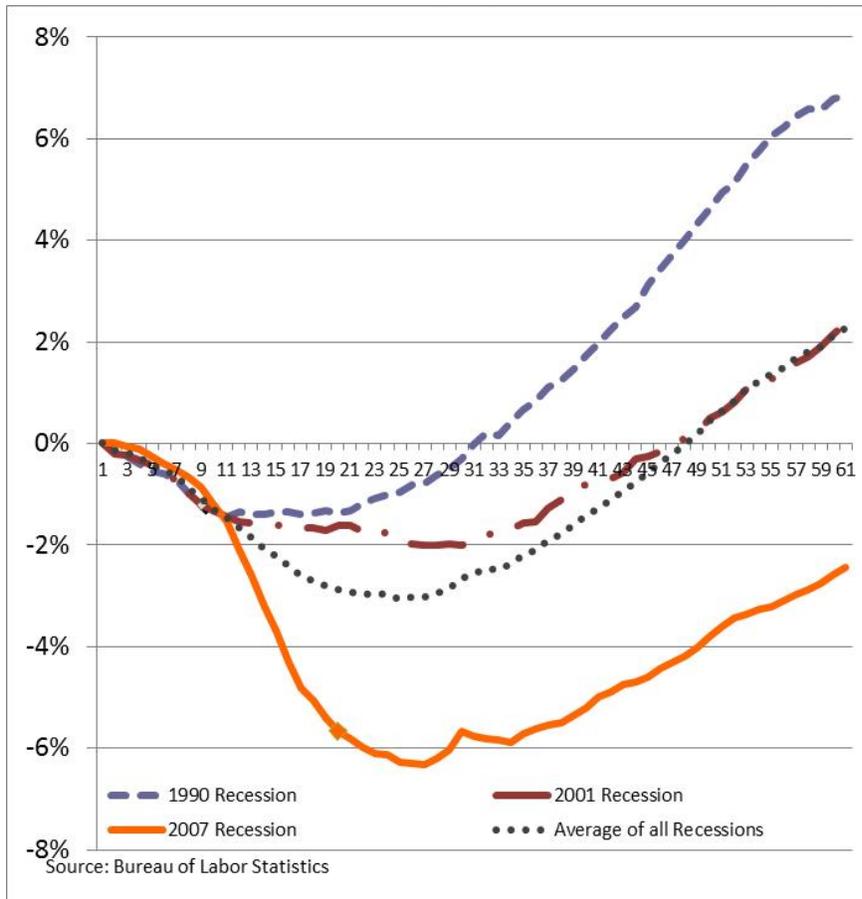
Given federal paralysis and partisan debate, states and cities need to step into the job creation arena if the unemployment crisis is to be addressed. The challenge is to design jobs programs for cities and/or states that would lead to net new job creation in the short-term, programs that are low-cost and readily implementable -- yet create jobs accessible to low-skilled workers. Can the existing economic development toolkit, with its reliance on traditional business attraction incentives, quickly create jobs for the disadvantaged?

This paper examines current job creation practices, surveying the federal government response, think-tank proposals, and related programs in all fifty states. Given the failure of most to reach the least advantaged communities, we then propose an alternative set of approaches in three areas: sectoral strategies, entrepreneurship, and tax and employment policy. A conclusion discusses the challenge of generating and implementing new ideas for job creation.

The Dimensions of the Crisis and Response

What distinguishes this recession? Relative to other recent recessions (Figure 1), the Great Recession has meant more job loss, over a longer period of time, with slower recovery. Because of the role of housing in the crisis, job loss has varied widely by sector, with

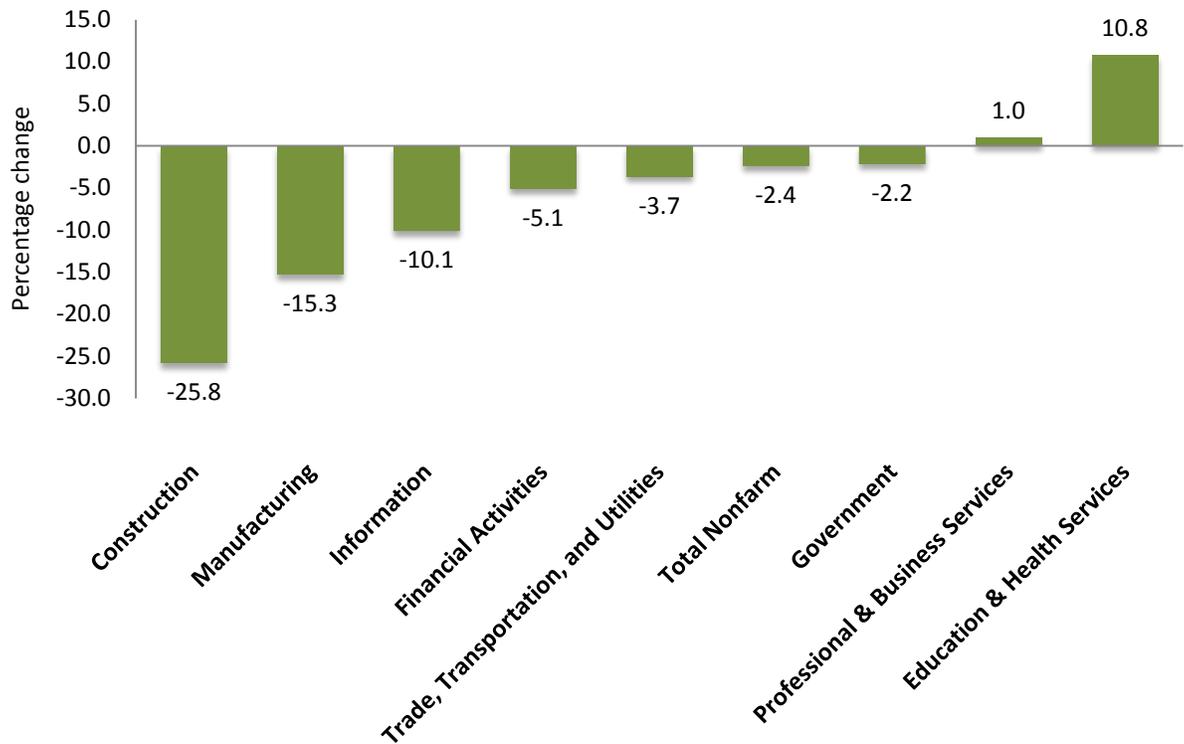
Figure 1. The Great Recession in perspective: Percent change in jobs by month



