

THE HAMILTON PROJECT

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THE HAMILTON PROJECT POLICY RESPONSE TO THE STATE OF THE UNION ADDRESS

Last night President Barack Obama delivered his [State of the Union address](#), putting forth his policy agenda to the 112th Congress on issues ranging from developing a clean energy standard to improving our nation's infrastructure and worker training programs to reforming the corporate tax system. Since its launch in 2006, The Hamilton Project has developed targeted policy proposals that touch on many of these areas, which we offer as a resource to policymakers in response to specific ideas mentioned by the President last evening and excerpted below.

AIDING DISTRESSED COMMUNITIES

“... if you want to relocate in a community that was hit hard when a factory left town, you should get help financing a new plant, equipment, or training for new workers.”

The Hamilton Project has drafted a range of options for helping the nation's [distressed communities](#), those hurt by the global economic trends of the last several decades and hardest hit by the Great Recession. A targeted job creation proposal is detailed below:

[Bringing Jobs to People: How Federal Policy Can Target Job Creation for Economically Distressed Areas](#)

Timothy J. Bartik proposes three solutions to bring jobs to distressed areas: customized job training programs for businesses and employees, advice and consulting services through the Manufacturing Extension Partnership program, and a package of grants for local services and tax breaks through a reformed and revitalized Empowerment Zone program.

IMPROVING WORKER TRAINING PROGRAMS

“Join me in a national commitment to train two million Americans with skills that will lead directly to a job...Now you need to give more community colleges the resources they need to become community career centers – places that teach people skills that local businesses are looking for right now, from data management to high-tech manufacturing.”

The Hamilton Project recently hosted a [policy forum](#) on ways to improve federal training programs to better prepare the nation's displaced and disadvantaged workers for the jobs of the future. As part of the event, the Project released two targeted training proposals and [hosted a discussion with Siemens President and CEO Eric A. Spiegel](#) about the company's innovative training initiatives:

[Policies to Reduce High-Tenured Displaced Workers' Earnings Losses Through Retraining](#)

Louis S. Jacobson, Robert J. LaLonde, and Daniel G. Sullivan propose the establishment of a Displaced Worker Training (DWT) Program to distribute grants to displaced workers so they can obtain longer-term training to substantially increase their earnings. The DWT Program would also leverage the nation's One-Stop Career Centers to assess and counsel grantees.

[Raising Job Quality and Skills for American Workers: Creating More-Effective Education and Workforce Development Systems in the States](#)

Harry J. Holzer proposes a series of competitive grants to train less-educated workers and connect them with good-paying jobs in high-growth industries. The grants would fund education, training, and career counseling initiatives that feature private sector connections based on the experience of existing successful workforce development programs.

IMPROVING K-12 EDUCATION

“Teachers matter. So instead of bashing them, or defending the status quo, let’s offer schools a deal. Give them the resources to keep good teachers on the job, and reward the best ones. In return, grant schools flexibility: To teach with creativity and passion; to stop teaching to the test; and to replace teachers who just aren’t helping kids learn.”

The Hamilton Project has released several proposals for [improving K-12 education](#) in the United States:

[Organizing Schools to Improve Student Achievement: Start Times, Grade Configurations, and Teacher Assignments](#)

Brian A. Jacob and Jonah E. Rockoff suggest that implementing managerial reforms and making sure the “trains run on time” can substantially increase student learning at modest cost. The authors propose three organizational reforms to improve student performance at moderate cost: 1) Starting school later in the day for middle and high school students; 2) Shifting from separate to elementary and middle schools to K-8; 3) Allowing teachers to teach the same grade level for multiple years or having teachers specializing in the subject where they appear most effective.

[The Power and Pitfalls of Education Incentives](#)

Roland Fryer and Brad Allan draw on school-based field experiments with student and teacher incentives to offer a series of guidelines for designing successful educational incentive programs. Their work demonstrates that well-designed rewards to students can improve achievement at relatively low costs.

