

## THE AMERICAN JOBS ACT: IMPACT FOR WOMEN AND THE ECONOMY

The American people understand that the economic crisis and the deep recession weren't created overnight and won't be solved overnight. The economic security of the middle class has been under attack for decades. That's why President Obama believes we need to do more than just recover from this economic crisis – we need to rebuild the economy the American way, based on balance, fairness, and the same set of rules for everyone from Wall Street to Main Street. This is especially true in helping women get back to work, as employment growth for women has been slower than men during the recovery. Today nearly two-thirds of women are breadwinners or co-breadwinners for their families, so it's critical that any plan for recovery and job growth include opportunities for women. To create jobs for these women, and help women business owners expand, the President unveiled the American Jobs Act – nearly all of which is made up of ideas that have been supported by both Democrats and Republicans, and that Congress should pass right away to get the economy moving now.

- **Preventing up to 280,000 teacher layoffs – keeping teachers in the classroom:** The President's plan will invest \$30 billion to help prevent up to 280,000 teacher layoffs, along. If these layoffs were to occur, they would disproportionately impact women, who make up about 78% of pre-K- to 12 teachers.
- **New investments will modernize and revitalize schools, communities, and infrastructure:** The President is proposing investments that will modernize at least 35,000 schools, revitalize communities hardest-hit by foreclosures, and expand investments in roads, rail, transit, and airports – along with a commitment to create infrastructure employment opportunities for minorities, women, and socially and economically disadvantaged individuals.
- **An extension of unemployment insurance that will prevent 2.6 million women from losing their benefits:** The President is calling for an extension of unemployment insurance, which would prevent some of the 2.6 million American women who are currently receiving unemployment benefits from losing a crucial lifeline. This extension would be paired with reforms to help the program better serve the long-term unemployed – including the 2.8 million women who have been unemployed longer than six months.
- **Supporting job training and successful subsidized employment approaches:** The President's plan would create a new Pathways Back to Work Initiative that would support successful subsidized employment programs and work-based job training that builds skills and connect participants to work. This Initiative could provide job opportunities and vital work-based training to hundreds of thousands of low-income women, many of whom are single mothers.
- **Over 75 million women will benefit from the extension of the payroll tax cut.** By extending the payroll tax cut next year, the President's plan will help increase the paychecks of 77.9 million women in the workforce – providing them with more money to support their families and spend in their communities.

## **WHAT THE PLAN WILL DO**

### **Tax Cuts to Help Women-Owned Small Businesses Hire and Grow**

- *Cutting Payroll Taxes in Half for Over 900,000 Women-Owned Small Businesses:* The President is proposing tax cuts that will go to every small business nationwide – including over 900,000 women-owned small businesses.

*Example:* A small business has 40 employees, with an average salary of \$40,000 a year – meaning a total payroll of \$1.6 million. The business adds another 20 employees with the same average salary. Under the President’s plan, the business would receive a \$49,600 tax cut on the payroll taxes of their existing employees, and another \$49,600 tax cut due to the new employees.

- *Helping Women-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.

### **Preventing Teacher Layoffs and Putting Workers Back on the Job Repairing Schools**

- *Avoiding Teacher Layoffs – Keeping Workers Employed and Supporting Education:* The President’s plan will invest \$30 billion to prevent up to 280,000 teacher layoffs. These efforts will help ensure that schools are able to keep teachers in the classroom, preserve or extend the regular school day and school year, and also support important after-school activities. Preventing teacher layoffs is particularly important for women—who make up about 78% of pre-K to 12 teachers.

#### **What Others Have Said About Avoiding Teacher Layoffs:**

- The Institute for Woman’s Policy Research has said they would like see “federal transfers to state and local governments to replace their lost revenues and enable them to hire back the teachers, case workers, nurses and others they have laid off.” Additionally they said these actions would be “quick acting and would help a lot of women.” (August 2011)
- Several groups, including the Wider Opportunities for Women and National Organization for Women have jointly stated that “among the jobs that will

increase women's employment greatly are those that increase the number of teachers, child care and health and human service workers.” (August 2011)

- 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 21<sup>st</sup> 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. 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.
- 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 \$10 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.