construction, manufacturing, information, and financial services experiencing the strongest impacts (Figure 2). Leading the recovery have been the educational and health sectors, and most recently, professional and business services as well.

From the perspective of economists, job creation is only possible at the federal level. Only the federal government can print money, utilize deficit spending, and control trade, providing it with flexibility, relatively cheap currency, and competitive advantage. Thus, federal government intervention can actually grow the pie, while state and local government action only shifts it from one place to another.

Figure 2. Percent change in jobs by sector, 2007-12



Source: Bureau of Labor Statistics

In response to the crisis, the federal government has largely relied on macro-economic tools, as well as limited short-term programs, to create jobs. The Fed has repeatedly reduced interest rates, with minimal success in stimulating hiring because of the continued reluctance of banks to lend money. The American Recovery and Reinvestment Act of 2009 (ARRA) combined spending for specific sectors – primarily infrastructure, manufacturing, energy, and R&D – with temporary tax relief and transfer payments (in the form of unemployment compensation and job subsidies).

For conservative critics and think-tanks, the federal government has relied too extensively on the short-term stimulus and not enough on long-term structural problems in taxation, spending, and regulation (Hubbard, Mankiw, Taylor & Hassett 2012). At the same time, from the perspective of the left, the federal government has not done enough. In particular, the stimulus fell short of what was needed, missing the opportunity to launch a new infrastructure initiative, launch the clean energy sector, or even enact an effective job creation tax credit. For this analysis, we reviewed the policy briefs and publications of ten think-tanks, three from the right (Cato Institute, Heritage Foundation, and American Enterprise Institute), and

seven from the center and left (Center for American Progress, Brookings Institution, Urban Institute, Center on Budget and Policy Priorities, Center for Community Change, Economic Policy Institute, and New America Foundation). Where the progressives differ from the conservatives in focus is primarily in betting on certain sectors (such as manufacturing, housing, healthcare, and clean energy) to create more jobs (Table 1). Overall, progressives and conservatives both rely on macro-level policies and target a variety of constituencies, but differ in approach: the left tends to put forth positive strategies, while the right favors retrenchment in existing policies, with fewer specifics.

Table 1. Types of job creation policies advocated by progressive and conservative think-tanks.

		<u>Progressive</u>	<u>Conservative</u>
Sectoral or Industry	Infrastructure	x	x
	Energy	x	x
	Manufacturing/Export	x	
	Housing	x	
	Healthcare	x	
Macro Policies	Taxes	x	x
	Fiscal	x	x
	Trade	x	x
	Employment	x	
Constituency	Labor	x	x
	Small business	x	x
	Government	x	x
	Education	x	x

For conservatives, the government needs to contain spending, thereby reducing market uncertainty about future tax increases, which is hindering job creation (Bhagat & Obreja 2011). For the American Enterprise Institute (Mathur 2011), tax code changes should focus on fundamental reforms that lower corporate tax rates and preserve low capital gains taxes, freeing up capital for investment. The Cato Institute (Young 2013) argues that historically, tax cuts have had higher multiplier effects than stimulus. Entitlement programs are not viable over the long-term, even if they do put cash in the hands of low-income groups most likely to spend. Unemployment compensation in particular may disincentive the return to the labor market (Meyer 1991). Both the Heritage Foundation and the American Enterprise Institute argue that regulation of the financial sector (the Dodd-Frank and Sarbanes-Oxley Acts), the energy sector (fossil fuels), and biotechnology further impede job creation (Carroll 2010, Entine 2012). Discussion of the job-generating potential of investing in infrastructure is generally absent from conservative spheres with the exception of the American Enterprise Institute, which suggests the possibility of privately financed infrastructure (Geddes 2012).

Another set of conservative arguments from the National Institute for Labor Relations Research and the American Enterprise Institute addresses labor. Right-to-work states, where compulsory union membership is forbidden, have higher rates of job growth than do union states (Greer 2013). High unemployment may result from the mismatches between available jobs and the unemployed in addition to lack of labor demand (Mathur 2012). Immigration reform that focuses on admitting immigrants with advanced degrees creates jobs in US because of their productivity, spending and taxes (Zavodny 2011).