[Identifying Effective Teachers Using Performance on the Job](#)

Robert Gordon, Thomas J. Kane and Douglas O. Staiger propose a federal program to help states measure the effectiveness of individual teachers. Teachers who receive good evaluations would be offered bonuses if they were willing to teach in high-poverty schools.

[New Assessments for Improved Accountability](#)

Derek Neal proposes improved assessments and accountability systems through two distinct examinations: one traditional test to track educational achievement over time, and a new examination to evaluate teacher performance.

IMPROVING ACCESS TO HIGHER EDUCATION

“When kids do graduate, the most daunting challenge can be the cost of college.”

The Hamilton Project has proposed several ways to improve access to higher education for all Americans:

[Grading Higher Education: Giving Consumers the Information They Need](#)

Potential students and their families must navigate a labyrinth of incomplete and uncertain information when deciding where to go to college, what to study, or what career to pursue, resulting in an array of poor choices being made every day. In this proposal, Bridget Terry Long

calls for the federal government to expand the types of information that are available and allow users to compare indicators like cost, financial aid, student debt, employment outcomes, and average salaries following graduation, across peer institutions.

[College Grants on a Postcard: A Proposal for Simple and Predictable Federal Student Aid](#)

Susan M. Dynarski and Judith Scott-Clayton examine the federal student aid system and finds that the level of complexity makes it ineffective at increasing college enrollment. The paper then outlines a simplified system to address this issue.

REFORMING THE CORPORATE TAX SYSTEM

“...if you’re a business that wants to outsource jobs, you shouldn’t get a tax deduction for doing it...no American company should be able to avoid paying its fair share of taxes by moving jobs and profits overseas...if you’re an American manufacturer, you should get a bigger tax cut. If you’re a high-tech manufacturer, we should double the tax deduction you get for making products here.”

The Hamilton Project has highlighted two policy proposals for improving the country’s corporate tax structure:

[A Modern Corporate Tax](#)

Alan J. Auerbach proposes two reforms to the U.S. corporate tax system: first, an immediate deduction for all investments that would replace the current system of depreciation allowances, and second, replacing the current approach to taxing foreign-source income with a system that ignores all transactions except those occurring exclusively in the United States.

[Reforming Corporate Taxation in a Global Economy: A Proposal to Adopt Formulary Apportionment](#)

Kimberly A. Clausing and Rueven S. Avi-Yonah propose a system of formulary apportionment for taxing the corporate income of multinational firms. Under this proposal, the U.S. tax base for multinational corporations would be calculated based on a fraction of their worldwide income.

PROMOTING TECHNOLOGY AND INNOVATION

“Innovation also demands basic research. Today, the discoveries taking place in our federally-financed labs and universities could lead to new treatments that kill cancer cells but leave healthy ones untouched... Don’t gut these investments in our budget. Don’t let other countries win the race for the future. Support the same kind of research and innovation that led to the computer chip and the Internet; to new American jobs and new American industries.”

The Hamilton Project recently held a [policy forum](#) to explore the evolving role of innovation in driving broad-based economic growth in the United States and the policy environment necessary to foster new ideas in science, technology, and business. As part of this event, the Project identified “[A Dozen Economic Facts About Innovation](#)” to explore the role innovation plays in increasing productivity, boosting wages, and improving the quality of life for American families. Targeted policy proposals released by the Project include:

[An Energy Technology Corporation Will Improve the Federal Government’s Efforts to Accelerate Energy Innovation](#)

John M. Deutch proposes a series of best practices for government support of U.S. technology demonstration and a new institution, the Energy Technology Corporation, that would be responsible for managing and selecting technology demonstration projects.

[Prizes for Technological Innovation](#)

Thomas Kalil proposes expanding the U.S. government's use of prizes and Advanced Market Commitments to stimulate technological innovation in space exploration, African agriculture, vaccines for diseases of the poor, energy and climate change, and learning technologies.

