COVID-19 Economic Recovery Investments Must Benefit American Workers

Legislative Models for Policymakers Who Want To Support Workers

By Karla Walter  February 4, 2021

Nearly one year into the COVID-19 pandemic, the U.S. economy continues to reel from the Trump administration’s negligent and insufficient response. According to the U.S. Bureau of Labor Statistics’ latest jobs report, 2020 ended with 9.8 million fewer jobs than existed prior to the pandemic, and the current unemployment rate is nearly double that of February 2020.1

With a new Congress and administration in office, federal policymakers must make critical investments across the U.S. economy that will help kickstart recovery, get hundreds of thousands of Americans back to work, reduce poverty rates, and prevent cuts to essential services that sustain local communities. Fortunately, President Joe Biden has indicated his commitment to enacting economic relief that rebuilds America’s crumbling infrastructure; invests in critical green industries; provides support for essential care work; and extends needed aid to state and local governments.2 In order to ensure that this stimulus delivers on its promise, policymakers must require that the spending creates good jobs for Americans from all walks of life—particularly when taxpayer dollars are going to private corporations.

As the Center for American Progress has previously argued,3 when private corporations receive government support to create jobs, they should be required to:

• Pay decent wages
• Provide quality benefits
• Prevent discrimination
• Expand paid training and apprenticeship opportunities for all workers
• Respect workers’ right to join a union
• Comply with existing workplace laws
• Create jobs in the United States
This issue brief functions as a resource for worker advocates and policymakers by reviewing the best existing legislative models to support high-quality jobs that can be inserted into an economic recovery package.

Although Congress enacted a COVID-19 aid package in late 2020 that included short-term economic relief through the extension of unemployment benefits and direct cash payments to Americans, the legislation was insufficient in scope and size, failed to make investments to rebuild the American economy in the long term, and did not provide much-needed aid to states and local communities.4

President Biden has prioritized early action on a major COVID-19 relief package and is likely to push for forward-looking investments in key sectors of the American economy throughout the congressional session.5 While the first step of his plan focuses on expanding vaccinations and testing and moving toward a safe reopening, it will also improve the lives of working Americans by raising the minimum wage to $15 per hour, reinstating and expanding emergency paid leave requirements, and providing critical relief to state and local governments. Moreover, the president has reasserted his commitment to additional future investments that will create millions of good-paying jobs across the economy.

No matter when Congress considers such investments, policymakers can benefit from the specific recommendations and examples of legislative language in this issue brief to help ensure that government support leads to the creation of good jobs.

The urgency of upholding strong workplace standards

The government already has a number of tools at its disposal to ensure that the jobs created by federal investment are good jobs. For example, prevailing wage standards have long helped ensure that private sector employers receiving government contracts do not undercut market wages.6 In addition, research shows that federal interventions to reduce discrimination among federal contractors were successful in increasing opportunity for women and Black workers.7

The trouble, however, is that there is an uneven patchwork of workplace standards for companies receiving government support. While workers on some jobs funded through federal contracting dollars enjoy numerous protections, these policies often do not apply to jobs that are funded through federal grants, loans, loan guarantees, and tax incentives. Moreover, these standards do not always go far enough to protect American workers, and former President Donald Trump and his allies in Congress adopted several policies to weaken job quality over the past four years.8 In order to improve the lives of American workers and jumpstart the economy, these standards must be strengthened and attached to all federal government spending directed toward the creation of private sector jobs.
The Biden administration has committed to economic recovery investments that will increase jobs in the United States, provide family-supporting wages and benefits, grant workers a voice on the job, and expand access to high-quality training programs.9 Progressive policymakers are increasingly demonstrating a commitment to these needed standards, with new legislation designed to support jobs in construction, the care economy, public services, and green industries.