Progressive think-tanks have consistently advocated job creation through investments in infrastructure, energy, manufacturing, and exports. In general, these sectoral strategies are retrospective, targeting sectors with recent job losses rather than those that are stable or growing. Upgrading and repairing infrastructure, typically through public jobs (direct job creation), is a priority for the Economic Policy Institute (Eisenbrey et al. 2011), the Center for Community Change (2011), the Center for American Progress (2012), and the Urban Institute (Loprest 2011, Lerman 2011). The New America Foundation brings back the idea of the National Infrastructure Bank. Some advocating these sectoral strategies point to their potential to benefit specific disadvantaged groups: for instance, investment in infrastructure will likely create jobs for Latinos and African-Americans, given their overrepresentation in the construction sector (Austin 2013).

Early research suggested that aggressive renewable energy and energy efficiency policies could create millions of new jobs (Wei, Patadia, & Kammen 2010), and although the jobs have not yet materialized, most think-tanks (particularly the Center for American Progress, the Economic Policy Institute, the New America Foundation, and the Center for Community Change, continue to support a variety of investments, from energy efficiency to wind and solar power.

Rarer is support for the manufacturing sector (Brookings Institution and New America Foundation). Brookings is particularly focused on increasing exports through regional grant programs (Liu, McDearmna, & Gootman 2013). Other sectors mentioned include housing (such as rehab of foreclosed properties, proposed by the Center for American Progress) and healthcare, anticipated to create significant new jobs by the Center for American Progress and the Economic Policy Institute.

Several progressive think-tanks (Economic Policy Institute, Center for American Progress, and Center on Budget and Policy Priorities) take a position in favor of extending the payroll tax cut; progressive tax rates may also result in higher employment (Levitis & Marr 2009). However, the left rarely mentions fiscal or trade policy: only the Economic Policy Institute (Eisenbrey et al. 2011) mentions monetary policy, and only EPI and the New America Foundation (2011) discuss currency manipulation, tariffs, buy-domestic, tax incentives for offshoring, and other trade issues.

For small business, numerous progressive think-tanks (EPI, CAP, UI, and NAF) mention some form of hiring or job creation tax credit, possibly targeted to apprenticeships. CAP also

advocates supporting and streamlining several federal programs to help launch and finance small businesses.

Finally, progressive think-tanks tend to emphasize workforce policies. As Haveman, Heinrich & Smeeding (2012) point out, European countries have implemented successful labor market policies to preserve and create jobs, including short-time compensation (work-sharing), wage subsidies, worker retraining, and employer-based training, and others (Holzer 2011, King & Heinrich 2012) echo the potential for job training, even via the Workforce Investment Act. EPI, CAP, CCC, and the Urban Institute would extend unemployment benefits and expand work-sharing programs. Brookings continues to emphasize reforming the workforce development infrastructure to better reflect today's needs (Meltzer, Steven, & Langley 2013; Jacobs 2013).

Despite the abundance of ideas coming out of the federal government and national think-tanks, most do not acknowledge how job growth occurs unequally across geographies, industry sectors, and demographic groups. Even progressive policies often seem to ignore the hard question of who will get the jobs – for instance, in manufacturing, energy, and infrastructure, the long-term unemployed, particularly women and youth, are not likely to benefit.¹ Thus, most fall short in terms of offering viable strategies that quickly provide employment for the most disadvantaged workers. Most require action by Congress which is not politically feasible, and very few specifically target the hardest-to-employ. Arguably, many are not even providing net new jobs, though they rarely admit it: for instance, job creation in right-to-work states may result from shifts from unionized states, and new green jobs mean job losses in fossil fuels (and vice versa). Do states and local areas perform better?

The rise of state and local job creation policy and investment efforts

Although the past three decades have seen a lively debate on local economic development policy, researchers have paid little attention to the issue of job creation, tending to focus on long-term growth and most recently, redistributive consequences. In theory, job growth in states and cities may come from supply-side factors (lower costs of production), emergence of new markets, export expansion, and over the long-term, innovation and human capital endowments. Most of these factors involve job displacement elsewhere: lower production costs shift jobs from one place to another, new markets render older products obsolete, and exports displace local production by regions importing.

Theorists of local economic development have identified at least three different phases or waves of strategies, each with different implications (albeit rarely spelled out) for job creation: business attraction, endogenous development, and community economic-development and capacity-building (Bradshaw & Blakely, 1999; Eisinger 1995; Fitzgerald & Leigh 2002; Zheng & Warner 2010). Most find that cities and states are using a mix of strategies, though they may revert to business attraction via incentives during times of recession (Osgood, Opp, & Bernotsky 2012).

In the first wave, cities and states try to attract firms to relocate, typically via tax incentives, subsidized loans (often provided via tax increment finance), or simply marketing (Bradshaw & Blakely, 1999). However, evidence suggests that these strategies rarely create jobs: tax incentives have mixed effects on business location decision-making (Peters & Fisher, 2004), and more importantly, business relocation is actually quite rare due to imperfect information, moving costs, and firm inertia (Neumark, Zhang, & Wall, 2010; Brouwer, Mariotti, & Ommeren, 2004). Many states uncritically tout the job creation potential of redevelopment (particularly with tax increment finance), but there is little evidence of positive impacts.ⁱⁱ

The second wave of endogenous development focuses attention on the entrepreneurial potential of existing firms, often embedded within clusters. Thus, these strategies focus on business startups, expansion, and retention, typically via revolving loan funds, business incubators, business management assistance, government procurement, and R&D/innovation support. These might also include various hiring tax credit programs, including those in enterprise zones, which end up benefitting existing firms. However, evaluations of empowerment zone programs have found few positive effects, and in any case zone job creation effects are modest in size and disappear quickly (Cray et al. 2011; Greenbaum and Landers 2009).

