

The American Jobs Act: The Impact for African-American Families and the Economy

Written by Trice Edney Newswiere
Thursday, 15 September 2011 00:00



President believes that inaction is not an option...

On the heels of President Barack Obama's Sept. 8 jobs speech, the White House has released a report specifically outlining the impact of his proposal on African-Americans who have been hardest hit by the economic crisis.

"The American Jobs Act reflects a commitment to strengthen the recovery and help increase access to jobs for all Americans. With unemployment among African-Americans at an unacceptably high rate of 16.7 percent – and 1.4 million African-Americans out of work for more than six months – the President believes that inaction is not an option," said the report, posted on Whitehouse.gov. "That's why the President is putting out a plan to increase the pace of job creation, and why he is committed to fighting for Congress to act on this plan. These measures – which will expand opportunities for the long-term unemployed to reenter the workforce, provide incentives for businesses to hire, and make investments in revitalizing schools, infrastructure and neighborhoods – will help create much needed new job opportunities in African-American communities and across the country.

President Obama delivered the forceful speech before a joint session of Congress despite disgruntled Republicans who listened only half-heartedly and some who even boycotted the address. On the other hand, members of the Congressional Black Caucus, who toured the hard-hit areas of the country with a job fairs this summer, applauded the Obama speech as being reflective of many of their suggestions.

"I am sending this Congress a plan that you should pass right away. It's called the American Jobs Act. There should be nothing controversial about this piece of legislation. Everything in here is the kind of proposal that's been supported by both Democrats and Republicans – including many who sit here tonight. And everything in this bill will be paid for. Everything," President Obama told the Congress. "The question is whether, in the face of an ongoing national crisis, we can stop the political circus and actually do something to help the economy; whether we can restore some of the fairness and security that has defined this nation since our beginning."

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CBC Chairman Emanuel Cleaver (D-Mo.) had warned that some Blacks may stay at home instead of vote in 2012 if the President did not deal powerfully with the jobless rate. In response to Obama's speech, Cleaver said, "We are pleased that he is taking a step in the right direction. We are especially pleased about the synergy between the proposal presented by us and the proposal he submitted to Congress for consideration this evening. President Obama presented a bipartisan solution - something we can all support regardless of political affiliation."

Cleaver specifically pointed out agreement with Obama's proposal to modernize schools by installing science labs and high speed internet in classrooms in order to ensure long term global competitiveness. Cleaver expressed concern about where the additional budget cuts, expressing hopes that additional cuts "must come from defense spending, which exceeded \$685.1 billion in Fiscal Year 2010."

Most of the benefits of the American Jobs Act to African-Americans, as outlined by the White House, are as follows:

- The extension of unemployment insurance will benefit 1.4 million African-Americans and their families: At the same time, the President is proposing bipartisan reforms that will enable that – as these families continue to receive UI benefits – the program is better tailored to support reemployment for the long-term unemployed.
- Support for subsidized jobs and summer/year-round jobs for African-American youth – for whom unemployment is above 30 percent: In an environment with an unemployment rate of 32.4 percent for African-American youths, the President is proposing to build on successful programs like the TANF Emergency Contingency Fund to create jobs and provide training for those hardest-hit by the recession.
- An extension and expansion of the payroll tax cut for nearly 20 million African-American workers: By extending the payroll tax cut for employees next year and expanding it to cut payroll taxes in half, the President's plan will help increase the paychecks of nearly 20 million African-American workers – providing them with more money to spend in their communities.
- Providing tax cuts that will help over 100,000 African-American-owned small businesses: The President is proposing tax cuts that will go to every small business nationwide – including over

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100,000 African-American-owned small businesses. These tax cuts will cut employer payroll taxes in half for these businesses, provide them with an added bonus for increasing their payroll, and extend 100 percent expensing provisions that provide an incentive for investment.

- **Helping African-American-owned small businesses access capital and grow:** The President's plan includes administrative, regulatory and legislative measures – including those developed and recommended by the President's Jobs Council – to help small firms start and expand. This includes changing the way the government does business with small firms and working with the SEC to conduct a comprehensive review of securities regulations from the perspective of these small companies to reduce the regulatory burdens on small business capital formation in ways that are consistent with investor protection. In addition, the President is calling for comprehensive patent reform, increased guarantees for bonds to help small businesses compete for infrastructure projects and the removal of burdensome withholding requirements that keep capital out of the hands of job creators.

- **Project Rebuild - Putting people back to work rehabilitating homes, businesses and communities:** The President is proposing to invest \$5 billion in a national effort to put construction workers on the job rehabilitating and refurbishing hundreds of thousands of vacant and foreclosed homes and businesses. Building on proven approaches to stabilizing neighborhoods with high concentrations of foreclosures, Project Rebuild will bring in expertise and capital from the private sector, focus on commercial and residential property improvements, and expand innovative property solutions like land banks. This approach will not only create construction jobs but will help reduce blight and crime and stabilize housing prices in areas hardest hit by the housing crisis.