What Others Have Said About Expanding Job Training in Fields Where Women are Underrepresented:

- As a group of leading women's organizations recently wrote in a letter to the President, “Only a handful of women are on the crews building roads and bridges, remodeling and improving our crumbling physical infrastructure. More can and must be done to ensure that women are trained and have access to these jobs.” (August 2011)
- Project Rebuild: Putting People Back to Work Rehabilitating Homes, Businesses and Communities. The President is proposing to invest \$15 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. This effort 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

What Others Have Said About School Construction and Revitalizing Communities:

- The Institute for Women’s Policy Research has expressed support for measures to modernize schools, calling for a “large scale program” that would “include construction, but also a variety of service jobs.” They share our belief that policies like ours could “provide skills training at the same time cities in need are revitalized,” and that the plan should provide extra opportunities in these fields for women. (August 2011)

**Pathways Back to Work for Women Looking for Jobs.**

- An Extension of Unemployment Insurance that Will Help 2.6 Million American Women Who Would Otherwise Lose Their Unemployment Benefits: In December, the President successfully fought for unemployment insurance to be extended – keeping nearly 7 million workers from losing their benefits this year. The President has called for a further extension into 2012 to prevent some of the 2.6 million American women who are currently receiving unemployment insurance from losing their benefits next year.
  - Maintaining UI Benefits Is Critical Not Only to UI Recipients, But Also to Their Families: According to a report by the Council of Economic Advisers last year, while 14 million people received federally supported unemployment insurance benefits through 2010, an additional 26 million people living in their households benefitted indirectly.
- Targeted Support to Help The Long-Term Unemployed Get Back to Work: The recession pushed long-term unemployment to its highest level since 1948, the first year for which such data are available – with an estimated 2.8 million women out of work for more than six months. The President’s plan is targeted directly at helping these key breadwinners get back to work by, for example:
  - Tax credits for hiring the long-term unemployed: The President is proposing a tax credit to provide up to \$4,000 for hiring workers who have been looking for a job for over six months.
  - “Bridge to Work” Programs: States will be able to put in place reforms that build off what works in programs like Georgia Works or Opportunity North Carolina, while instituting important fixes and reforms that ensure minimum wage and fair labor protections are being enforced. These approaches permits long-term unemployed workers to continue receiving UI while they take temporary, voluntary work or pursue work-based training. The President’s plan requires compliance with applicable minimum wage and other worker rights laws.
  - Wage Insurance: The President’s plan would let states use federal funds to set up wage insurance programs for older workers, helping those who must take a loss of pay to return to work.

- Startup Assistance: States will have flexibility to support long-term unemployed workers in efforts to create their own jobs by starting their own small businesses.
- Work-sharing to help avoid layoffs: The President is proposing to expand work-sharing to encourage arrangements using unemployment insurance that keep employees on the job at reduced hours, rather than laying them off.

What Others Have Said About Work-sharing Programs:

- The group Wider Opportunities for Women wrote: “These programs save taxpayer dollars and help businesses retain skilled workers they have spent time and money to hire and train. ... Employers are able to remain competitive by lowering costs and keeping a skilled workforce. Employees are able to keep their jobs and health benefits.”
- Investing in Training and Other Pathways Back to Work: Building on highly successful Recovery Act programs that provided job opportunities for low-income adults and youths, the President’s *Pathways Back to Work Fund* will make it easier for workers to remain connected to the workforce and gain new skills for long-term employment. The Initiative will include:
  - Support for 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, including the 15.6 % of females ages 16-24 who are unemployed, in 2012 and 2013, and will build on that success by supporting year-round employment for economically disadvantaged young adults.
  - Subsidized employment opportunities for low-income individuals who are unemployed, building off the successful TANF Emergency Contingency Fund program that placed more than 260,000 low-income adults and youth in paid jobs during a time of high unemployment, according to the Center on Budget and Policy Priorities.
  - Support for local efforts to implement promising work-based strategies and to provide training opportunities with good records of placing low-income adults and youths in jobs quickly.

What Others Have Said About on the Job Training:

- The group Wider Opportunities for Women has called for the provision of “stipends and subsidized wages for youth and adults while they develop job skills,” and that these subsidies should be targeted to special populations including low-income adults.
- 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.

### **More Money in the Pockets of Every American Working Woman and their Family**

- *Cutting the Payroll Tax in Half Next Year — Benefitting 77.9 Million Women:* The President is proposing to extend and expand the payroll tax cut passed last December, increasing it to 3.1% for 2012. In total, this will help the 77.9 million women who pay payroll taxes. Because the payroll tax applies at the same rate on the first \$106,800 of wages regardless of how many hours an employee works, it provides the same benefit for part-time workers or others who may have flexible work arrangements.

*Example:* A household with \$50,000 in income – near the median for all U.S. households – would typically pay about \$3,100 in Social Security taxes. In 2011, that household would receive a payroll tax cut of \$1,000. Under an expansion of the payroll tax cut, they would receive a tax cut of about \$1,500.

- *Helping More Americans Refinance Mortgages at Today's Historically Low Interest Rates::* The President has instructed his economic team to work with Fannie Mae and Freddie Mac, their regulator the FHFA, major lenders and industry leaders to remove the barriers that exist in the current refinancing program (HARP) to help more borrowers benefit from today's historically low interest rates. This has the potential to not only help these borrowers, but their communities and the American taxpayer, by keeping borrowers in their homes and reducing risk to Fannie Mae and Freddie Mac.

### **Fully Paid for As Part of the President's Long-Term Deficit Reduction Plan**

- 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 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.