Bringing Jobs to People: How Federal Policy Can Target Job Creation for Economically Distressed Areas

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October 13, 2010

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Presentation to Hamilton Project Forum,
“Hard Times, Solid Policies To Renew America’s Communities”
Principles for Efficient Job Creation in Distressed Communities

- Focus on “productivity services” rather than tax subsidies to business
- Productivity services have higher bang for buck
- Enhancing business productivity has direct national benefits
More Principles for Efficient Job Creation in Distressed Communities

• **Targeting**: Tight targeting based on objective measures of jobs shortage
  – Targeting permits adequate resources
  – Targeting redistributes jobs to where they have greater benefits

• **Rigorous evaluation**
  – Compare assisted with similar unassisted businesses and areas
## Benefits and Costs of 3 Proposals to Bring Jobs to Distressed Areas

<table>
<thead>
<tr>
<th></th>
<th>Productivity boost</th>
<th>Productivity benefits/costs</th>
<th>Govt. costs per new local job</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customized training</td>
<td>0.5%</td>
<td>1.8</td>
<td>$25,000</td>
</tr>
<tr>
<td>Manufacturing extension</td>
<td>0.8%</td>
<td>2.1</td>
<td>$8,500</td>
</tr>
<tr>
<td>Empowerment Zones</td>
<td>3%</td>
<td>2.1</td>
<td>$18,000</td>
</tr>
</tbody>
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