Attaching these standards to all jobs funded through government spending would benefit workers who need assistance the most, including women and Black and Latino workers who are bearing the brunt of the slow economic recovery. For example, women have lost more jobs than men due to the current economic recession for the first time in history, and Black workers faced an unemployment rate of nearly 10 percent in December compared with 6 percent for white workers.10

In addition, strong modern workplace standards would help maximize the benefits of stimulus and recovery funds since workers employed on these projects would reinvigorate demand by spending their earnings in their local communities. However, many unemployed and underemployed Americans are likely to be desperate for income and willing to accept jobs from low-road employers that break the law or pay below market wages. Allowing bad actors to benefit from the current crisis would harm workers and slow the economic rebound, as workers earning lower wages would have less ability to spread their gains throughout the economy.

By including provisions from existing legislation in an economic recovery package—or in any government spending package that supports private sector jobs—the Biden administration and lawmakers in Congress can advocate for workers no matter where they come from and support a robust economic recovery.
Protecting the public sector and its workers

While this issue brief focuses on private sector job quality protections, stabilizing state and local public sector jobs is no less important. By prioritizing aid to state and local governments in any economic recovery package, policymakers can ensure that local communities are able to provide essential services, safeguard high-quality public sector jobs, and accelerate economic recovery. These investments would also help lessen the disproportionate toll that the COVID-19 recession is having on communities of color and women. The public sector has long provided a pathway to the middle class for Black workers, and women and Black workers today are significantly more likely to work in government.

Over the past year, public sector employment has fallen by more than 5 percent. State and local governments are cutting funding to public services, laying off firefighters and teachers, and limiting the hiring of vaccine staff due to funding shortfalls. While the House-passed Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act would have provided $875 billion in state and local aid to prevent more devastating public sector job losses, the COVID-19 aid package that was signed into law in December did not contain such support. Now, Biden has proposed providing state and local governments with $350 billion in aid in the next COVID-19 recovery package.

Federal policymakers must not only extend needed aid to state and local government but also require recipients to preserve and raise standards for existing government jobs and attach quality requirements to any newly created jobs, such as through proposals to create national service programs. Rather than displacing existing public sector workers, national service programs could serve as bridge to long-term public employment for young adults from local communities, if funding is made available for paid on-the-job training and state and local governments are designated to administer these programs and be the employer of record. Lawmakers could also help uphold high standards for public sector workers by enacting the Public Service Freedom to Negotiate Act, which would grant millions of state and local government workers a voice on the job and the ability to bargain for fair work conditions.

Policymakers can look to the recent past to better understand the need for public sector investments and job quality protections. An analysis from the Economic Policy Institute shows that the economic recovery following the Great Recession was significantly slower as a result of federal aid to state and local governments drying up too early. Unsurprisingly, cities and states were more successful at maintaining public jobs when aid was longer-term and included job retention requirements. Indeed, policymakers can help ensure that working families benefit by making needed investments in the public sector now.

Essential job quality standards

The following tried-and-true legislative models for raising standards across various sectors can serve as a reference for progressive policymakers and advocates who are working to ensure that future recovery proposals create good jobs.

In many cases, there is existing federal legislation than can help achieve one or more of the essential job quality standards, although the policy sometimes only applies to a limited scope of workers and should be expanded. Where no federal legislation exists, the author notes models that could be adapted, such as state-level best practices and federal proposals to regulate entire sectors that could be tailored to funding recipients. The government’s approach to raising standards for federally supported jobs will need, at times, to vary by industry.

Pay decent wages

All jobs supported through economic recovery investments should pay decent wages. As discussed above, some stimulus funds would likely come with wage standards attached. For example, the Davis-Bacon Act (DBA) and the McNamara-O’Hara Service Contract Act (SCA) set wages for federal contract workers in the construction
and service sectors at existing market levels. Yet wage standards would not automatically apply to new spending programs, nor would they apply to jobs outside of the construction and service industry. Moreover, prevailing wage protections would not go far enough to raise standards in a number of low-wage sectors that would likely be funded through recovery investments, such as child care and home care.