Recent research has modified early findings (Birch 1979, 1987) that small businesses create most jobs, suggesting instead the importance of start-ups, young businesses, and rapid firm expansions in job creation (Haltiwanger, Jarmin & Miranda 2011; Neumark, Wall & Zhang 2011; but see Acs, Parsons & Tracy 2008). This suggests that second-wave endogenous development strategies will be particularly useful for job creation. The exception is innovation policies; although these may grow the pie over the long term, they might also have displacement or at least wage-dampening effects in the short term (Basu, Fernald, & Kimball 2004).

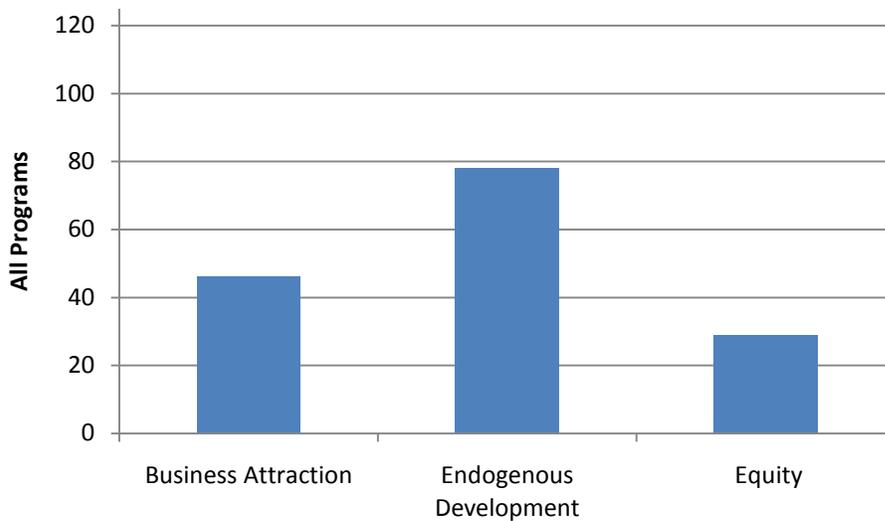
Third-wave strategies typically focus on building local capacity to participate in the economy, through job training, community empowerment, and improvements in quality of life. Recent work suggests that these are still relatively rare in the local economic development toolkit (Zheng & Warner 2010, Osgood et al. 2012). Although they have not been systematically studied for job creation impacts, their effects are most likely to be felt over the long-term.

To analyze state and local job creation policies, in summer 2012 we conducted a web scan of state and local economic development agency websites, as well as program websites, in all 50 states plus DC, searching specifically for programs that mention job creation as an outcome. We also conducted a state-by-state keyword search, and drew upon experts from the Center for Regional Economic Competitiveness to augment the list. This is not a complete or representative sample, primarily because websites vary in quality, differing in how much information they provide or whether they even list programs at all. Further, many states have longstanding programs such as enterprise zones, redevelopment, or infrastructure development, which are not framed as job creation programs and thus did not come up in our searches. Likewise, although many states and localities have subsidized or transitional jobs programs, they do not always consider these to be job creation programs. Finally, we included some programs

focused on capacity-building in job creation – e.g., via networking, idea-sharing, or conferences – that only indirectly lead to new jobs. In total, we developed a sample of 123 programs. Although all mention job creation, jobs are not always the primary focus: most policies seek broader, longer-term economic development through investing in technology and innovation, infrastructure, or sectoral strategies.

Overall, 46 (37%) of the programs identified focused on business attraction (Figure 3). Nearly all of these offer some sort of incentive for relocation, most often through tax credits or abatements, and less frequently through business loans or subsidies for equipment purchases or facility upgrades. For instance, Louisiana Economic Development provides a web-based incentive finder to help businesses develop financial assistance packages. Some of these are targeted to place using enterprise zones or redevelopment; to the extent that they target particular sectors, they almost exclusively seek technology or manufacturing. For instance, Northern Kentucky Tri-ED markets three Kentucky counties by offering the services of a business super-accelerator to attract high-tech businesses. Less frequently, states and localities attract businesses via technical assistance (often through site location assistance). For instance, the Greater Minneapolis-St. Paul Partnership markets the region globally and offers a “one-stop shop” to help businesses considering expanding or relocating to the region.

Figure 3. Job creation programs by focus.



Confirming previous research (Zheng & Warner, 2010; Eisinger, 1995), most popular are endogenous development approaches, with 78 programs (over 60% of the total) falling into five basic categories: technical assistance, access to capital, tax incentives, innovation, and infrastructure. A handful of these function as business attraction programs as well, targeting either relocating or existing firms.

About one-third of these programs offer some kind of technical assistance, for instance space in business incubators or training in business management. For instance, Startup Tennessee connects entrepreneurs with a network of mentors, investors, business partners, service providers and government agencies. Almost as many provide access to capital, mostly in the form of loans, but also in outright grants. The Vermont Sustainable Jobs Fund provides access to capital in the form of early stage grant funding and loans to green economy entrepreneurs, businesses, and farmers.

