



# OPINION

By V. MANUEL PÉREZ, STATE ASSEMBLYMEMBER

## The American Jobs Act: Promising Ideas Deserving Support

As Chair of the State Assembly Committee on Jobs, Economic Development and the Economy, I hold no illusions that there is any quick fix to our economic challenges. But I believe there is real promise for long-term recovery in the proposals contained in the American Jobs Act (AJA) proposed by President Obama and which is now before Congress.

The AJA proposes practical, workable, bipartisan ideas that will kick-start job creation and help American families achieve greater economic security. Nowhere more is this needed than in our part of the state, a region that has historically faced barriers to economic development and job creation and which has been hard hit in the recession.

The AJA offers several direct and sensible

approaches to creating jobs and bolstering our economy. It combines personal and business tax relief, targeted investments in infrastructure, and aid to states to prevent layoffs and support job training. Importantly, it has a funding plan, meaning it will not add to the deficit and will be funded by cuts made by the bipartisan Joint Committee on Deficit Reduction.

The AJA recognizes we must not only create jobs, we must also retain current ones. Through aid to states and local jurisdictions, the AJA would help avert layoffs in key sectors, providing \$3.6 billion to California to support approximately 37,300 educator and first responder jobs.

In addition, tax relief aimed at small businesses will keep their doors open and

workers employed. The proposal would cut the payroll tax in half to 3.1% for employers on the first \$5 million in wages. In California, an estimated 710,000 firms would receive a payroll tax cut. I particularly applaud the focus on assisting small business, since this sector is typically a job creation engine during economic downturns.

At the same time, tax cuts for workers mean more income in the household to meet basic needs. The AJA proposes to extend the cut in payroll deductions passed last December. This is expected to provide a typical California household with a tax cut of around \$1,700.

The AJA also makes long overdue investments in infrastructure. In state oversight hearings I have held through the Jobs Committee, local economic development professionals have testified about the benefit of a national infrastructure bank to help fill key financing gaps. Not only do infrastructure investments spur job creation in construction, but these improvements also yield long-term dividends for economic development and private investment.

Infrastructure earning a "D" grade from the American Society of Civil Engineers would be targeted for improvement under the AJA. Based on this, the projected investment in highway and transit modernization projects in California is expected to exceed \$3.95 billion. In addition, school modernization projects would generate construction jobs, while improving classroom facilities to educate and train an economically competitive workforce. California would receive more than \$2.8 billion in funding for such projects, and \$1.1 billion in funds for facilities modernization at community colleges.

Another strategy, strongly needed in our region, is the proposal to put construction workers back on the job rehabilitating vacant and foreclosed homes and businesses. As we all know, our Valley has experienced one of the highest foreclosure rates. California could receive about \$1.85 billion to revitalize local communities, and additional dollars would be available through a competitive application.

The AJA proposes to make other training and education investments in people through the Pathways Back to Work Program. This program targets low-income youth and unemployed adults for work placement and training in growth industries. In California alone, Pathways Back to Work could place 19,800 adults and 58,600 youths in jobs.

In addition to the fact that the proposal is grounded in practical, workable, bipartisan ideas, economic forecasters have given the plan positive, preliminary reviews. For example, Moody's forecasts that the AJA will create 1.9 million jobs and cut the unemployment rate by a percentage point, adding two percentage points to GDP growth next year.

As mentioned earlier, funding this plan will require our congressional leaders to make tough choices prioritizing federal tax dollars. I am confident, though, that by voicing in a united and nonpartisan manner the importance of job creation to our communities, they can get the job done.

With the state poverty rate at nearly an all-time high and median household incomes dropping, it's clearer than ever: Californians desperately want to work. Our focus should be on putting money into the hands of working families through investments in jobs now. I am hopeful that the immediate investments from the American Jobs Act will help families get back on their feet and regain a position in the middle class. I am pleased to add my name as a supporter of this jobs plan, and I encourage others to give it serious consideration. In rebuilding our economy, we can restore confidence in the promise of America.

*V. Manuel Pérez is the state Assemblymember representing eastern Riverside and Imperial Counties. He serves as chair of the Assembly Committee on Jobs, Economic Development, and the Economy. To learn more about the American Jobs Act, he invites you to contact him through his Indio office at 760-342-8047.*

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