Congress has regularly extended DBA construction wage and benefits standards to new types of financial assistance, including grants, loans, loan guarantees, mortgage insurance, and tax incentive programs. While the SCA has not been similarly extended, progressive policymakers are increasingly introducing proposals to do so. For example, the HEROEs Act extends SCA coverage to workers hired to do COVID-19 contract tracing, and the 21st Century Civilian Conservation Corps Act would cover reforestation workers with the protections.

Any economic recovery package should guarantee that all jobs created through its spending are covered by prevailing and contractor minimum wage protections, rather than targeting only some of the jobs created with wage protections. For example, the Build Local, Hire Local Act requires that any jobs created through a federal infrastructure package be covered by SCA and DBA protections and requires bidders for federal infrastructure assistance to submit and be evaluated on an employment plan that may include stronger wage and benefit commitments. The Economic Justice Act—legislation to target $350 billion in public health, child care, infrastructure, and job creation investments to communities of color—requires SCA and DBA coverage and includes language to raise the minimum wage to $15 for all workers. President Biden has also endorsed a comprehensive approach to wage setting and has already announced that he will use his executive authority to raise the contract worker minimum wage to $15 per hour.

Policymakers can also use prevailing wage mechanisms to reach workers outside of the service and construction sectors. For example, the Food Worker Pay Standards Act would require the federal government to develop a prevailing wage standard that would apply to workers involved in the processing of meat, poultry, and processed food that is purchased by the federal government.

Policymakers should also adopt this approach for manufacturing jobs funded through the revitalization package. The Center for American Progress recently released recommendations, written in consultation with the United Auto Workers union, for the federal government to develop prevailing wage standards for electric vehicle (EV) components manufacturing and assembly jobs funded through federal support, including beneficiaries of consumer rebates. The Clean Cars for America proposal similarly seeks to attach job quality requirements to government support for electric vehicles, and the Affordable American Made Automobile Act requires beneficiaries of private activity bonds to expand EV production to supply evidence that the project will provide “quality jobs and labor standards consistent with the United States automobile industry.”
Moreover, the America LEADS Act—which aims to boost American competitiveness with a $350 billion investment in domestic manufacturing, research and development—not only requires all beneficiaries to comply with SCA and DBA prevailing wage protections but also creates a minimum pay floor of $15 per hour and strengthens overtime protections for all covered spending, including manufacturing jobs covered by the incentives.  

However, prevailing wage protections may not be enough in industries where the market wages are already low and workers have little collective power to raise them. This is particularly true in caregiving industries such as child care and long-term services and support services. These sorts of caregiving jobs are typically low-wage, high-skill positions that are occupied disproportionately by women and people of color.

For example, due to the rapidly aging Baby Boomer population, home care is among the fastest-growing U.S. occupations and is already heavily subsidized by the federal government. Any expansion of long-term support services in an economic revitalization package should also include a public process for determining decent wage levels and incorporating them into Medicaid reimbursement rates. One such model was included in the Domestic Workers Bill of Rights Act—creating a domestic worker wage and standards board comprising workers, employers, and public representatives—in order to achieve a living wage for domestic workers and promote their health, safety, and well-being. In addition, strengthening bargaining protections (see examples in the section titled “Respect workers’ right to join a union”) is an essential step toward ensuring that these workers and other low-wage workers are able to negotiate for fair wages and benefits.

Finally, Biden has endorsed the Child Care for Working Families Act, which would provide federal assistance for 76 percent of children to receive quality care, ensure that child care workers are paid at least a living wage, and require wage parity with elementary school teachers when they have the same credentials and experience.

Provide quality benefits

Companies receiving federal support must also provide decent benefits to their employees. Access to health insurance, sick leave, and emergency paid leave ensures that workers are able to care for themselves or ill family members, which has become particularly important during the pandemic. Contributions toward other benefits, such as retirement, ensure that workers can save enough to be financially secure throughout their lifetimes.

