Economic
Policy
Institute

‘Build Back Better’ agenda will ensure strong, stable recovery in coming years

Report • By Adam S. Hersh • September 16, 2021

Thanks to unprecedented federal supports for businesses, workers, and families, recovery from the pandemic’s economic shock is proceeding far faster than what we saw in the aftermath of the Great Recession. Still, overall employment is 5.3 million jobs below its February 2020 level and a shortfall of between 6.5 and 9 million jobs remains relative to the economy’s pre-pandemic trajectory (EPI 2021; BLS 2021a). In addition, fiscal support that has thus far propelled recovery is winding down. Given this macroeconomic context, locking in sufficient fiscal support to power recovery past 2022 should be a key priority for policymakers.

By the numbers

4.0 million jobs would be supported annually by the Build Back Better agenda, including:

- **1.1 million** caregiving jobs
- **763,000** green jobs
- **556,000** manufacturing jobs
- **312,000** construction jobs

This report assesses the potential macroeconomic impact of two pieces of legislation pending in Congress: the Infrastructure Investment and Jobs Act (IIJA), which incorporates elements of the American Jobs Plan (White House 2021a, 2021c, 2021d), and Congress’s $3.5 trillion (over 10 years) budget reconciliation bill, still being written in Congress, which incorporates measures proposed under the Biden administration’s American Families Plan of the Build Back Better agenda (White House 2021b). The investments and social insurance expansions provided for by these plans will boost productivity and provide key relief to family budgets in coming years. The benefits from these policies will be realized even if the economy has reached full employment when they take effect. Moreover, these plans also provide a valuable backstop against the possibility that the economic recovery falters after 2022 as the effect of the American Rescue Plan (ARP) fades, as was the case when fiscal support for recovery ended prematurely following the Great Recession. This report highlights just how strong a fiscal backstop the plans will provide.

The two pieces of legislation, amounting to just over $4 trillion in new spending over 10 years, reflect versions of the Biden-Harris administration's economic agenda that have been scaled back in order to strike political compromises necessary to earn support for passage in Congress. In departing from more ambitious plans, Congress will reduce the level of insurance the legislation provides against a flagging recovery in coming years (Zandi and Yaros 2021). Nonetheless, together these two pieces of legislation would provide much needed support to a still-recovering job market, enhance equity and long-term economic performance, and take serious steps toward addressing the climate crisis we can already see unfolding. The report finds:

- **Combined, the IIJA and budget reconciliation package would provide fiscal support for more than 4 million jobs per year**, on average, over the course of the 10-year budgeting window, through direct spending and increased indirect demand in related industries. The analysis does not account for dynamic effects of the planned investments, though these policies are also certain to raise business and worker productivity, and to create faster and more equitably distributed long-run economic growth and increased tax revenues.
- **The budget reconciliation package under consideration would support a far greater number of jobs than the IIJA**. On its own, the IIJA will provide fiscal support for 772,400 jobs per year, or 19% of the total jobs supported by the combined package. In comparison, the budget reconciliation is expected to support more than 3.2 million jobs per year, or 81% of the total jobs. The budget reconciliation's outsize economic impact flows from its more significant financial commitment to public investments.
- **Manufacturing industries would see a significant boost under these combined plans, with more than 556,000 jobs supported annually**.
- **The planned investments would support more than 312,000 jobs annually in construction industries.**
- **The budget reconciliation would vastly expand caregiving jobs to address unmet needs in child care and elder care, supporting 1.1 million jobs per year**. Such investments in universal pre-K, child care, and long-term care would not only disproportionately provide jobs for women—and particularly for women of color—but would also enable millions to participate more fully in the workforce at higher productivity and to earn higher compensation. This social infrastructure investment would facilitate increased accumulation of human capital critical for America's long-term economic growth prosperity; and it would provide crucial relief to family budgets straining to balance work with the costs of caregiving.
- **Climate-related and other environmental provisions in the legislation would support more than 763,000 jobs annually.** This includes jobs supported by investments in electric vehicle infrastructure and federal procurement of clean

technologies, public transit, power infrastructure, climate resilience, agriculture and forestry innovations, environmental remediation, and scientific research and development, among other measures.

