

**THE AMERICAN JOBS ACT:  
THE IMPACT FOR HISPANIC FAMILIES AND THE ECONOMY**

The American Jobs Act reflects a commitment to strengthen the recovery and help increase access to jobs for all Americans. Hispanic families, who will account for 65% of the Nation's population growth between 2010 and 2050, will help form the backbone of America's labor force in the coming decades. However, according to the Pew Research Center, these same families also experienced a 66% decline in median wealth from 2005 to 2009. With unemployment among Hispanics at an unacceptably high rate of 11.3% – and nearly 1 million Hispanic Americans out of work for six months or more – the President believes that we must take action to support the hard working families that drive our nation's prosperity and growth. That's why the President is putting forward a plan to increase the pace of job creation in America, and why he is committed to fighting for Congress to act on this plan:

- **Tax cuts to benefit 250,000 Hispanic-owned small businesses.** The President is proposing tax cuts that will go to every small business nationwide, providing incentives to hire and make new investments.
- **The extension of unemployment insurance will benefit 1.1 million Hispanics and their families, while providing targeted support for the long-term unemployed.** In addition to extending unemployment insurance, the President is calling for reforms and tax incentives that will help the long-term unemployed – including the nearly 1 million Hispanics who have been out of work for six months or more – find a job.
- **“Pathways Back to Work” will support subsidized jobs and summer/year-round jobs for low-income youth and adults.** With an unemployment rate of 19.3% for Hispanic 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 estimated 25 million Hispanic workers 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 25 million Hispanic workers – providing them with more money to spend in their communities and support their families.
- **A commitment to rebuilding and revitalizing communities across the country will target investments to the communities hardest-hit by the recession.** The President's investments in infrastructure include a school construction initiative with a significant commitment to the largest urban school districts, an investment in revitalizing communities that have been devastated by foreclosures, and a new initiative to expand infrastructure employment opportunities for minorities, women, and socially and economically disadvantaged individuals.

## **WHAT THE PLAN WILL DO**

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

- *Providing Tax Cuts That Will Help About 250,000 Hispanic-Owned Small Businesses:* The President is proposing tax cuts that will go to every small business nationwide – including about 250,000 Hispanic-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% expensing provisions that provide an incentive for investment.

*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 Hispanic-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.

### **Putting Hispanic Workers Back on the Job While Rebuilding and Modernizing America**

- *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. 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.

What Others Have Said About Rehabilitating Communities:

- The National Council of La Raza: “Put people to work revitalizing their communities... Provide resources for local government and nonprofit organizations to hire workers to carry out neighborhood revitalization in areas devastated by foreclosures” (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. And they would be targeted at the lowest-income districts – with 40%, 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.

What Others Have Said About Modernizing Schools:

- ASPIRA: “ASPIRA supports school construction and modernization efforts” and “favors extending the program to charter schools and other nonprofit educational facilities” (2007).
- Congressman Raúl M. Grijalva, Chair of the Congressional Hispanic Caucus’ Education and Job Training Task Force: “funds to our struggling schools and colleges for school construction and modernization” are “desperately needed.” (January 29, 2009).
- The League of United Latin American Citizens: “Public schools should be improved and rehabilitated, and be provided with adequate funding to do so.” (2011).
- 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 Infrastructure Investment:*

- The Congressional Hispanic Caucus: “investments in mass transit and affordable housing will translate to overall improved neighborhoods for Latinos, and particularly for the 2.77 million that work in the construction sector” (January 29, 2009).
- *Preventing Layoffs of Teachers, Cops and Firefighters:* The President is proposing to invest \$35 billion to prevent layoffs of up to 280,000 teachers, while supporting the hiring of tens of thousands more and keeping cops and firefighters on the job. These funds would help states and localities avoid and reverse layoffs now, requiring that funds be drawn down quickly. Under the President’s proposal, \$30 billion be directed towards educators and \$5 billion would go to the cops and firefighters who keep our communities safe.
- *Tax Credits and Career Readiness Efforts to Support Veterans’ Hiring:* The President is proposing a Returning Heroes Tax Credit of up to \$5,600 for hiring unemployed veterans who have been looking for a job for six months or more, and a Wounded Warriors Tax Credit of up to \$9,600 for hiring unemployed workers with service-connected disabilities who have been looking for a job for six months or more, while creating a new task force to maximize career readiness of servicemembers.

**Pathways Back to Work for Hispanics Looking for Jobs**

- *Extending Unemployment Insurance So That 1.1 Million Hispanics 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 1.1 million Hispanics 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 nearly 1 million Hispanics 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:

- 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: States will be able to use UI to encourage older, long-term unemployed Americans to return to work in new industries or occupations.
- Startup Assistance: States will have flexibility to help long-term unemployed workers create their own jobs by starting their own small businesses.
- Other Reemployment Reforms: States will be able to seek waivers from the Secretary of Labor to implement other innovative reforms to connect the long-term unemployed to work opportunities.
- 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.
- Investing in Low-Income Youth and Adults: The President is proposing a new *Pathways Back to 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 do three things:
  - Support for Summer and Year-Round Jobs for Youth: The Recovery Act provided over 367,000 summer job opportunities through the public workforce investment system to young people in the summers of 2009 and 2010. Such programs not only provided young people with their first paycheck, but taught them life-long employment skills. Building on this success, 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.
  - Subsidized Employment Opportunities for Low-Income Individuals Who Are Unemployed: This effort builds off the successful TANF Emergency Contingency Fund wage subsidy program that supported 260,000 jobs through the recovery. According to an analysis by the Center on Budget and Policy Priorities (CBPP), this

flexible program allowed States to reduce the cost and risk associated with new hiring, encouraging private-sector businesses to hire new workers.

- Support for Local Efforts to Implement Promising Work-Based Strategies and to Provide Training Opportunities: This initiative would support efforts that have good records of placing low-income adults and youths in jobs quickly. Local officials, in partnership with local workforce boards, business, community colleges, and other partners, will be able to apply for funding to support promising strategies designed to lead to employment in the short-term.

What Others Have Said About Investing in Low-Income Youth and Adults:

- The National Council of La Raza: “Invest in job creation for hard-hit communities. For many workers struggling in the current recession, there is no substitute for direct investment in an immediate job” (2011).

**More Money in the Pockets of Every Hispanic Worker, Supporting Local Communities**

- Cutting the Payroll Tax Next Year — Benefitting 25 Million Hispanic Workers: 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 an estimated 25 million Hispanic workers who pay payroll taxes.

*Example:* A household with \$38,000 in income – near the median for Hispanic households nationwide – would typically pay about \$2,350 in Social Security taxes. In 2011, that household would receive a payroll tax cut of \$660. By expanding the payroll tax cut, that household will receive over \$1,100.

**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.