Over one-fifth seek to assist businesses through the tax code, either incentives, credits, or cuts. Typically, tax breaks under the endogenous development approach will seek to retain or expand existing businesses. One example is the Kentucky Industrial Revitalization Act, which provides tax credits to local manufacturing, coal mining, or coal processing companies that save or create jobs. About 10% focus on innovation or technology transfer, as in the University of Missouri System Enterprise Investment Program, which supports the commercialization of technologies developed at Missouri-based high tech start-ups, in order to create jobs in Missouri. Just three programs identified focus on infrastructure finance, based on the theory that improving infrastructure will help businesses create jobs. For instance, the Kansas Department of Transportation provides infrastructure finance to local governments through its T-Works Program. The remainder of the programs focus on activities such as marketing, training or transitional jobs, or quality-of-life improvements.

Just 29 programs (24%) specifically describe a focus on social equity. Even so, the underrepresented groups targeted include not just the disadvantaged, but also veteran, rural areas, home-based workers, and minority business enterprises; just 9% actually target unemployed or low-skilled workers. For instance, Connecticut offers the STEP UP program provides wage subsidies or grants to employers to hire unemployed jobseekers. The New Castle County (Delaware) Office of Economic Development provides grants to small businesses who create jobs for low-income residents. Some programs also target distressed areas, using redevelopment or enterprise zone programs to provide job tax credits.

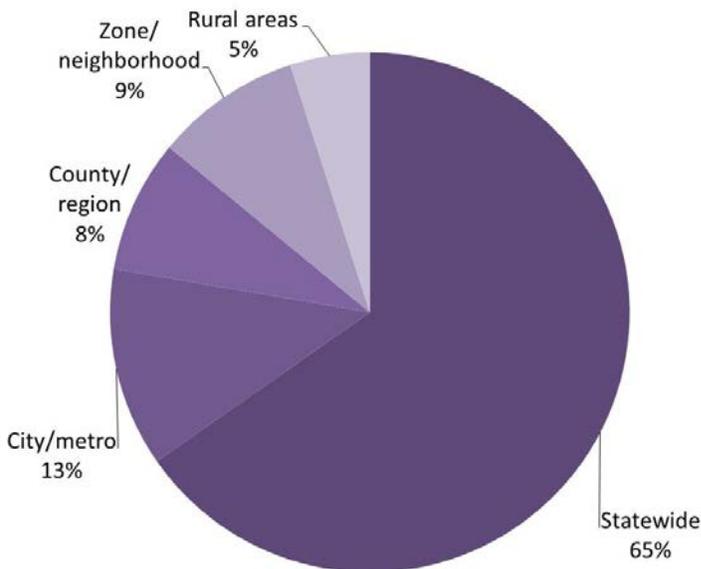
The six programs focusing on rural areas offer assistance with infrastructure development or tax credits for business hiring: for instance, the Wyoming Business Council provides grants and loans to help rural development and Main Streets.

Although not considered equity focused here, many programs (25) focus on start-ups, which may or may not benefit disadvantaged entrepreneurs. For instance, the Entrepreneurship (E-) Community Partnership in Kansas supports localities in raising seed funds for local entrepreneurs.

Websites provided little information about program costs. However, almost 40% mentioned some new capital source. Of these, one-third were supported by federal government (ARRA or SBA) funds, another one-fourth by general fund revenue, a handful through bond or economic development sources, and others from special funds such as the tobacco settlement.

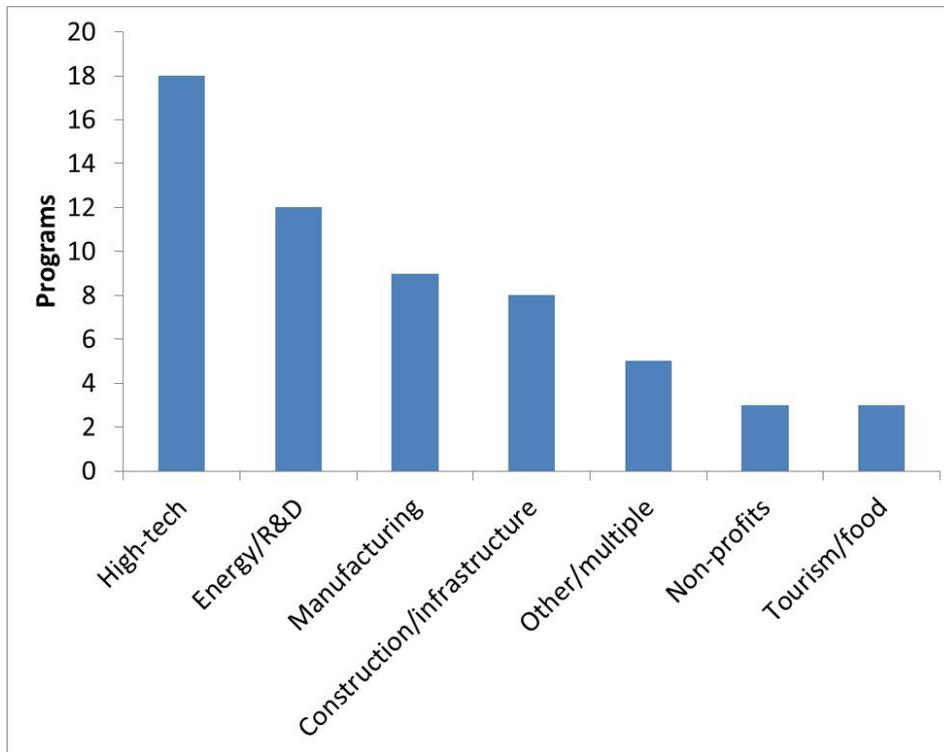
Just as states and localities rarely target for disadvantaged groups, there is little specification of program geography (Figure 4). Most programs come from the state and are in effect statewide, with the exception of job creation programs designed specifically for rural or distressed areas. Cities and counties are less likely to have their own job creation initiatives.