In the sections that follow, we first explain the spending plans embodied in the IIJA and Congress's anticipated budget reconciliation bill. Next, we explain the methodological approach we use to assess what job impacts can be expected from the proposed legislation, and we present the detailed results of our analysis. Finally, we summarize the opportunities legislators now have to rebuild the American economy stronger and better than before.

Plans to rebuild the economy for all

Our analysis assesses the impacts of just over $4 trillion in new spending on a range of policy initiatives over a 10-year budget window, specified in **Table 1**. First, the Infrastructure Investment and Jobs Act reflects a bipartisan compromise—modeled on the American Jobs Plan—negotiated by President Biden and a bipartisan group of senators to expand investments in surface transportation, public transit and rail, water, and broadband internet infrastructure, along with new investments in renewable energy and electric vehicles (White House 2021a, 2021c, 2021d). Although the media often report this bill as having a $1.2 trillion price tag, the package encompasses much previously budgeted and paid-for infrastructure spending; thus, the analysis here focuses only on the nearly $550 billion in net new infrastructure investments the bill would authorize.[1]

These investments target sorely needed renewal and expansion of America's physical infrastructure, which has been allowed to deteriorate for more than a decade (Ayres Steinberg and Hersh 2013; Bivens 2017). The American Society of Civil Engineers (ASCE 2021) estimates that the depreciation of existing public infrastructure assets alone will cost the United States $10 trillion in gross domestic product, 3 million jobs, and $2.4 trillion in lost exports as a result of increased costs of doing business by 2039.

Spending on infrastructure yields immediate benefits due to the labor- and capital-intensive demands of these investment projects, and it continues to yield economic dividends for years to come by allowing people, goods, and ideas to move around more efficiently (Bivens 2019). Estimates of the longer-term economic impacts of infrastructure spending find that returns on investment range from 17% to 73% (Bivens 2017; Heintz 2010; Berechman, Ozmen, and Ozbay 2006) as businesses more efficiently reach markets, workers access more job opportunities, and families find it easier to access quality education and health care.

Although the bipartisan IIJA agreement tees up significant new infrastructure investments, the compromise still falls roughly $2.5–3 trillion short of the U.S. economy's actual infrastructure demands over the next decade, in addition to $400–600 billion per year needed to achieve carbon net neutrality (Pollin, Chakraborty, and Wicks-Lim 2021). This shortfall leaves significant jobs and economic growth potential on the table. In fact, in

Table 1

Proposed public spending on economic investments under the 2021 Infrastructure Investment and Jobs Act and budget reconciliation bill proposal

Spending category	Amount (billions)
Infrastructure Investment and Jobs Act	
Roads, bridges, major projects	$110.0
Safety	$11.0
Public transit	$39.0
Rail	$66.0
Electric vehicle (EV) infrastructure	$15.0
Reconnecting communities	$1.0
Airports	$25.0
Ports and waterways	$17.0
Water infrastructure	$55.0
Broadband infrastructure	$65.0
Environmental remediation	$21.0
Power infrastructure including grid authority	$73.0
Resilience	$50.0
Subtotal	$548.0
Budget reconciliation bill	
Universal pre-K	$172.0
Child care	$215.0
Clean energy tax incentives	$308.7
Electric vehicle (EV) rebates	$86.0
Agriculture/forestry	$113.5
Clean energy accelerator/green bank/ infrastructure bank	$23.2
Civilian Conservation Corps	$8.6
Federal procurement of clean technology	$39.6
Weatherization	$15.5
Place-based clean energy economic development and environment	$12.0
Education (post-secondary)	$258.0
Long-term care	$344.0
ACA premiums	$140.2
Dental, vision, hearing	$258.0

Table 1
(cont.)

