



## The Infrastructure Trust/Jobs initiative

### Simultaneously Building Infrastructure and Expanding Employment in a Time of Crisis

#### Executive Summary

This Infrastructure Trust/Jobs Initiative<sup>1</sup> will see ten years of revenue at one trillion dollars a year to provide new schools and restoration, rebuild bridges and roads, renovate the grid, build rapid rail, develop lower-middle income housing. Federal money would be made available to states and localities for these investments.

The revenue for this program would come from the top 1% of wealth, through a 5% tax sunset at the end of ten years, producing \$1,250,000,000.00 per year<sup>2</sup>. The top 1% of wealth holders in the U.S. own more than the bottom 80%, so that a ten-year sunset tax can be framed as not permanently “gouging” the rich, and at the same time not adding to the tax burden of the public at large. Over the ten years, additional funding, if needed, would be available through two additional sources:

- A. Closing the gap between capital gains taxes and personal income tax rates. Mandating that after ten years, the relationship between those two taxes could be revisited.
- B. Job creation would generate tax revenues. Most importantly, adding to the state and local treasuries, currently under such severe assault.

#### Introduction

From the macroeconomic perspective, the U.S. economy relies heavily on a vast network of infrastructure of roads, freight rail and ports, electrical grids and internet provision, etc. From the perspective of households, high quality jobs are critical to supporting a basic living standard and overall well-being. The urgent needs for improving national infrastructure and creating more high-quality jobs are intertwined. U.S. infrastructure systems face major shortfalls while the U.S. labor market also experience lower labor participation rates and higher unemployment and

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<sup>1</sup> Dr. Colin Greer, President, New World Foundation and Advisory Council Member, Anchor Institutions Task Force developed this idea.

<sup>2</sup> Based on a Brookings Institution estimate.



rising inequality, which is dramatically exacerbated by the pandemic. Infrastructure investment could directly help create more jobs, improve economy the and generate taxes, and is particularly effective at local level. Therefore, the Infrastructure Trust/Jobs initiative is proposed to impact change at the level of “lived reality” for working people in their communities and in the workplace.

### Rationale for Action

- The U.S. is facing declining infrastructure quality. According to the World Economic Forum's Global Competitiveness Report, in 2019, the United States ranked thirteenth in the world in a broad measure of infrastructure quality—down from fifth place in 2002<sup>3</sup>.
- Before the pandemic, U.S. labor markets have already experienced low labor force participation, wage stagnation and shifting labor market needs.<sup>4</sup>
- Economic trends were already moving toward gigs and part time labor with less income and limited benefits. According to the ILO monitor<sup>5</sup>, workplace closures continue to disrupt labor markets around the world, and the high working-hour losses have translated into substantial losses in labor income.
- “Distressed communities—almost one-sixth of the U.S. population—are those in which the employment rate of “prime-age” workers (ages 25 to 54) is significantly below the national average. Without policy intervention, distressed communities tend to stay distressed.”<sup>6</sup>
- “It is widely accepted that investments in infrastructure can lead to direct and indirect jobs, and usually have spillover effects into other economic opportunities.”<sup>7</sup>

<sup>3</sup> McBride, J. and Moss, J, 20020. The State of U.S. Infrastructure. Council on Foreign Relations. Available at: <https://www.cfr.org/backgrounder/state-us-infrastructure>

<sup>4</sup> Gallup, 2019. Great Jobs Demonstration Survey. 2019. Available at: <https://www.gallup.com/education/267590/great-jobs-lumina-gates-omidyar-gallup-quality-report-2019.aspx>

<sup>5</sup> ILO Monitor: COVID-19 and the world of work. Sixth edition by [International Labor Organization](https://www.ilo.org/)

<sup>6</sup> Bartik, T.J. 2020. Helping America’s distressed communities recover from the COVID-19 recession and achieve long-term prosperity. The Brookings Institution, September 23. Available at: [https://www.brookings.edu/research/helping-americas-distressed-communities-recover-from-the-covid-19-recession-and-achieve-long-term-prosperity/?preview\\_id=1054045](https://www.brookings.edu/research/helping-americas-distressed-communities-recover-from-the-covid-19-recession-and-achieve-long-term-prosperity/?preview_id=1054045)

<sup>7</sup> Parikh, V., Jijo, M. and Aritua, B., 2018. How can new infrastructure accelerate creation of more and better jobs? World Bank Blogs. Available at: <https://blogs.worldbank.org/jobs/how-can-new-infrastructure-accelerate-creation-more-and-better-jobs>



- Job creation will generate tax revenues. Most importantly, adding to the state and local treasuries, currently under such severe assault.
- Job creation for individuals will provide greater capital at the community level, which will increase homeownership, bring about greater racial equity, strengthen families and neighborhoods, and rebuild communities.
- Beyond the community level, the Infrastructure Trust/Jobs initiative could provide lessons that will influence how particular businesses and industries will approach infrastructure building and job creation, and inform economic policy at local, state, and federal levels.