The SCA and DBA require covered employers to contribute to bona fide fringe benefits plans at a rate determined by the secretary of labor or provide a cash equivalent. Benefits plans can include, for example, health insurance, retirement contributions, paid leave, and supplemental injury insurance. All legislation discussed above to extend prevailing wage coverage to new types of work also extends these benefit protections, helping establish baseline requirements and ensure that low-road companies do not undercut the market.
However, policymakers must also recognize that some benefits are essential and cannot be replaced with a cash equivalent. In 2016, for example, then-President Barack Obama signed an executive order requiring companies receiving federal contracts to provide seven days of paid sick leave annually, including leave for family care, and Biden is now taking steps to ensure contract workers receive emergency paid leave.35 Congress should work with the Biden administration to ensure that these protections are enforced, expand sick leave protections to cover more workers, and provide workers with access to paid family and medical leave as advanced in the FAMILY Act.36

Finally, the federal government can do more to encourage companies receiving federal support to improve their practices and respect their entire workforce. For example, the Uplift Our Workers Act would encourage bidders to improve their benefits above minimum standards by scoring federal contracts on whether they are “worker friendly.”37 The legislation requires the government to consider factors such as whether the company provides paid family leave, health benefits, scheduling predictability, and a $15 minimum wage or the prevailing wage and offers workers a fair shot at joining together in unions.

Prevent discrimination
All workers—no matter their race, gender, religion, national origin, sexual orientation, gender identity, disability, or veteran status—should have access to jobs funded through economic recovery spending and should receive fair compensation from their employers. Indeed, strengthening protections that advance equity and prevent discrimination will help ensure that those disproportionately likely to lose a job in the current recession—women and Black workers—benefit from federal recovery investment. In order to do so, the federal government must improve its oversight of spending recipients to ensure that they prevent discrimination and comply with equal pay protections.

Through the Office of Federal Contract Compliance Programs, the federal government has long held federal contractors to higher standards than the broader private sector to ensure that they do not discriminate against their workers and offer opportunities for advancement to workers no matter who they are or where they come from. Yet the Trump administration weakened enforcement of these anti-discrimination protections by granting waivers and exemptions to companies receiving coronavirus relief funds, widening the attorney general’s authority to provide religious exemptions, halting the implementation of corporate reporting and transparency requirements, and even banning high-road contractors from training their workforce on the effects of institutional racism in the workplace.38

Congress should work with the Biden administration, which is already advancing reforms to undo these damaging actions, to rebuild and extend anti-discrimination reporting and enforcement to all recipients of government funds.39
In addition, the Build Local, Hire Local Act includes provisions that would require recipients of federal funds to use workforce diversity programs; provide workers with pay stubs and, upon hire, details on employment status and wage rates; and end forced arbitration in instances of sexual harassment and assault. These reforms would require companies receiving federal funds to ensure that workers of color and women can access and advance in federally funded jobs, give workers important data to understand whether they are being paid fairly, and ensure that workers can have their day in court if they are sexually harassed or assaulted on the job.

Expand paid training and apprenticeship opportunities for all workers

Economic recovery investments that support registered apprenticeship and paid training programs could help workers obtain good jobs with opportunities for career advancement, ensure that industries are able to build a pipeline of highly qualified workers, and push back on the previous administration’s efforts to erode apprenticeship standards and block local hire agreements. Moreover, by expanding the use of apprenticeships and targeted hire programs, the president and Congress can create opportunities and yield long-term benefits for workers who were long excluded from construction work.

Several bills before Congress replicate state and local best practices, establishing requirements that large construction projects adopt registered apprenticeship utilization and local hire targets. For example, the Good Jobs for the 21st Century Act and the Green New Deal for Public Housing Act incentivize that no less than 20 percent of individuals working on a covered project be enrolled in a registered apprenticeship program, and the 2020 National Defense Authorization Act required military construction contractors to make a “good faith effort” to meet or exceed such a goal. In addition, the Green New Deal for Public Housing Act would help ensure that investments in underserved communities create good jobs for local residents by providing community workforce development grants that can be used create new apprenticeship programs for public housing residents.