Spending category	Amount (billions)
Public housing, preservation, supply, and affordability	$196.9
Lawful permanent residences for immigrants	$108.4
Community college infrastructure	$10.3
Critical Supply Chain Resilience Fund	$43.0
Manufacturing USA	$2.6
National Institute for Science and Technology Laboratories	$3.4
Extension Partnerships	$6.0
Regional Innovation Hubs	$8.6
Community Revitalization Fund	$8.6
Auto supply chain	$18.9
Manufacturing financing	$25.8
Small Business Administration and minority business development	$26.7
Rural Partnership Fund	$4.3
Pandemic preparedness: HHS, DOE, DOD	$25.8
Research and development	$160.4
Workforce	$70.3
Child nutrition	$38.7
Paid leave	$193.5
CTC/EITC/CDCTC	$559.0
Subtotal	$3,505.6
Total	$4,053.6

Notes: Research and development includes research programs for infrastructure, the National Science Foundation Technology Directorate, climate research, Department of Energy demonstrating funding, ARPA-Climate initiatives, historically Black colleges and universities, and STEM centers of excellence and education programs. Pandemic preparedness includes designated funding for the Departments of Health and Human Services, Energy, and Defense. CTC/EITC/CDCTC denotes Child Tax Credit/Earned Income Tax Credit/Child and Dependent Care Tax Credit.

Source: EPI analysis of White House 2021b, 2021c, and 2021d.

Economic Policy Institute

some of the states where political opposition to green investment has been highest—and most influential on national policy—such investments in infrastructure and climate change could add a significant number of jobs: These include West Virginia (41,000 jobs), Ohio (235,000 jobs), and Pennsylvania (243,000 jobs) (PERI 2021).

Separate from the IIJA, a budget framework being advanced by congressional Democrats would provide $3.5 trillion in spending over 10 years for priorities set out in the Biden-Harris administration's American Families Plan (White House 2021b) of the Build Back Better agenda, with offsetting revenues largely derived from tax increases on America's wealthiest individuals and largest corporations. Congress is still formalizing this legislation; for the purpose of our analysis, we infer the composition of new spending from the original American Families Plan proposal and the scale of the budget resolution that passed both the House and Senate in August and that is expected to be formalized in a forthcoming budget reconciliation bill this month (Table 1). As the budget reconciliation is still under negotiation, it is possible that the resulting legislation could differ significantly from assumptions employed here, with the resulting job impacts differing in turn.

This Build Back Better agenda expands upon more traditional infrastructure investments in the IIJA in ways that promise to be transformative for social equity, manufacturing renewal, energy efficiency, and environmental sustainability. To highlight several themes of these initiatives:

- Expanded Child, Earned Income, and Child and Dependent Care Tax Credits (CTC, EITC, and CDCTC) would provide a boost in financial security to families, providing stability that is shown to increase academic performance, attainment, and lifetime economic mobility (Sherman et al. 2021).
- Investments in child and elder care and universal prekindergarten would address the inequities and inadequacy of America's caregiving infrastructure, which leave children without the opportunities for early learning and development and leave parents—primarily women of color—with diminished opportunities for work and career advancement that have come to define the pandemic's "she-cession" (Glynn 2021; Savage 2019). Providing aid for child and elder care also lowers the costs of some of the key stressors of family budgets (Gould and Blair 2020). Finally, creating quality jobs in the caregiving economy would provide substantial economic benefits to a long-marginalized workforce and enhance productivity in the overall economy (Gould, Sawo, and Banerjee 2021; Palladino and Lala 2021).
- Proposed investments in the manufacturing sector and a broad range of technological research and development, alongside commitments to invest in renewable energy generation and climate change resilience and mitigation strategies, carry the potential to revitalize America's industrial base, reduce energy costs for businesses and households, and prevent future catastrophic losses and economic disruptions from extreme climate events.

Even though it largely finances new expenditures with current revenues, the budget reconciliation plan would still provide an important macroeconomic backstop to aggregate demand in coming years by taking advantage of what economists refer to as the "balanced budget multiplier": By shifting expenditures from areas with a low propensity to stimulate additional activity elsewhere in the economy to areas with a high propensity to promote downstream economic activity, it is possible to achieve a stimulative effect without fundamentally altering overall fiscal balances.

Although tax increases generally may dampen economic activity, there are two strong reasons to expect the measures proposed in the budget reconciliation plan to impose only a very small fiscal drag. First, the vast majority of families, small businesses, and farm holders would be exempt from the tax increases (Buffie and Lord 2021). The measures would instead focus on raising revenues from America's highest earners, including the wealthiest individuals and largest corporations—many of whom avoid paying taxes altogether. The plan would exempt those with earnings below $400,000 annually and, in the case of provisions pertaining to untaxed capital gains, those with less than $1,000,000 in income from paying higher taxes.