Figure 4. Job creation programs by geography.



On the other hand, many job creation programs target specific sectors, particularly high-tech, energy/R&D, manufacturing, and construction (Figure 5). Energy/R&D funding largely reflects the availability of dedicated funds through ARRA. States and localities may focus on construction and manufacturing for job creation programs to compensate for severe job losses. The preference for high-tech, however, may be more of a legacy from previous economic development programs. Just like federal programs, state and local programs tend to target declining, rather than growing, sectors (like professional and business services, education and health).

Figure 5. Job creation programs by sectoral focus.



Every state across the country is offering an economic development program with job creation as an intended outcome. Whether they have chosen the programs known to be most effective at creating jobs is another question. Business attraction – or smokestack chasing – is thought to be the approach that can generate the most new jobs quickly, and certainly many different localities are offering incentives for businesses to relocate. But the primary focus seems to be more on endogenous development in sectors that offer long-term job creation potential. Few states or localities tackle the issue of scale, with some trumpeting the creation of 50 new jobs as their proudest achievement. Very few target the disadvantaged. None take a hard look at whether their programs have displacement effects, either shifting jobs from one place to another or employing one group at the expense of another. Can we do better?

Foundation and Nonprofit Perspectives on Job Creation

Most of the job creation strategies discussed so far in this paper assume that overall job growth will benefit all workers and jobseekers if universal policies are put in place. In this view, new job creation creates a virtuous cycle of clearing the labor market and opening up new job opportunities for those with lesser skills. At some point, baby boomer retirements will resume at a faster pace and many additional “middle skills” jobs will open up as labor markets tighten.

Most state and local economic development efforts mirror these overall national jobs strategies, with more directed attention to infrastructure, business financing, and investing in growth sectors.

In contrast, the job creation strategies of many foundations, nonprofit advocates, and social justice organizers start from a different vantage point: the people and places left out of the economic recovery and conventional job creation strategies. These organizations place an overriding emphasis on the “equity” outcomes of economic development, and are skeptical that mainstream job creation strategies are sufficiently targeted or timely enough to reach those who are harder to employ and out of work. They advocate two complementary strategies: improving the quality of low-wage jobs and creating jobs for targeted workers. Improving job quality essentially means improving wages, benefits, and conditions of work in the low-wage labor market, for example for home health aides or restaurant workers. Job quality strategies include raising the minimum wage, passing paid sick day legislation, reforming payment systems for publicly-related work, and ensuring that workers are paid and treated fairly in the private marketplace.

Job creation strategies for targeted workers, the second approach, is the subject of this paper and also goes under the name, job-centered economic development (Giloith 1995, 1998). This eclectic group of investment strategies focuses as a first priority on low income/low skilled workers and short term labor market impacts. It takes advantage of multiple levers of change that involve business creation, public jobs, jobs access, employment policies, and workforce development. Job centered economic development emerged in the 1990s when it became clear that even tight labor markets would not create opportunities for many of the unemployed without explicit targeting strategies. Several of these job creation strategies include improving job quality as an essential component, but, in general, job creation strategies primarily take an economic development rather than public policy approach to labor market change.

Job-Centered Economic Development

In 2011, we began a two-year search for new and promising ideas for job-centered economic development. We looked for practical ideas and strategies at the local and state levels that could create net new jobs, be implemented in the short term (one to three years), build upon existing implementation capacity, and not require huge infusions of new public money, particularly federal. We asked that these be sustainable (feasible at a low cost per job), scalable (at least at the state level), proven, and not only accessible for low-skilled workers but also offering some career opportunity. Altogether, we gathered 24 job creation ideas and refined and distributed these ideas through forums, websites, and policy briefs (Table 2). In fact, the Federal Reserve in 2011 developed podcasts reporting several of the most promising ideas. Many of the authors have used the papers for policy and investment advocacy at the federal, state, and local levels.

Table 2. Big Ideas for Job Creation papers.

