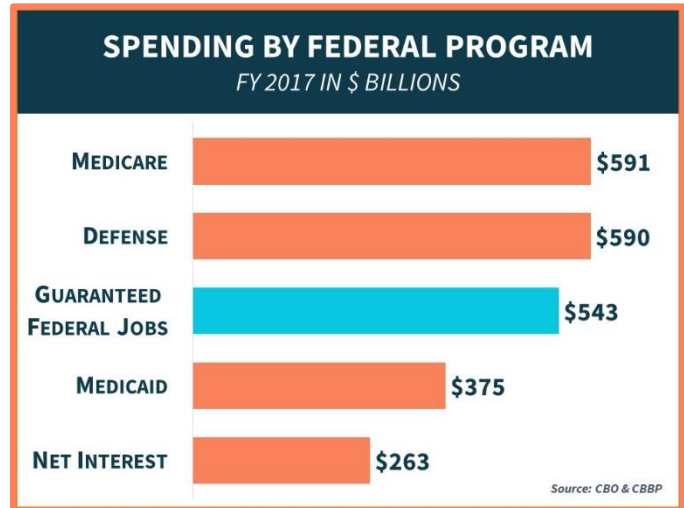




Guaranteed Federal Jobs

In addition to budget busting policies like Medicare-For-All and free college, Democrats have expressed support for yet another enormously expensive proposal: guaranteed federal jobs. The basic premise is that the Federal Government should provide employment to anyone who wants a job. Participants would receive a basic income of up to \$15 per hour; including health care, paid family and sick leave.¹ While encouraging full employment is a noble goal, this drastic proposal is fiscally irresponsible and, put simply, bad public policy.

Guaranteed Jobs Would Bust the Federal Budget. The leading proposal would cost the Federal Government an estimated \$543 billion per year. This accounts for the government providing jobs for 10.7 million workers at an average annual wage of \$32,500.² Put in perspective, the annual projected cost of the program amounts to nearly half of what the government spent on the discretionary side of the budget during fiscal year 2017.³ Assuming the government borrows to pay for the program, the proposal would increase net interest by more than \$1 trillion over the next 10 years. Beyond the sheer cost of the proposal, adding 10.7 million guaranteed job participants would unsustainably increase the size of the current federal workforce by a factor of five.⁴

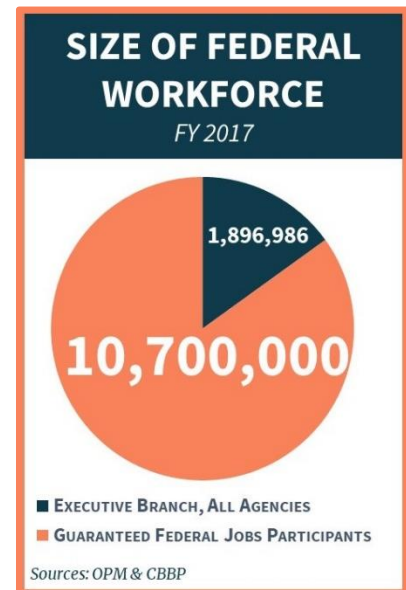


While recent cost estimates for a program of this magnitude are based on today's historically-low unemployment and underemployment rates, the last time this sort of idea was proposed the official unemployment rate was in the range of 15-25 percent. If the economy experienced a downturn in growth or another recession, the program's cost could easily exceed \$1 trillion annually.

Guaranteed Jobs Is Unworkable. In addition to the tremendously high price tag, another concern with the idea of a federal guaranteed jobs program is the effect on the low-skill and low-wage labor force. Like the harmful effects of minimum wage laws, providing guaranteed federal jobs at an artificial minimum wage level will price many low-skill workers out of the private sector job market. As a result, the Federal Government would be forced to further expand its job guarantee to include more and more workers.

With the official unemployment rate at a near 20-year low (3.9 percent),⁵ this Democratic proposal is not only a budget buster, but it is unnecessary. To quote a recent Progressive Policy Institute article, "A national jobs guarantee program isn't just too big a hammer, but the wrong tool altogether."⁶

Republican Solutions for America's Workforce. Republicans in Congress have focused on removing the barriers that slow the economy and keep Americans from working. In fact, wage gains in 2017 were the best since the Great Recession.⁷ Getting government out of the way and allowing the real engine of prosperity – the free market – to lift all Americans has and will continue to pay dividends that no federal jobs guarantee could possibly achieve. And it is through pro-growth policies like tax reform that lasting economic benefits and opportunities will be returned to America's workforce.



1. "The Federal Job Guarantee – A Policy to Achieve Permanent Full Employment," Mark Paul, William Darity Jr., Darrick Hamilton, Center on Budget and Policy Priorities, March 9, 2018, <https://www.cbpp.org/research/full-employment/the-federal-job-guarantee-a-policy-to-achieve-permanent-full-employment>.
2. "The Federal Job Guarantee – A Policy to Achieve Permanent Full Employment," Mark Paul, William Darity Jr., Darrick Hamilton, Center on Budget and Policy Priorities, , March 9, 2018, <https://www.cbpp.org/research/full-employment/the-federal-job-guarantee-a-policy-to-achieve-permanent-full-employment>.
3. "The Budget and Economic Outlook: 2018 to 2028," Congressional Budget Office, April 2018, <https://www.cbo.gov/system/files?file=115th-congress-2017-2018/reports/53651-outlook.pdf>.
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5. "The Employment Situation – August 2018," Bureau of Labor Statistics, September 7, 2018, <https://www.bls.gov/news.release/pdf/empst.pdf>.
6. "Guaranteed Jobs: Too Big to Succeed," Anne Kim, Progressive Policy Institute, May 2018, <https://www.progressivepolicy.org/publications/policy-memo/guaranteed-jobs-too-big-to-succeed/>.
7. "The Employment Situation – August 2018," Bureau of Labor Statistics, September 7, 2018, <https://www.bls.gov/news.release/pdf/empst.pdf>.