

Contact: Mark Primoff
845-758-7412
primoff@bard.edu

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**FEDERAL JOB GUARANTEE PROGRAM WOULD CREATE MILLIONS OF NEW JOBS
AND BOOST GDP AND PRIVATE SECTOR GROWTH, WITH MINIMAL IMPACT ON
INFLATION, NEW LEVY INSTITUTE REPORT SAYS**

ANNANDALE-ON-HUDSON, N.Y.— Despite headline-grabbing reports of a healthy U.S. labor market, millions of Americans remain unemployed and underemployed. In recent months, interest in the creation of a national “job guarantee” has surged. These proposals recognize the failure of the nation to provide work opportunities for millions of Americans who want and need jobs, and look to address the impacts of growing inequality across the United States. A new Research Project Report from the **Levy Economics Institute of Bard College**, *Public Service Employment: A Path to Full Employment*, argues that creating a new nationwide Public Service Employment (PSE) program would have substantial and extensive macroeconomic benefits, including creating millions of new jobs at a living wage, boosting GDP and private sector employment, improving state-level government budgets, and reducing poverty.

Levy Senior Scholar L. Randall Wray, Research Associates Stephanie Kelton and Pavlina Tcherneva, and economists Scott Fullwiler and Flavia Dantas propose a blueprint for the creation of a PSE program that would offer a job at a living wage to all who are ready and willing to work. This “job guarantee” program would provide employment to all who need work by drawing from the pool of the otherwise unemployed during recessions and shrinking as private sector employment recovers. Federally funded but with a decentralized administration, the scholars’ proposed PSE program would pay \$15 per hour for both full- and part-time positions and offer benefits that include health insurance and childcare. In addition to guaranteeing access to work on projects that serve a public purpose, the PSE program would establish effective minimum standards for wages and benefits.

“We see the PSE program as part of a restructuring of the economy that represents a radical departure from the neoliberalism that has dominated national policy for the past four decades,” the authors write. “Neoliberal doctrine has resulted in stagnant wages, chronically high unemployment, declining labor force participation among prime-age male workers, rising inequality that already exceeds the levels achieved during America’s notorious ‘Gilded Age,’ and an explosion of household debt.”

Examining the impact of their proposal over a 10-year period, the scholars write that the PSE would create approximately 15 million public service jobs, drawing participants from among the

unemployed, the underemployed, and those out of the labor force; boost inflation-adjusted GDP by \$560 billion per year; increase private sector employment by 4.2 million due to the “multiplier effects” of the program; and improve state-level government budgets by \$53 billion per year. They estimate that one full-time worker in the PSE program could lift a family of five out of poverty. The proposal’s impact on inflation would be negligible, they write, and the impact on the federal budget would average 1.53 percent of GDP in the first five years, falling to 1.13 percent of GDP over the last five years.

“In addition to these measured benefits, the PSE program would lower spending by all levels of government as well as by businesses and households on a range of costly problems created by unemployment,” the authors write. “It is possible that the program would ‘pay for itself’ in terms of savings due to reduced crime, improved health, greater social and economic stability, and larger reductions in Medicaid and EITC expenditures than those assumed in the simulations. The projects undertaken in every community would provide visible benefits, meeting specific local needs through work that involves care for people, communities, and the environment.”

Most of the PSE jobs created will provide public services in nonprofit community organizations, public schools, and state and local governments, the authors write, recommending that the federal government’s role be largely confined to providing administrative services (through local employment offices), project evaluation, and funding of wages, benefits, and some materials costs. Furthermore, they stress that PSE job creation should not pull workers out of existing jobs in the private sector. “By design, employment in the PSE program will move in a countercyclical pattern—growing in downturns and shrinking in recoveries as workers are pulled into the private sector,” they write. “This helps to stabilize economic activity and household incomes.”

“Unemployment, hidden and official, with all of its attendant social harms, is a policy choice,” the authors conclude. “The results in this report lend more weight to the argument that it is a policy choice we need no longer tolerate. True full employment is both achievable and sustainable.”

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Research Project Report 2018: *Public Service Employment: A Path to Full Employment*

To read the full text of this policy paper or to learn more about the Levy Economics Institute of Bard College, please visit levyinstitute.org.

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