Strategy Type	Topic	Description
Sectoral or Industry	Retrofitting Institutions	James Irwin, Satya Rhodes-Conway, Sarah White and Joel Rogers 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	Nancey 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.
	Building on the Return of 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.
	Strengthening Inclusion	Victor Rubin and Sarah Treuhart at PolicyLink provide a framework for inclusive job strategies: 1) growing “high-opportunity” industry sectors; 2) leveraging the economic power of anchor institutions; 3) starting and expanding minority-owned businesses; and 4) maximizing job creation through public investments.
	Leveraging Health Care Reform	Joanne Spetz of UCSF, Bianca Frogner of George Washington University, and Ken Jacobs of UC-Berkeley’s Center for Labor Research and Education identify the types of jobs created by health care reform and innovative programs to create a pipeline into health care for the disadvantaged.
	Improving Early Childhood Education Jobs	Elaine Weiss at the Economic Policy Institute and Stephen Herzenberg and Mark Price at the Keystone Research Center 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.
	Utilizing Company-Based Talent Development	Sallie Glickman, Joseph Semsar, and Sam Williford at Fels Research and Consulting (University of Pennsylvania) show how employer-driven job training programs can alleviate job-skill mismatches, support retention in lower-skilled jobs, and reduce employee costs for employers while at the same time providing opportunities for job seekers and incumbent workers.
Entrepreneurship	Community-Based Job Creation	Michael DiRamio, Tammy Coxen, Carrie Floyd, Lewis Humphreys, Lisa Katz and Jeannine La Prad from the Corporation for a Skilled Workforce argues for job creation partnerships within communities emphasizing building deconstruction, energy retrofitting and food production.
	Access to Capital for 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.
	Regulatory Relief for Businesses	Beth Kregor of the Institute for Justice describes excessive business laws that inhibit job creation, including occupational licensing requirements, home-based business restrictions, facilities regulations, and vending controls.
	Micro-Enterprise and Self-Employment	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. Elaine L. Edgcomb and Tamra Theftford at the Aspen Institute show how micro-enterprise lending not only supports new ventures but also creates jobs, at relatively low cost.
	Social Enterprise	Carla Javits at the Roberts Enterprise Development Fund describes employment social enterprises, businesses that create jobs with the explicit purpose of employing low-income people facing multiple barriers to employment, and generating revenue to offset costs Nancey Green Leigh at Georgia Tech shows how non-profit social enterprises focusing on the recycling sector (such as Goodwill) can scale up their operations.
	Social Investment	Beth Sirull and Ben Thornley at Pacific Community Ventures show how different social investment strategies can create jobs.
	Immigrants and Informal Work	Anna Joo Kim at Pomona College examines the sizable informal job sector in Los Angeles and explores programs that could be implemented to formalize these jobs, which would improve working conditions and increase the health of the economy.
	Anchor Institutions	Steve Dubb and Ted Howard with The Democracy Collaborative at the University of Maryland explore how “anchor” institutions, such as hospitals and universities, can leverage their power as local investors, developers, and consumers of goods and services in order to create jobs in nearby disadvantaged communities.
Tax and Employment Policy	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.
		David Neumark and Diego Grijalva show that some specific types of hiring credits – including those targeting the unemployed and those that allow states to recapture credits when job creation goals are not met – appear to have succeeded in boosting job growth.
	Subsidized and Transitional 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. Chris Warland and Melissa Young of the National Transitional Jobs Network and Elizabeth Lower-Basch of the Center for Law & Social Policy describe three major approaches to finance subsidized employment programs: accessing flexible block grant funds, using state or local funds based on averting future corrections-related expenses, and tapping into public contracting.
	Public Jobs	Philip Harvey at Rutgers University School of Law- Camden explores the feasibility of state or local government
	Infrastructure Investment	Scott Bernstein at the Center for Neighborhood Technology and 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 Time 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.

Job-centered economic development includes a diverse range of strategies by definition – and our papers demonstrate this range of job creation ideas for today’s context. Sector strategies (about one-third of the total) focus on manufacturing, health care, recycling, and green jobs and businesses. Small business ideas, the largest category of ideas, include strategies related to micro enterprise, social enterprise, informal businesses, minority enterprises, and untapped economic assets for business growth, such as anchor institution purchasing. A handful of ideas focus on tax or employment policy that may be effectively implemented at the federal level, yet could work for states and cities as well. Public jobs address the need to create more transitional or public employment targeted to various populations, including smarter investments in the early childhood labor force. Other jobs policies readily enacted at multiple levels emphasize economic inclusion, job tax credits, and the expansion of job sharing. Finally, we have several papers that specifically address employer practices like “earn and learn” approaches to onboarding new workers and the role of social investments in leveraging this private sector employment.

Like the state and local policies already enacted, few propose creating entirely net new jobs: investing in new sectors may mean job losses in others, and enacting preferential tax credits may create new losers. Likewise, most focus on endogenous development or import substitution, developing existing local assets. As is the case with most previous job proposals, actual net costs are hard to determine and outlays range widely, from a few thousand dollars per job for micro enterprise to \$100,000 per job in sectors like energy efficiency or construction. But unlike the strategies on the books already, most are scalable, creating anywhere from hundreds of thousands to millions of jobs. And unlike the current array of federal, state, and local programs, 59% explicitly target the disadvantaged.

Why do we append the notion of “economic development” to these various jobs strategies? Our basic argument is that these jobs strategies identify new or untapped economic resources and support the entrepreneurial capacity needed to take advantage of these economic opportunities. Several of our job creation ideas demonstrate how localities could better tap the economic resources of larger anchor institutions like universities, hospitals, and public buildings. For the most part, these anchor institutions are fixed assets in communities and are unlikely to relocate out of regions. On the one hand, these anchor institutions purchase an array of goods and services – food, laundering, record disposal, and recycling. Many communities are now examining how they could better tap these purchasing opportunities to spur local economic development and job creation. On the other hand, these anchor institutions own and operate many energy inefficient buildings that could be retrofitted in order to save operating costs and meet local climate change mandates, creating many construction jobs in the process.

The second “economic development” component is entrepreneurial capacity. Several papers demonstrate the ability of social enterprises to generate revenue and profits while providing job opportunities for some of the hardest to employ individuals. Several networks within the social enterprise movement are now scaling across the country in impressive ways. At the same time, self-employment, microenterprise and informal enterprise remain important

sources of income and work for an increasing number of people, not always replacing but certainly supplementing the benefits of more formal jobs. This is especially true for people who experience barriers to work and career advancement, whether criminal record or English language proficiency. This “income patching” approach – supplementing wages with entrepreneurial activity or microenterprise – is entirely absent from the job creation policy debate, despite its prevalence in low-income communities (Edgcomb & Armington 2003). A variety of policies are needed to support this grassroots economic development that taps the entrepreneurial capacities and aspirations of many communities.