- **Targeted investments to modernize schools serving low-income students – from science labs and Internet-ready classrooms to renovated facilities:** The President is proposing a \$25 billion investment in school infrastructure that will modernize at least 35,000 public schools – investments that will create jobs, while improving classrooms and upgrading our schools to meet 21st century needs. Funds could be used for a range of emergency repair and renovation projects, greening and energy efficiency upgrades, asbestos abatement and removal, and modernization efforts to build new science and computer labs and to upgrade technology in our schools. And they would be targeted at the lowest-income districts – with \$4 billion, or \$10 billion, directed towards the 100 largest high-need public school districts. The President is also proposing a \$5 billion investment in modernizing community colleges, bolstering their infrastructure in this time of need while ensuring their ability to serve future generations of students and communities.

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- Putting construction workers back on the job by modernizing infrastructure – with a focus on expanding access to these jobs: In order to jump start critical infrastructure projects and create hundreds of thousands of jobs, the President’s plan includes \$50 billion in immediate investments for highway, highway safety, transit, passenger rail, and aviation activities – with one fifth of the funding advancing a transformation of how we finance transportation infrastructure and what we finance. To ensure that the employment benefits of these projects can be broadly shared, the President’s plan would invest an additional \$50 million in 2012 to enhance employment and job training opportunities for minorities, women, and socially and economically disadvantaged individuals in transportation related activities, including construction, contract administration, inspection, and security. His plan will also invest an additional id="mce_marker"0 million in 2012 to help minority-owned and disadvantaged business enterprises gain better access to transportation contracts. And it will ensure that infrastructure investments allow for the hiring of local workers, to maximize economic benefits for communities where projects are located.
- Extending unemployment insurance so that 1.4 million African-Americans looking for work do not lose their benefits: In December, the President successfully fought for unemployment insurance to be extended. The President has called for a further extension into 2012 to prevent 1.4 million African-Americans from losing their benefits next year.
- Targeted support to help the long-term unemployed get back to work: The recession pushed long-term unemployment rates to its highest levels since the Great Depression – with an estimated 1.4 million African-Americans out of work for more than six months. The President’s plan is targeted directly at helping these Americans get back to work by, for example: Establishing tax credits for hiring the long-term unemployed; creating “Bridge to Work” programs enabling states to put in place reforms that build off what works in existing programs; granting wage Insurance to help states use UI to encourage older, long-term unemployed Americans to return to work in new industries or occupations; and giving startup Assistance to help long-term unemployed workers create their own jobs by starting their own small businesses.
- Prohibiting employers from discriminating against unemployed workers: The President’s plan calls for legislation that would make it unlawful to refuse to hire applicants solely because they are unemployed or to include in a job posting a provision that unemployed persons will not be considered. Members of the Congressional Black Caucus have also proposed making discrimination against the unemployed illegal, in response to “widespread reports of job listings that explicitly exclude unemployed applicants.”
- Investing in low-income youth and adults: The President is proposing a new Pathways Back to

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Work Fund to provide hundreds of thousands of low-income youth and adults with opportunities to work and to achieve needed training in growth industries. The Initiative will support summer and year-round jobs for youth. The new Pathways Back to Work Fund will provide states with support for summer job programs for low-income youth in 2012, and year-round employment for economically disadvantaged young adults; it will provide subsidized employment opportunities for low-income individuals who are unemployed; and it will support for local efforts to implement promising work-based strategies and to provide training opportunities.

- Cutting the payroll tax next year — benefitting nearly 20 million African-American workers: The President is proposing to extend and expand the payroll tax cut passed last December, increasing it to 3.1 percent for 2012. In total, this will help nearly 20 million African-American workers who pay payroll taxes.

“To ensure that the American Jobs Act is fully paid for, the President will call on the Joint Committee to come up with additional deficit reduction necessary to pay for the Act and still meet its deficit target,” the report says. “The President will, in the coming days, release a detailed plan that will show how we can do that while achieving the additional deficit reduction necessary to meet the President’s broader goal of stabilizing our debt as a share of the economy.

These and other measures are contingent upon the Congress passing the Act. President Obama said in his speech: “Regardless of the arguments we’ve had in the past, regardless of the arguments we’ll have in the future, this plan is the right thing to do right now. You should pass it. And I intend to take that message to every corner of this country. I also ask every American who agrees to lift your voice and tell the people who are gathered here tonight that you want action now.”

For greater details, see: http://www.whitehouse.gov/sites/default/files/image/af-am_sheet_9-8_final_version.pdf

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