[Investing in the Best and Brightest: Increased Fellowship Support for American Scientists and Engineers](#)

Richard Freeman discusses the National Science Foundation fellowship policy. He argues that current U.S. NSF fellowship policy gives less of an incentive for students to enter science and engineering than in earlier periods.

CREATING A CLEAN ENERGY STANDARD

“We can also spur energy innovation with new incentives. The differences in this chamber may be too deep right now to pass a comprehensive plan to fight climate change. But there’s no reason why Congress shouldn’t at least set a clean energy standard that creates a market for innovation.”

As part of our comprehensive coverage of [energy and environmental issues](#), The Hamilton Project has put forth numerous policy proposals, including a recent proposal to create a clean energy standard:

[Promoting Clean Energy in the American Power Sector](#)

Joseph Aldy proposes a technology-neutral national clean energy standard for the U.S. power sector. The proposal would lower carbon dioxide emissions by as much as 60 percent relative to 2005 levels over twenty years, streamline the fragmented regulatory system that is currently in place, generate fiscal benefits, and help fund energy innovation.

IMPROVING INFRASTRUCTURE AND UNIVERSAL BROADBAND ACCESS

“So much of America needs to be rebuilt. We’ve got crumbling roads and bridges. A power grid that wastes too much energy. An incomplete high-speed broadband network that prevents a small business owner in rural America from selling her products all over the world.”

The Hamilton Project has produced numerous proposals for [improving the nation’s infrastructure](#), including specific proposals to more effectively invest in transportation infrastructure and expand broadband access:

[Fix It First, Expand It Second, Reward It Third: A New Strategy for America’s Highways](#)

Matthew Kahn and David Levinson propose a reorganization of our national highway infrastructure priorities to preserve, maintain, and enhance existing infrastructure and the creation of the Federal Highway Bank to meet these goals.

[Bringing Broadband to Unserved Communities](#)

Jon M. Peha outlines policies through which government could facilitate the expansion of broadband infrastructure into unserved communities. He argues that these policy reforms would move America closer to the goal of universal access to broadband Internet.

[Public-Private Partnerships to Revamp U.S. Infrastructure](#)

Eduardo Engel, Ronald Fischer, and Alexander Galetovic propose a series of best practices for state and local governments to follow when using public-private partnerships to provide infrastructure.

IMPROVING THE U.S. REGULATORY SYSTEM

“There is no question that some regulations are outdated, unnecessary, or too costly.”

A recently released paper by The Hamilton Project addresses a more effective use of cost-benefit analysis in regulatory rule-making:

[A Better Approach to Environmental Regulation: Getting the Costs and Benefits Right](#)

Ted Gayer proposes three reforms addressing several problems that undermine the role played by cost-benefit analysis in environmental regulation: 1) agencies should use a check list of good empirical practices for using cost-benefit analysis; 2) regulators should presume that consumers can make their own energy-saving decisions and focus on regulations addressing harm people impose on others; and 3) a six-month, early regulatory review process should be established for particularly important regulations.

CLARIFYING ECONOMIC MYTHS AROUND IMMIGRATION

“Let’s also remember that hundreds of thousands of talented, hardworking students in this country face another challenge: The fact that they aren’t yet American citizens. Many were brought here as small children, are American through and through, yet they live every day with the threat of deportation. Others came more recently, to study business and science and engineering, but as soon as they get their degree, we send them home to invent new products and create new jobs somewhere else...”

The debate surrounding comprehensive immigration reform is often clouded by myths about the economic impacts of immigration. The Hamilton Project has put forward “[Ten Economic Facts About Immigration](#)” to clarify the debate, including facts on immigration’s impact on wages, jobs, and America’s economic health. The Project will also release a policy proposal for comprehensive immigration reform in the spring of 2012.

*For more information on The Hamilton Project’s policy work,
Please visit our website at www.hamiltonproject.org.*