We also have included several jobs strategies that are more workforce development oriented – and derive from expanded public and private investment that will create job and skill shortages. One example relates to manufacturing and its need for skill workers for the future as it rebounds in many regions, smaller but modernized and export-driven. A contrasting example is estimating the new jobs or occupations that will be created by the implementation of the Affordable Care Act. It is likely that more paraprofessional jobs will be created to enhance enrollment in benefits and serve as the front end of preventative care. There may be more opportunities to link these jobs to career paths within the changing health-care field.

Taken together, these job creation ideas could create millions of jobs in the relative short term if supported in the right ways. This doesn’t mean big new public programs or federal initiatives. But it would require the smart and sometimes bold use of public and private dollars to enhance local economic development while creating more jobs and economic opportunities for those still struggling in today’s economy.

Conclusion: Lessons from the Search for Job Creation Ideas

The search for good job creation ideas aligned with the principles of job centered economic development is not over. In fact, we feel we have just scratched the surface. Yet, we also have a strong sense that we are reinventing a new way of thinking about jobs and economic development that runs against conventional currents. An overriding issue is who owns enough of these ideas to keep them fresh and alive and advocate for their implementation around the country. We have also been surprised by the relative lack of constructive ideas coming from the private sector or conservative think-tanks, but that may just reflect a different orientation to the meaning of job creation. We have identified several additional challenges about job centered economic development that are worth mentioning.

- Many authors of job creation ideas couldn’t help but posit a major federal role in funding and leading new efforts. We had to re-orient several job creation ideas to states and localities – like a New Deal-like jobs program. At the same time, it’s important to recognize that a federal role will continue, perhaps in new forms as states and cities take more leadership.

- It was very difficult for many authors to estimate the jobs impacts of their strategies and project the costs of creating different kinds of jobs. This exercise quickly got us into the complexity of job retention and creation, indirect jobs, multipliers, and so on. In the end, it proved difficult to get beyond contrasting apples and oranges.
- We were unable to get good jobs proposals on infrastructure and business development that went beyond traditional sources of funding. Many advocate for infrastructure banks but are not as clear about new sources for financing the banks or, in turn, defining the most productive job investments related to infrastructure that would produce jobs. Although there are many great ideas about job creation from small businesses, this constituency is particularly hard to organize, especially informal businesses, and, even though many programs focus on entrepreneurship, it is unclear whether they are producing businesses and jobs.
- Much hope was placed in the green economy and its prospects of self-sustaining business and job creation. Our search for papers occurred as skepticism was growing about the likelihood of major strides in green development. We believe there are still longer-term prospects for growth in this sector that need to be supported even given recent disappointing performance.
- Finally, we have had the uneasy feeling that we are missing some great job creation ideas. A part of this unease is that we have for the most part only drawn from our existing academic, think tank, and practitioner networks – not expanded our networks and idea generators. For example, we had hoped to attract of innovative ideas from the private sector related to in-sourcing or social business, for example.

Job creation has been largely a topic of debate, controversy and intervention at the federal level. But slow, steady national economic progress is insufficient to address the continuing levels of high unemployment around the country – much higher levels when we include those who are simply leaving the labor market. Employment rates have dropped in general and are staggeringly low in many cities and regions.

Most national think tanks, liberal and conservative, have generated job creation ideas that are oriented to national policy and action. Even if they target the unemployed, they rarely create jobs for the neediest, or build upon effective coping strategies such as micro enterprise. While states and localities have an array of job-related policies and investments, including some targeted programs for the disadvantaged, they are mostly concerned with mainstream business development and infrastructure. In most programs, the disadvantaged are an afterthought, a group with needs best addressed once we get the rest of America back to work. Our papers on job-centered economic development offer a contrasting set of approaches that make “equity” or jobs for the unemployed a starting point, and identify policy and investment steps we can take now at the state and local level to create jobs. These ideas range from tapping new economic resources for business development to strengthening small business and micro enterprise to developing strong job access programs with public and private partners

We believe job centered economic development offers a powerful complement to more general job creation efforts at the state and federal levels. A number of these ideas make sense across the board in all states, but many of the ideas need to build on local opportunities and capacities. We do believe that sustaining the disciplined investment in a handful of the most promising job creation ideas would demonstrate the scale opportunities and challenges for job centered economic development. But the question remains of who would take up the scaling of job centered economic development in this way. A recent op-ed in the *New York Times* suggested that we are entering a post-work society in which technology and global markets have made jobs irrelevant and unattainable for a growing portion of the labor force (Douthat 2013). We believe that such a perspective and prospect has grave outcomes for low-income communities in search of ways to generate incomes and structure livelihoods and community building. Job-centered economic development offers a way to begin thinking about job creation in a way that joins the power of markets with a strong commitment to equity and social benefits.

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ⁱ This has played out dramatically in the implementation of green jobs programs, where longstanding construction unions have fought community-based organizations for work in energy efficiency retrofits.

ⁱⁱ The few studies that have addressed this issue found impacts ranging from negligible to potentially positive. For example, the California Legislative Analyst's Office (LAO) "found little evidence that redevelopment increases jobs" and Byrne (2009) found "no general impact of TIF use on employment." However, Byrne also found that TIF districts supporting industrial development, specifically, "may have a positive effect on municipal employment."