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“Uncle Sam’s Rusty Toolkit”

Transition Study: Federal Programs to Create Jobs Lack Widely Used Safeguards

Washington, DC, November 20—As the incoming Obama administration and Congress seek ways to save money and make government more effective, a new study reveals that federal economic development incentive programs often lack safeguards that are widely embraced by states and localities. These accountability measures help to ensure that job creation incentives really pay off for workers, taxpayers, and the environment.

That is the key finding of “Uncle Sam’s Rusty Toolkit,” released today by Good Jobs First, together with the AFL-CIO, Change to Win, Green for All, the National Employment Law Project, and the Partnership for Working Families. The report is available at www.goodjobsfirst.org and was released at a press conference held by the six organizations at 10 a.m. today.

“Uncle Sam is clearly behind the curve. The federal government can promote better jobs, protect taxpayers, and reduce greenhouse gas emissions by simply taking some lessons from states and cities,” said Greg LeRoy, Executive Director of Good Jobs First. “These well-established safeguards are consistent with President-elect Obama’s stated goal of reforming programs to make them more transparent and cost-effective.”

The study examines five large, commonly used federal programs: the Department of Housing and Urban Development’s Community Development Block Grant program; the Department of Labor’s Workforce Investment Act; the Department of Commerce’s Public Works and Economic Development Program; Industrial Revenue Bonds as allowed under the Internal Revenue Code; and the Department of Agriculture’s Business and Industry Guaranteed Loans Program.

The state and local safeguards through which it evaluates them are: Disclosure and Transparency (online reporting of costs and benefits); Job Quality Standards (market-based wage and healthcare requirements); Clawbacks and Rescissions (to recapture or cancel subsidies if a recipient does not make good on commitments); Public Transportation Choice (encouraging more worksites to locate along transit corridors); and Green Building Standards (requiring new or existing buildings to meet Leadership in Energy and Environmental Design/LEED or equivalent green construction benchmarks).