WHY STANDARDS MATTER: BREAKDOWN OF THE JOBS CREATED

To see why it is essential to attach strong labor and equity standards to stimulus investments, we can examine what would happen without such standards. In short, such a stimulus would reinforce the unjust status quo instead of counteracting persistent economic, racial, and gender inequity.

After modeling the total job creation potential from THRIVE-aligned investments, the Political Economy Research Institute assessed what types of jobs these investments would produce without the application of THRIVE's high-road labor or equity standards, revealing who would benefit and who would be left behind. This analysis included three components:

1. **Job Quality:** average salary, health and retirement benefit coverage, and union density for the jobs created in each category of investment, if the stimulus were to omit labor standards

2. **Who Benefits:** educational background and racial and gender composition of the workforce that would benefit from the jobs created in each category of investment, if the stimulus were to omit equity standards

3. **Sectoral Breakdown:** the number of jobs created in each category of investment, broken down by major industry sectors (e.g., manufacturing, construction, services, agriculture, and wholesale and retail)

Job Quality

This analysis makes clear that the labor standards named above are essential to ensure that stimulus jobs actually offer workers family-sustaining salaries and benefits and access to a union. Absent such standards, the quality of the jobs created ranges from high-paid careers to low-quality occupations where workers earn about half of the national average salary and have little access to health insurance, retirement plans, or union protection.

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- **Salaries:** Several types of investment would likely create jobs with an average annual salary that exceeds $80,000 — significantly higher than the economy-wide average of $64,600. This includes infrastructure upgrades such as investments in rail, electricity, broadband, and leak repairs on gas distribution pipelines; and clean energy investments such as expansion of wind power, electric vehicles, and industrial efficiency. However, without strong labor standards, salaries would be less than half as high in the jobs resulting from investments in surface transportation ($37,500), regenerative agriculture ($21,500), and the care economy ($36,300). Millions of workers would live with these low salaries, given that these very investments are some of the biggest job creators in the THRIVE package, generating 2.3 million, 1 million, and 2.2 million jobs, respectively. To ensure that all of the new jobs offer dignified pay, a stimulus package must condition investments on adherence to Davis-Bacon prevailing wage standards for construction and service jobs, project labor agreements for construction projects, and new wage standards for other sectors.
- **Benefits:** Several categories of investment would yield jobs with good benefits, including health insurance coverage for at least 60 percent of workers and retirement plans for at least half of workers. Such benefits, for example, would result from investments in electric vehicles, leak repairs on gas pipelines, and the Postal Service, thanks in part to higher union density in these sectors. Meanwhile, investments in categories such as public parks and recreation, surface transportation, building retrofits, ecosystem restoration, and the care economy would create jobs with health benefits for less than 40 percent of workers and retirement benefits for less than a third of workers. A stimulus package could improve the benefits coverage of new jobs, particularly those in construction, by requiring employers to pay prevailing wages and use project labor agreements that offer workers fringe benefits.

- **Union Density:** Unionized workplaces tend to offer workers higher wages and better benefits than non-unionized counterparts. Since the workforce tends to be more unionized in industries such as airports, rail, gas pipeline leak repairs, and the Postal Service (all of which have over 20 percent union membership), stimulus investments in these sectors would tend to promote union jobs. By the same token, investments in less unionized workforces would result in a low number of union jobs, absent measures to expand access to unions. This includes investments in most agricultural sectors and the care economy, where just 3 to 6 percent of workers are union members. While fully fixing this problem will require structural reforms (e.g., amending the National Labor Relations Act to allow domestic workers and farmworkers to form unions), a stimulus package could help reverse the suppression of unions by, for example, requiring employer neutrality with regard to union organizing.

Who Benefits

Without strong equity standards, stimulus investments would simply replicate long-standing inequities in access to jobs. In many investment categories, those benefiting would be largely white and male, leaving women and people of color — particularly Black workers — with a disproportionately small slice of the economic benefits. To avoid this outcome and ensure equitable access (or even proportional access) to stimulus jobs, investments must be concentrated in communities of color and paired with equitable hiring and contracting practices.

