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Groups Call for \$1 billion Liberty Jobs Program to Counteract Massive New York City Job Loss

Rebuilding Funds Should be Used to Create 60,000 Jobs

(New York) In response to the worsening recession in New York City, Brian McLaughlin, President of the New York City Central Labor Council, and James Parrott, Co-Chair of the Labor Community Advocacy Network to Rebuild New York and Chief Economist at the Fiscal Policy Institute, today urged Mayor Bloomberg and Governor Pataki to establish a \$1 billion Liberty Jobs program to put 60,000 people to work. Funding would come out of \$1.2 billion in federal funds under the control of the Lower Manhattan Development Corporation (LMDC) that were provided to repair the economic damage inflicted on New York by the September 11 World Trade Center attack.

Noting that over 300,000 New York City residents are unemployed, **Labor Council President McLaughlin** stated, "Joblessness on the scale New York City is experiencing is terribly destructive to working families and their communities." McLaughlin stressed that since there is no economic rebound in sight, "Now is the time to tap \$1 billion of the LMDC funds to jump start the city economy by putting people back to work." He continued, "Liberty Jobs can help revitalize Lower Manhattan and communities throughout the city while we are all waiting for an economic turnaround, and for the crucial rebuilding of downtown to begin."

James Parrott of LCAN and the Fiscal Policy Institute stated that the trade center attack caused the loss of 80,000 to 100,000 New York City jobs. "The September 11 attack," according to Parrott, "accounts for almost half of the estimated total of 225,000 jobs lost in the city since the onset of the recession in January of 2001." Parrott pointed out that the new data mean that New York City has suffered a loss of 6% of its jobs in the last two years. "Job loss this severe hasn't been seen at the national level since 1932, during the Great Depression."

The groups released a 30-page report outlining the Liberty Jobs proposal to provide short-term stimulus and a long-term plan for revamping the city's economic development strategy.

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The Liberty Jobs program has two main elements:

- (1) Fully subsidized public service jobs in government agencies or nonprofits where workers would contribute to the city's social capital and improve the quality of life through such activities as upgrading parks, repairing schools, or expanding English classes or child care services.
- (2) Partially subsidized wages to stabilize employment at companies affected by September 11, or to lower the threshold for other firms to hire workers. A small scale wage subsidy program in New York City authorized by Congress and administered by the Consortium for Worker Education has been effectively used to create and retain jobs in manufacturing, the arts, construction, and other sectors.

Liberty Jobs need to pay living wages and provide health and other benefits. They should not be used to replace existing municipal workers. The report calculated that for \$1.1 billion, 25,000 public service jobs (PSE) could be created and 35,000 jobs could be created or retained through the use of partial wage subsidies. This total of 60,000 jobs would then support, at minimum, an additional 10,000 jobs through an economic multiplier effect. The PSE jobs would cost \$29,400 each on a yearly, full time equivalent basis. Partial wage subsidies would average \$6,250 per job for each 90-day period.

The report also outlines several longer-term steps to buttress and diversify the city's economy and to foster the development of more "high road" jobs. The focus is on addressing New York's structural problem with income inequality through the creation of high-quality, high-wage jobs with benefits. The report also advocates that the City move even more aggressively away from corporate retention policies, and toward a fair strategy focused on the infrastructure and workforce development needs of key economic sectors.

The **New York City Central Labor Council, AFL-CIO**, brings together nearly 400 local unions from every trade and occupation in the public and private sectors of the New York economy, representing more than one million workers. The **Labor Community Advocacy Network to Rebuild New York (LCAN)** is a network of representatives from over 50 New York labor unions, community groups, research and advocacy organizations, and service providers. LCAN formed in the wake of the attack on the WTC, and is coordinated by the Fiscal Policy Institute and the NYC Central Labor Council. The **Fiscal Policy Institute** is a nonpartisan research and education organization that focuses on the broad range of tax, budget, economic and related public policy issues that affect the quality of life and the economic well-being on New York residents.

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