

# **Your Local Questions about the American Jobs Act Answered**

## **1. How will the American Jobs Act create jobs?**

The American Jobs Act puts more people back to work and puts more money in the pockets of working Americans. It includes five key components:

- Tax cuts to help America's small businesses hire and grow– The American Jobs Act provides a tax cut for small businesses to help them hire and expand now, with a full payroll tax holiday for small businesses that grow their payroll by hiring new workers or increasing their wages.
- Investments in jobs and infrastructure to rebuild and modernize America– The President's plan puts more people back to work, including educators laid off due to state budget cuts, first responders and veterans coming back from Iraq and Afghanistan, and construction workers repairing or modernizing bridges, roads and more than 35,000 schools. It will repair and refurbish hundreds of thousands of foreclosed homes and businesses in communities across the country.
- Pathways back to work for Americans looking for jobs– It helps out-of-work Americans by extending unemployment benefits to help them support their families while looking for work, while also reforming the system with work-experience programs that build real skills, connect to real jobs, and help the long-term unemployed. It bans employers from discriminating against the unemployed when hiring, and provides a new tax credit to employers hiring workers who have been out of a job for six months or longer. And it expands job opportunities for hundreds of thousands of low-income youth and adults.
- Tax relief for every American worker and family– The American Jobs Act puts more money in the pockets of working and middle class Americans by cutting in half the payroll tax that comes out of the paycheck of every worker, saving typical families about \$1,500 a year.
- Specific offsets and long-term deficit reduction to fully pay for itself– Lastly, this legislation is fully paid for. The legislation includes specific offsets to close corporate tax loopholes and asks the wealthiest Americans to pay their fair share that more than cover the cost of the jobs measures. The legislation also increases the deficit reduction target for the Joint Committee and voids these specific offsets if the Committee reaches the higher target.

## **2. How can I learn more about what the American Jobs Act means for my state?**

A state-by-state look at the American Jobs Act (with PDF fact sheets) is available at [www.WhiteHouse.gov/JobsAct](http://www.WhiteHouse.gov/JobsAct).

## **3. What can I do to help ensure the American Jobs Act is passed?**

Please consider issuing statements of support, engaging with the local press, holding events and utilizing social media to educate the American people about the Act. Send statements of support and/or questions to [IGA@who.eop.gov](mailto:IGA@who.eop.gov).

## **4. Which grants will be available for local entities?**

The American Jobs Act allows local government entities to receive funds through the following programs:

- National Infrastructure Bank– The American Jobs Act appropriates \$10 billion to establish a National Infrastructure Bank, an independent, professionally-managed institution that provides

credit support to qualified infrastructure projects of regional and national significance, making transparent merit-based investment decisions based in part on the infrastructure projects' ability to repay. The National Infrastructure Bank is based on the model that Senators Kerry and Hutchison have championed with bi-partisan support in the Senate and builds on ideas from Senators Rockefeller and Lautenberg, Representative Rosa DeLauro, and the President's Jobs Council. Local governments will be eligible to apply directly for these loans. For more information, see pages 40-57 of the [American Jobs Act \(full text\)](#).

- Transportation Infrastructure Grants and Financing – \$50 billion of immediate investments in transportation infrastructure will be made available through the American Jobs Act, including \$27 billion for highway systems, \$9 billion for transit systems, \$2 billion for passenger rail, and \$2 billion for airport improvement grants. \$10 billion will also be available for innovative financing and investments, including \$5 billion in TIGER and TIFIA funds and \$4 billion to support the development of high-speed rail corridors. The highway and transit funds will benefit localities throughout the country; a significant percentage of highway funds will be programmed directly at the local level and most transit funds will be allocated to local-level transit authorities. Similarly, the competitive airport improvement grants will also be primarily allocated to local airports. TIGER and TIFIA funds will be awarded on a competitive basis to eligible entities, including local governments. Eligible projects will include highways, public transportation, rail and port infrastructure. For more information, see pages 26-37 of the [American Jobs Act \(full text\)](#).
- Project Rebuild – Project Rebuild will employ construction workers to rehabilitate and refurbish hundreds of thousands of vacant and foreclosed homes and businesses. Using proven approaches to stabilize neighborhoods with high concentrations of foreclosures, Project Rebuild draws on expertise and capital from the private sector, focuses on commercial and residential property improvements, and expands innovative solutions such as land banks. Of the \$15 billion allocated to Project Rebuild, two thirds will be distributed to states and local governments based on a funding formula. The remaining third will be awarded competitively to eligible entities, including cities and counties. For more information, see page 58 of the [American Jobs Act \(full text\)](#).
- Pathways Back to Work – The American Jobs Act allocates \$5 billion to the Department of Labor to provide hundreds of thousands of low-income youth and adults with job opportunities and job training.
  - \$2 billion will fund subsidized employment opportunities for low-income individuals who are unemployed, building off the successful TANF Emergency Contingency Fund wage subsidy program
  - \$1.5 billion will support summer and year-round jobs for youth.
  - \$1.5 billion will fund innovative local work-based job and training initiatives to place 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 directly for the work-based job and training initiatives funding.

For more information, see page 116-117 of the [American Jobs Act \(full text\)](#).