- **Racial Composition:** People of color constitute 37 percent of the overall workforce. People of color would benefit from a similar share of stimulus jobs for certain categories of investment (e.g., most infrastructure categories). However, without strong equity standards, people of color would be underrepresented in certain high-paying jobs (e.g., fixing leaks in gas pipelines, industrial efficiency), while several low-paying job categories would employ a disproportionately high number of people of color (e.g., surface transportation, care economy) — a clear example of systemic racism. But this overall picture obscures an even starker reality: Black workers would be underrepresented in nearly all job types. In 12 of the 13 infrastructure job categories, Black workers would constitute just 6 percent to 9 percent of the workforce, despite comprising 11 percent of the overall workforce. (The one exception — surface transportation, where Black workers would be overrepresented — is the lowest-paying infrastructure category.) This is likely due in part to the fact that a disproportionately small number of Black workers work in construction, which constitutes a significant share of the infrastructure jobs. Black workers would be similarly underrepresented in virtually all energy, agricultural, and land restoration jobs, while being overrepresented in the care economy — another low-paying category — and the Postal Service, where new jobs would be higher-paying but relatively scarce. To ensure that people of color, particularly Black workers, get access to job creation benefits, a stimulus package must direct at least 50 percent of investments to communities of color and other frontline communities. In addition, investments should be paired with requirements to use equitable hiring and contracting preferences that favor people of color, including via community benefits agreements and project labor agreements.
- **Gender Composition:** While women make up nearly half of the overall workforce, they are vastly underrepresented in most job types that would be supported by these stimulus investments. In some investment categories such as rail or building retrofits, only 10 percent of the jobs created would go to women, unless equity standards were used. As with Black workers, in the few job types where women would have proportional or high representation, the salaries tend to be low. The clearest example is the care economy, where women would likely fill 80 percent of the jobs, though with an average salary of just $36,000. The fact that women would miss out on many of the jobs in this stimulus package probably stems in part from the fact that women only make up 13 percent of the construction workforce (many infrastructure investments are construction-intensive) and just 29 percent of the manufacturing workforce (many energy investments are manufacturing-intensive). To ensure that investments counteract gender inequity rather than reinforce it, a stimulus package must use equitable hiring and contracting preferences that favor women.
- **Educational Background:** Thankfully, these stimulus investments would create jobs that are broadly accessible to people without a college degree. In fact, in many infrastructure, energy, agriculture, and land restoration categories, the share of jobs that would go to people with only a high school degree is higher than in the economy overall.

Sectoral Breakdown

Any economic stimulus package that aims to tackle the full scope of the climate crisis while ending mass unemployment will need to invest in sectors throughout the economy. The THRIVE stimulus package does just that, resulting in significant job creation in an array of major industries.

- **Manufacturing:** This stimulus package would create and sustain nearly 1.6 million new manufacturing jobs, a 12 percent increase in our manufacturing employment. Many of the manufacturing jobs would stem from investments in clean energy, particularly electric vehicles, wind power, and solar power. This would offer a needed boost to a manufacturing sector that typically provides family-sustaining benefits and wages ($29 per hour on average), but that has been declining for years as corporations have outsourced production to countries with weaker labor and environmental standards. Studies have shown that the U.S. manufacturing decline is one of the biggest reasons for rising economic inequality, as a strong manufacturing base is important for sustaining a middle class. We also need a robust manufacturing base to be able to produce the goods that serve as building blocks for a clean energy economy: energy efficient building materials, wind turbines, auto parts for electric vehicles, solar panels, components to replace lead pipes, and so on. The economic transition we need is one where workers can fully capture the gains by producing the goods needed to build a new economy. To further increase the manufacturing boost from a stimulus package, the materials and parts used should be subject to strengthened Buy America and other domestic content standards.
- **Construction:** While construction accounts for only 5 percent of our economy's jobs, the jobs tend to pay well ($32 per hour on average) and the sector is currently outpacing most other sectors in job growth. These stimulus investments would create nearly 1.6 million construction jobs — a 21 percent increase in construction employment. Much of that increase would stem from construction-intensive infrastructure investments (e.g., dams and levees) and building retrofits, where more than one-third of the jobs created would be in construction.
- **Services:** Service sectors account for two-thirds of U.S. employment. The quality of these jobs ranges widely, from computer programming services that pay $50 per hour on average to restaurant work that pays $15 per hour on average. (Both of these examples are among our economy's biggest job growth sectors.) This stimulus plan would create an additional 9.3 million service jobs, an increase of 9 percent. Given the mammoth size of the services sector, it is no surprise that services would account for the majority of jobs created in many categories of investment. That said, the services sector would play a particularly dominant role in job creation in certain categories, such as investments in public parks and recreation, ecosystem restoration, and the care economy.
- **Agriculture:** While agriculture accounts for just over 1 percent of total U.S. employment, many rural communities depend on agriculture as a primary source of economic security. These stimulus investments would create over 1.4 million agricultural jobs. Most of that job creation would stem from direct investments in regenerative agriculture, resources for marginalized farmers, and other agricultural projects.
- **Wholesale and Retail:** The wholesale and retail sectors currently account for 13 percent of U.S. jobs, though they are among the sectors experiencing the largest decline in jobs. While wholesale jobs pay $33 per hour on average, the more plentiful retail jobs pay only $21 per hour on average. While the investments in this stimulus package do not directly target wholesale or retail sectors, they would create 1.2 million new wholesale and retail jobs, an increase of 6 percent. The vast majority of these new jobs would be "induced jobs," meaning that they would be created indirectly thanks to increased spending from workers who are directly supported by the stimulus investments.

Sources: *Data on sector-wide job numbers, pay levels, and racial and gender composition for each economic sector come from the Bureau of Labor Statistics.*