The Build Local, Hire Local Act goes even further to support targeted hiring, introducing new processes to evaluate bidders for covered infrastructure projects based on their commitment to participate in registered apprenticeship programs and, by 2024, giving priority to projects where at least half of all workers on covered infrastructure projects be hired through targeting hiring processes in partnership with a registered apprenticeship program. Similarly, President Biden’s Build Back Better plan endorses the use of apprenticeship and preapprenticeship programs to ensure that covered jobs are “filled by diverse, local, and well-trained workers.”

A COVID-19 recovery package should also include funding to help establish strong labor management training programs in funded industries that do not have a history of widespread apprenticeship usage and expand training to keep workers and the public safe during the pandemic. For example, during the campaign, Biden proposed a $50 billion investment in workforce training that includes significantly expanding the use
of Registered Apprenticeship programs throughout the economy. And the HEROES Act includes an additional $25 million in funding for the Susan G. Harwood training grants to protect and educate workers on COVID-19 safety protocols. Implementing these protocols will be particularly important for caregiving jobs and other types of investments that support vulnerable populations or where work is conducted in close quarters or in spaces that draw large crowds.

Respect workers’ right to join a union
All workers who want to form a union should be able to do so, but American workers seeking to unionize typically face an uphill battle. Even employers working on federal contracts are free to use their own funds to fight organizing efforts and often engage in sophisticated campaigns to prevent workers from forming unions, which can include forcing workers to attend anti-union meetings and pressuring workers to reveal their private preferences for the union. These types of actions can lead to labor disputes, delays, and disruptions that reduce the quality or timely delivery of goods and services.

Existing legislation includes several strategies to prevent labor disruption and ensure that workers are free to come together in unions. For example, the Good Jobs for the 21st Century and the Moving Forward Act encourage or require bidders for green construction projects to enter into a project labor agreement (PLA)—a prehire agreement between construction managers and unions that sets the terms of employment for those who will work on the project. PLAs are particularly useful in federally subsidized construction projects since they cover all the crafts that will work on the project. Although the agreements last only for the duration of the contract, they provide a vital opportunity for workers to set fair terms and conditions of employment and to secure a fighting chance to organize into unions.

Similarly, policymakers could require companies receiving federal support to comply with some provisions of the Protecting the Right to Organize Act and the Workplace Democracy Act. These include requirements that firms cannot force workers to attend anti-union meetings or sign arbitration agreements that would get rid of their rights, provide workers with the right to organize through a majority sign-up process, create a means for establishing a first contract in newly formed unions, and give workers the ability to communicate with each other about collective issues.

Finally, other examples of legislation—including the Build Local, Hire Local Act, Green New Deal for Public Housing, and the Coronavirus Aid, Relief, and Economic Security (CARES) Act—include a preference or requirement for companies receiving federal support to remain neutral in any worker organizing drive.

Comply with existing workplace laws
All corporations receiving federal infrastructure funds should comply with federal workplace laws. However, numerous government studies have found that government contractors face few consequences when they break laws designed to ensure that workers are paid what they are owed, remain safe on the job, and do not face discrimination.
For example, a 2017 Senate Committee on Health, Education, Labor, and Pensions report found that two-thirds of the government’s 100 largest contractors have been caught breaking workplace wage and safety laws.51

Congress and the Biden administration must provide more funding for federal enforcement offices in order to hold lawbreaking corporations accountable. In addition, workers should be permitted to take action on their own, or even on behalf of the government, in court. When courts rule in their favor, workers should receive fair relief, including front or back pay, compensatory and punitive damages, attorneys’ fees, and, where appropriate, reinstatement and injunctive relief. However, many essential contract worker protections, including federal prevailing wage laws, do not provide a private right of action, and the government has little capacity to investigate all likely violators. Federal policymakers can better protect workers in government-funded jobs by adopting best practices from states such as New York and Maryland that permit aggrieved workers to sue contract companies that steal their wages.52