- Keeping First Responders on the Job – \$5 billion is dedicated to preserve first responder jobs and support the hiring and retention of public safety personnel. Of this total, \$4 billion will be distributed competitively through the Department of Justice's Community Oriented Policing Stabilization (COPS) program. All local, state, and tribal law enforcement agencies that have primary law enforcement authority are eligible to apply for COPS grants. The remaining \$1 billion will be competitively awarded through the Department of Homeland Security's First

Responder Stabilization Fund to support hiring, rehiring, or retention of public safety personnel. For more information, see page 17 of the [American Jobs Act \(full text\)](#).

- Keeping Teachers on the Job – \$30 billion will be provided to states to prevent layoffs of up to 280,000 teachers and support the hiring of tens of thousands more. These funds must be made available to local education agencies no later than 100 days after a state receives the grant from the Department of Education. For more information, see pages 13-17 of the [American Jobs Act \(full text\)](#).
- School Modernization – The American Jobs Act makes available \$25 billion in school infrastructure funding to modernize at least 35,000 public schools in urban and rural areas – investments to create jobs, improve classrooms and upgrading schools through energy efficiency and other measures. About \$10 billion will be directly allocated to the 100 local educational agencies with the largest numbers of children living in poverty, with the remainder allocated to states to distribute to local educational agencies. If a state does not apply or use its allocation in a timely manner, the Secretary of Education may reallocate that portion to other states or to local educational agencies within the state. For more information, see pages 17-22 of the [American Jobs Act \(full text\)](#).

#### **5. Will cities and counties be able to apply for direct funding from the National Infrastructure Bank?**

Yes, under the American Jobs Act cities and counties will be able to apply for direct funding from the National Infrastructure Bank. This entity will provide financial assistance for projects that contribute to regional or national economic growth, offer value for money to taxpayers, demonstrate a clear and significant public benefit, and mitigate environmental concerns. To be eligible for assistance, an infrastructure project must have project costs that are reasonably anticipated to equal or exceed \$100 million. A rural infrastructure project must have project costs that are reasonably anticipated to equal or exceed \$25 million.

#### **6. How is the American Jobs Act paid for?**

The American Jobs Act includes specific offsets to close corporate tax loopholes and reduce deductions for the wealthiest Americans, which would more than cover the cost of the jobs measures. The legislation also increases the deficit reduction target for the Joint Committee and voids these specific offsets if the Committee reaches the higher target.

#### **7. How will this Act affect the average American with a job?**

To start, the American Jobs Act would cut payroll taxes in half, resulting in a tax cut for 160 million workers, and \$1,500 for the typical family earning \$50,000 a year. At the same time, the bill includes investments in our schools, communities and infrastructure that will provide benefits to all Americans.

#### **8. How does the American Jobs Act address the needs of the long-term unemployed?**

The American Jobs Act helps out-of-work Americans by extending unemployment benefits to help them support their families while looking for work, while providing states with funding to support targeted reemployment services and innovative programs to help get the long-term unemployed back to work. It bans employers from discriminating against the unemployed when hiring, and provides a new tax credit to

employers hiring workers who have been out of a job for six months or more. For more information, see pages 129-134 of the [American Jobs Act \(full text\)](#).

**9. What is the anticipated impact on small businesses?**

The American Jobs Act includes tax cuts to help small businesses hire and grow – including cutting the payroll tax in half on the first \$5 million in payroll, providing a complete payroll tax holiday for added workers or increased wages, and extending 100 percent expensing provisions that support new investments. These tax cuts will provide \$70 billion in relief for small businesses, while targeting their support in a way that provides incentives to hire and invest.

**10. Would local governments be eligible to receive tax credits for hiring long-term unemployed workers?**

The American Jobs Act provides a payroll tax credit to employers that hire workers who have been out of a job for six months or more. Generally, the credit is available to private businesses or tax-exempt organizations, but would not be available to Federal, State and local government employers (other than state colleges and universities) or with respect to household workers.

**11. My city has seen an increasing number of unemployed youth. What would the American Jobs Act do to help connect low-income youth to job opportunities?**

The American Jobs Act allocates \$5 billion to the Department of Labor to provide hundreds of thousands of low-income youth and adults with job opportunities and with job training that will quickly lead to work. That includes \$2 billion to fund subsidized employment opportunities for low-income individuals who are unemployed, building off the successful TANF Emergency Contingency Fund wage subsidy program, as well as \$1.5 billion to support summer and year-round jobs for youth; states and eligible Tribal entities may apply for these funds. The remaining \$1.5 billion will fund innovative local work-based job and training initiatives to place 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 directly for this funding. For more information, see pages 116-117 of the [American Jobs Act \(full text\)](#).

**12. Are there any provisions in the American Jobs Act to ensure that all construction materials purchased through this Act are produced in the United States?**

Yes, the American Jobs Act includes a “Buy American” clause. None of the funds appropriated or otherwise made available by this Act may be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States.

**13. Can you explain what specifically the President’s plan aims to do to support local hiring on transportation projects?**

The President’s plan will ensure that transportation investments allow for the hiring of local workers, to maximize economic benefits for communities where projects are located. Current law prohibits localities from implementing local hiring preferences on Federal highway projects. Funding provided in the American Jobs Act would allow the use of such preferences to encourage the hiring local workers.