Second, these rich individuals and big corporations exhibit exceptionally low propensities to spend from additional increases in income. The extremely muted effect on aggregate demand stemming from tax changes could be seen following the passage of the 2017 Tax Cuts and Jobs Act (TCJA), which focused primarily on cutting taxes for corporations and top income earners. The TCJA largely failed to fulfill its defenders' stated goal of boosting investment because excess economic slack remained in the U.S. economy after its passage; instead of making real investment, beneficiaries of the tax cuts gorged on corporate stock repurchases (Troise 2019). The failure of a quite large (in fiscal terms) tax cut to take up the remaining slack in 2018 and 2019 highlights just how weakly top-end tax changes affect aggregate demand. Gale and Haldeman (2021) document the failure of the TCJA to boost investment; this record is in line with previous experiments with supply-side tax cuts aimed at the top of the income and wealth distribution (Hungerford 2011). Thus, revenues raised from incomes of exceedingly rich individuals and the largest corporations will yield much bigger economic effects spent through this plan than parked in their bank and brokerage accounts.

Analyzing support for widespread employment in good jobs

In assessing the likely employment impacts of any macroeconomic policy change, it is important to be explicit in the concept of jobs being modeled. This report employs the concept of jobs "supported"—the labor inputs required in various industries of the economy to fulfill a given level of economic activity—rather than the concept of jobs "created," or net increases in the overall level of employment. This distinction reflects the complicated nature of considering the employment effects from significant macroeconomic changes sustained over a relatively long time frame (more than two years, for example).

When an economy operates with pervasive unemployment, an increase in net aggregate demand—typically from additional government investments or from an increase in net exports—requires increased employment of idled labor and capital resources. Thus, the boost to demand generates net increases in total employment. Such excess unemployment and growth constrained by too-slack aggregate demand defines the U.S. economy today. Despite marked recovery in employment from the depths of the COVID-19 recession, labor and capital underutilization persist (BLS 2021b; Federal Reserve 2021). The economy still exhibits an employment shortfall of 6.5 to 9 million jobs (EPI 2021), and—even before the pandemic—conventional measures of unemployment tended to understate economic slack, relegating workers of color to perpetually disproportionately high unemployment (Hersh and Paul 2021).

At some point in the future, it is likely that recent past policy interventions (the American Rescue Plan, most notably) and the expansive policies under consideration with the IIJA and forthcoming budget reconciliation bill will eliminate current economic slack. After this point, the macroeconomic effect of additional spending would largely be to *reallocate* some employment from one industry to another, rather than adding net new jobs to the economy. Although recent data on consumer prices have some commentators and analysts concerned about the potential for inflation, sober analysis of the available evidence suggests that current inflation is transitory in nature and unlikely to persist once pandemic-related supply-chain bottlenecks are relaxed (Bivens and Thompson 2021). But even at full employment, additional benefits can be derived from spending to support economic activity: Such spending could help shift the composition of overall employment toward better-compensated jobs; eliminate labor market slack, increasing the bargaining power of workers to achieve real wage gains; and direct workers and capital resources into higher-productivity uses that expand America's economic potential. Further, the broader economic benefits of the Build Back Better agenda—increased productivity through public investment and relief for families through more expansive social insurance—will be realized regardless of the state of labor market slack.

Given these considerations, the best way to view the economic impact of the IIJA and the Build Back Better agenda is to assess the number of jobs its spending supports and the insurance it provides to sustain high growth and tight labor markets in coming years. If economic growth is strong even absent this fiscal boost, then the jobs supported will mostly be reallocations that lead to a fairer and more productive economy. If growth outside this fiscal boost begins to flag, the jobs supported by these programs will constitute net new additions to employment, providing a macroeconomic buffer against worsening unemployment.

To obtain our empirical measures of jobs supported, we utilize the Department of Labor's domestic Employment Requirements Matrix (ERM: BLS 2020) to estimate the number of jobs from spending in the IIJA and expected budget resolution. The ERM breaks down the economy into 206 sectors and tabulates the number of full-time jobs required for a given level of economic output in a given sector, as well as the jobs required to produce intermediate inputs (in other industries) that are used by that industry. We map the underlying policies proposed in the IIJA and the budget plan (Table 1) onto these 206 industries. We follow the work of Pollin and Chakraborty (2020) to analyze data on renewable energy and a range of other climate change-related investments. For other industries, we analyze data from the Bureau of Economic Analysis's national income accounting input-output tables (BEA 2021).