### Policy Options

- Public policy has not nearly sufficiently addressed the importance of infrastructure and job creation.
- While some programs exist, they are not sufficient given the magnitude of need, especially given the crises we face.
- Infrastructure projects could be financed through raising taxes on the wealthy, which could also help mitigate the problem of increasing wealth inequality. The top 1% of wealth holders in the U.S. own more than the bottom 80%.
- Policymakers should consider drawing the lines for basic conditions like job security, the level of pay, sufficient working hours according to local conditions.

### Policy Recommendations

- Create an infrastructure trust to last for ten years and generate revenue of one trillion dollars a year to provide new schools and restoration, rebuild bridges and roads, renovate the grid, build rapid rail, develop lower-middle income housing. Federal money would be made available to states and localities for these investments.
- Achieve green compliance in delivery. Make sure the infrastructure building projects are lean-green, process-based and properly implemented.
- Impose a 5% sunset tax to the top 1% of wealth as revenue for this program.



- A ten-year sunset tax can be framed as not permanently “gouging” the rich, and at the same time not adding to the tax burden of the public at large.
- This financing model avoids debt financing, thus not adding to the Federal deficit. Given that so many initiatives are supported through debt, it is important to ensure that the prospect of debt does not inhibit urgently-needed infrastructure and employment policies.
- Engage all levels of government across federal, state, and local levels in these recommendations to ensure collaboration and coordination from the national to the local.
- Introduce and leverage existing place-based jobs policies that provide assistance to individual businesses to encourage job growth in a particular local labor market. These policies include business tax incentives, cash grants, and special public services to business such as customized job training, business development centers, etc.<sup>8</sup>.
- Make block grants to distressed communities to empower local leaders to address the lack of job opportunities that keeps these areas persistently distressed. The grants could be used for land development, infrastructure, job training, better information for residents on job opportunities, and supportive programs for job retention<sup>9</sup>.
- Emphasize the importance of services to children and safety. Identify the needs of children, young people and their families. Support parents and families in their important job of caring for their children at home. Make comprehensive job safety policies and standards particularly for the infrastructure investment projects.
- Focus on skill-based approach such as transferable skills training, which could both pave the way for lower-wage workers to move up to higher-paying positions and help meet the talent needs of employers<sup>10</sup>.
- Support investments in healthcare infrastructure and technology. Recognizing the significant need for significant capacity in health systems made so apparent during the

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<sup>8</sup> Bartik, T. J. (2020). Using place-based jobs policies to help distressed communities. *Journal of Economic Perspectives*, 34(3), 99-127.

<sup>9</sup> Bartik, T. J. (2020). Helping America’s distressed communities recover from the COVID-19 recession and achieve long-term prosperity. The Brookings Institution, September 23. Available at: [https://www.brookings.edu/research/helping-americas-distressed-communities-recover-from-the-covid-19-recession-and-achieve-long-term-prosperity/?preview\\_id=1054045](https://www.brookings.edu/research/helping-americas-distressed-communities-recover-from-the-covid-19-recession-and-achieve-long-term-prosperity/?preview_id=1054045)

<sup>10</sup> Federal Reserve Bank of Cleveland (2020) Rethinking Occupational Mobility in a Post-Crisis Economy. Available at: <https://www.clevelandfed.org/~media/content/newsroom%20and%20events/press%20releases/opportunity%20occupations%20skills%20based%20mobility%20pdf.pdf?la=en>

pandemic, a stronger healthcare industry would better prepare to meet the challenges created by social determinants of health for the most underserved populations.<sup>11</sup>

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<sup>11</sup> This would complement President Biden’s Executive Order for a national Public Health Job Corps. <https://insidehealthpolicy.com/daily-news/biden-establishes-public-health-job-corps-aid-covid-19-response>



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