In addition, policymakers can ensure that protections are enforced by monitoring recipients—particularly those in industries with high rates of violations and corporations with poor compliance records—as was previously done to monitor fraud, waste, and abuse among federal recipients of economic stimulus funds during the Great Recession.53 The Good Jobs for the 21st Century Act, the Build Local, Hire Local Act, and the Moving Forward Act all include provisions that require bidders to report on their compliance with workplace laws and ensure that companies demonstrating a troubling performance record come into compliance before receiving government funds.54 In addition, the Moving Forward Act limits the use of temporary workers and independent contractors—work classifications that low-road companies abuse to evade compliance with labor laws. And the Economic Justice Act requires the U.S. Department of Labor to precertify companies before they are eligible to receive federal support based on their compliance with federal workplace laws and agreement to abide by higher standards, such as prohibitions on forced arbitration agreements that prevent workers from pursuing legal claims before a judge.55

Finally, Congress and the Biden administration should empower workers to stand up for their rights by providing grants to community and worker organizations to engage in outreach to workers and employers. For example, the Los Angeles County school district partners with unions and other volunteer groups to enforce prevailing wage laws on district projects, allowing union volunteers to inspect worksites and talk to workers about compliance.56 More broadly, the Domestic Workers Bill of Rights Act and the Wage Theft Prevention and Wage Recovery Act would fund community and worker organizations to ensure that workers know their rights and feel safe coming forward to report violations.57
Create jobs in the United States

All economic recovery funding and any new programs created by stimulus spending should be covered by strong domestic content standards. All too often, laws designed to ensure that the federal government purchases American-made products and that federally supported construction projects use American-made inputs are poorly enforced and cover only a limited number of spending programs and end products.58

Policymakers, including President Biden, are increasingly focused on ensuring that federal spending supports domestic production.59 For example, the House-passed Moving Forward Act—a $1.5 trillion plan to rebuild American infrastructure—would strengthen Buy America enforcement by closing loopholes in existing regulations, clarifying waiver reporting requirements, and providing incentives to boost domestic job production.60 Similarly, the America LEADS Act would invest $350 billion to support the expansion of domestic manufacturing; establish a uniform process across the government for agencies to grant waivers to domestic content requirements; and, before doing so, require them to try to identify domestic manufacturers that would be willing supply the content and to consult with the U.S. Department of Commerce.61

In addition, Congress and the Biden administration should extend these standards to support to emerging industries. For example, in the 2015 Fixing America’s Surface Transportation Act, policymakers extended domestic content standards to support the purchase or lease of electric and other types of low-emission transit vehicles by state and local government authorities and increased the domestic content requirement for public transportation rolling stock from 60 percent to 70 percent of components by value.62

Conclusion

The COVID-19 pandemic and resultant economic recession are far from over. Unemployment rates remain worryingly high, particularly for women and workers of color; infection rates are climbing; and new rounds of layoffs are likely to occur in the coming months. In order to ensure that the American economy comes back stronger than ever and that all working families benefit from this growth, policymakers must make forward-looking economic recovery investments that include strong job quality standards. Fortunately, progressive leaders in Congress and the new administration have developed numerous models to ensure that government spending creates good jobs that are available to workers from all walks of life. By working together to ensure that working families are included in any future recovery package, Congress and the Biden administration can rebuild and sustain prosperity well after the pandemic is over.

Karla Walter is the senior director of Employment Policy at the Center for American Progress.
Endnotes


9 Biden For President, “The Biden Plan to Build a Modern, Sustainable Infrastructure and an Equitable Clean Energy Future”; Biden For President, “The Biden Plan for Mobilizing American Talent and Heart to Create a 21st Century Caregiving and Education Workforce.”


13 Center for American Progress | COVID-19 Economic Recovery Investments Must Benefit American Workers
Build Local, Hire Local Act, H.R. 4101, Section 302.


Build Local, Hire Local Act, H.R. 4101, Sections 201.


The Heroes Act, H.R. 6800, Title VI.


Good Jobs for 21st Century Energy Act, S. 2185, Section 2; Build Local, Hire Local Act, H.R. 4101, Section 302; Moving Forward Act, H.R. 2, Section 90443.


America LEADS Act, S. 4629, Sections 131–139.