Jobs supported by policy

Table 2 presents the results of our analysis, indicating the number of jobs that would be supported by the legislation under consideration. As the timing of this proposed spending is uncertain, we report the average number of jobs supported per year over the 10-year budgeting window, and we disaggregate the results to show the discrete contributions of each underlying policy. The results include both jobs supported directly in each industry in which spending occurs and jobs supported indirectly in industries that supply key inputs required for production in the primary industry.

In total, these policies would support more than 4.0 million jobs annually, with 772,400 jobs supported per year by the IIJA and more than 3.2 million jobs supported per year by budget reconciliation. To be clear, these average annual number of jobs supported cannot be summed together over 10 years. If, for example, all of the spending ramped up in Year 1 and then persisted, then 4.0 million jobs would be supported in the first year and then this number would persist but not grow. Over the 10-year window, one could cumulate these job numbers and classify them as “job-years”—a measure of total hours of work supported by this spending over the next decade.

A portfolio of investments in the Build Back Better agenda will tackle head-on the climate change crisis unfolding before our eyes, with efforts to mitigate and prepare for climate change that would support more than 763,000 jobs annually. These policies would combine investments in hard infrastructure with investments to develop new green technologies to make the economy cleaner and more efficient across a range of industries, and investments to make infrastructure, agriculture, and other key sectors of the economy resilient to potential climate-related disruptions. These measures include investments in electric vehicles infrastructure, public transit, power infrastructure and electric grids, environmental remediation and resilience, clean energy tax incentives, creation of a national infrastructure investment bank and a Civilian Conservation Corps, federal procurement of clean technologies, agriculture and forestry investments, weatherization upgrades to commercial and residential buildings, place-based clean energy economic development initiatives, and a range of research and development initiatives.

Another suite of policies would address America’s ongoing caregiving crises, with investments in child care, elder care, and early learning and development. Investments to make pre-K schooling universal and expand access to quality, affordable child care and long-term care would support 1.1 million jobs per year.

Table 2

Jobs supported by Infrastructure Investment and Jobs Act and budget reconciliation bill spending, average per year over 10 years

Category	Jobs
Infrastructure Investment and Jobs Act	
Roads, bridges, major projects	196,074
Safety	19,607
Public transit	69,517
Rail	72,933
Electric vehicle (EV) infrastructure	16,686
Reconnecting communities	1,782
Airports	26,394
Ports and waterways	23,138
Water infrastructure	79,964
Broadband infrastructure	60,605
Environmental remediation	35,412
Power infrastructure, including grid authority	81,206
Resilience	89,125
Subtotal	772,444
Budget reconciliation bill	
Universal pre-K	197,659
Child care	341,711
Clean energy tax incentives	153,664
Electric vehicle (EV) rebates	41,043
Agriculture/forestry	69,593
Clean energy accelerator/green bank/ infrastructure bank	12,531
Civilian Conservation Corps	6,951
Federal procurement of clean technology	21,016
Weatherization	9,060
Place-based clean energy economic development and environment	8,072
Education (postsecondary)	321,989
Long-term care	545,598
ACA Premiums	102,768
Dental, vision, hearing	251,109

Table 2 (cont.)

Category	Jobs
Public housing, preservation, supply, and affordability	115,261
Lawful permanent residences for immigrants	80,288
Community college infrastructure	7,633
Critical Supply Chain Resilience Fund	26,359
Manufacturing USA	2,279
National Institute for Science and Technology Laboratories	3,038
Extension Partnerships	5,317
Regional Innovation Hubs	7,596
Community Revitalization Fund	6,717
Auto supply chain	17,308
Manufacturing financing	12,800
Small Business Administration and minority business development	18,433
Rural Partnership Fund	2,636
Pandemic preparedness: HHS, DOE, DOD	12,508
Research and development	149,450
Workforce	82,177
Child nutrition	56,559
Paid leave	143,371
CTC/EITC/CDCTC	414,182
Subtotal	3,246,677
Total	4,019,122

Notes: Research and development includes research programs for infrastructure, the National Science Foundation Technology Directorate, climate research, Department of Energy demonstrating funding, ARPA-Climate initiatives, historically Black colleges and universities, and STEM centers of excellence and education programs. Pandemic preparedness includes designated funding for the Departments of Health and Human Services, Energy, and Defense. CTC/EITC/CDCTC denotes Child Tax Credit/Earned Income Tax Credit/Child and Dependent Care Tax Credit.

Source: EPI analysis of White House 2021b, 2021c, and 2021d.

Economic Policy Institute

Table 3

Jobs supported annually by the 2021 Infrastructure Investment and Jobs Act (IIJA) and budget reconciliation bill, by industry

	Jobs		
Industry	**IIJA**	**Budget reconciliation**	**Total**
Agriculture, forestry, fishing and hunting	2,393	47,294	49,686
Oil and gas extraction	652	1,354	2,006
Mining (excl. oil and gas)	2,353	3,823	6,176
Utilities	3,018	5,704	8,722
Construction	175,501	136,708	312,210
Manufacturing	174,628	381,628	556,256
Food	383	14,526	14,909
Beverage and tobacco product	73	2,288	2,361
Textile mills and textile product mills	827	3,806	4,633
Apparel, leather and allied products	304	7,586	7,890
Wood products	5,119	23,262	28,381
Paper products	1,499	5,114	6,613
Printing and related support activities	1,296	5,876	7,172
Petroleum and coal products	793	1,129	1,922
Chemical manufacturing	2,704	17,180	19,883
Plastics and rubber products	8,416	11,852	20,268
Nonmetallic mineral product	7,741	7,550	15,292
Primary metal	7,166	13,458	20,624
Architectural and structural products; boiler, tank, and shipping containers	8,179	34,188	42,367
Other fabricated metal products	14,861	31,393	46,254

Table 3 (cont.)

Industry	Jobs: IIJA	Budget reconciliation	Total
Agricultural, construction, commercial and service, and metalworking machinery	1,356	9,481	10,837
Engine, turbine, and power transmission equipment	439	9,525	9,964
HVAC and misc. industrial machinery	6,134	57,971	64,105
Computer and peripheral equipment	127	6,418	6,545
Communications and audio and video equipment	254	1,700	1,954
Navigational, measuring, electromedical, and control instruments	1,031	2,722	3,753
Semiconductor and other electronic components; reproducing magnetic and optical media	2,615	12,722	15,337
Household appliances	761	14,365	15,126
Other electrical equipment, appliances, and components	46,144	45,732	91,876
Motor vehicle and motor vehicle parts	24,927	21,924	46,851
Aerospace products and parts	4,127	1,120	5,248
Railroad, ship, and other transportation equipment	11,060	792	11,852
Furniture and related products	2,239	4,834	7,073
Miscellaneous manufacturing	14,053	13,112	27,165
Wholesale trade	24,133	63,158	87,291
Retail trade	17,862	158,596	176,458
Transit and ground passenger transportation	99,474	8,644	108,119

Table 3 (cont.)

Industry	Jobs: IIJA	Jobs: Budget reconciliation	Jobs: Total
Other transportation and warehousing	39,184	59,513	98,697
Information	12,747	27,979	40,726
Finance and insurance	11,766	33,538	45,304
Real estate, rental and leasing	6,157	22,264	28,420
Professional, scientific, and technical services	45,922	161,092	207,013
Management of companies and enterprises	10,392	50,774	61,166
Employment support services and building services	31,100	89,287	120,387
Waste management and remediation and other administrative and support services	33,339	52,536	85,875
Educational services	998	225,870	226,868
Health care and social assistance	674	1,069,517	1,070,191
Arts, entertainment, and recreation	5,876	31,323	37,199
Accommodation and food services	9,502	110,030	119,532
Other private services	5,555	55,880	61,435
Public administration	59,221	450,164	509,384
Total	772,445	3,246,675	4,019,119

Source: EPI analysis of White House 2021b, 2021c, and 2021d and BLS 2020.

Economic Policy Institute

Jobs supported by industry

Table 3 provides an alternative view of the analysis, summarizing the number of jobs supported by industry. To simplify interpretation of the results, we compile the detailed 206 industries identified by the Bureau of Labor Statistics into 23 larger sectoral groupings, with underlying detail provided for a selection of key manufacturing industries. Overall, the health care and social assistance sector would see the largest number of jobs supported, nearly 1.1 million annually, owing to significant new investments to expand access to quality health care, child care, and elder care services. The legislation would support 556,300 jobs annually in manufacturing industries and 312,200 jobs annually in construction industries, owing to the significant investments in physical infrastructure, electric vehicles, renewable energy generation, installation of new climate change-related technologies, and initiatives to strengthen critical manufacturing supply chains. The manufacturing industries poised to see the most benefit include electrical equipment, industrial machinery, construction products, fabricated metals, and motor vehicles and parts—together making up half of all manufacturing jobs supported by the policies.[2]

Conclusion

Supporting more than 4 million jobs annually, the proposed Infrastructure Investment and Jobs Act, combined with Congress's anticipated budget reconciliation, would provide a significant boost to America's job market as it recovers from the pandemic economic shock and would sustain high-pressure labor markets critical to broadly rising wages. This could well turn out to be a vitally needed backstop to growth in coming years as the fiscal boost from the ARP winds down. These policies would accomplish much more than the immediate boost to employment, transforming the U.S. economy to be more efficient, equitable, sustainable, and prosperous for the long run.

Acknowledgments

The author would like to thank Zane Mokhiber and Jori Kandra for meticulous research assistance, Rob Scott and Josh Bivens for thoughtful input, and Krista Faries for editorial assistance.

Notes

1. The analysis here follows Congressional Budget Office (2021) methodology mandated by the Balanced Budget and Emergency Deficit Control Act of 1985 in assuming that expenditures authorized for less than the 10-year budgeting window will continue to be funded at the same level in each subsequent year.

2. These manufacturing industries include: Other electrical equipment, appliances, and components; HVAC and miscellaneous industrial machinery; architectural and structural products; boiler, tank, and shipping containers; other fabricated metal products; and motor vehicles and motor vehicle parts.

References

American Society of Civil Engineers (ASCE). 2021. *A Comprehensive Assessment of America's Infrastructure*. March 3, 2021.

Ayres Steinberg, Sarah, and Adam Hersh. 2013. *New Ryan Budget Cuts Investments in America's Future*. Center for American Progress, March 2013.

Berechman, Joseph, Dilruba Ozmen, and Kaan Ozbay. 2006. "Empirical Analysis of Transportation Investment and Economic Development at State, County and Municipality Levels." *Transportation*, vol. 33, pp. 537–551, https://doi.org/10.1007/s11116-006-7472-6.

Bivens, L. Josh. 2017. *The Potential Macroeconomic Benefits from Increasing Infrastructure Investment*. Economic Policy Institute, July 2017.

Bivens, L. Josh. 2019. *Updated Employment Multipliers for the U.S. Economy*. Economic Policy Institute, January 2019.

Bivens, L. Josh, and Stuart A. Thompson. 2021. "179 Reasons You Probably Don't Need to Panic About Inflation." *New York Times*, August 18, 2021.

Buffie, Nick, and Bob Lord. 2021. *The American Families Plan Taxes Billionaires and Protects Family Farms and Businesses*. Center for American Progress, August 2021.

Bureau of Economic Analysis (BEA). 2021. *Input-Output Accounts Data (Excel spreadsheets)*. Accessed August 6, 2021.

Bureau of Labor Statistics (BLS). 2020. *Employment Requirements Matrix (Excel spreadsheets)*. Last modified June 10, 2020.

Bureau of Labor Statistics (BLS). 2021a. *Current Employment Statistics National Databases*. Accessed August 6, 2021.

Bureau of Labor Statistics (BLS). 2021b. *Labor Force Statistics from the Current Population Survey*. Accessed August 6, 2021.

Congressional Budget Office. 2021. *Cost Estimate: Senate Amendment 2137 to H.R. 3684, the Infrastructure Investment and Jobs Act*. August 1, 2021.

Economic Policy Institute (EPI). 2021. "Measuring the Job Shortfall Since February 2020: Actual and Counterfactual Employment, September 2019–August 2021" (chart). Economic Policy Institute.

Federal Reserve. 2021. "Industrial Production and Capacity Utilization – G.17" (monthly statistical release). Board of Governors of the Federal Reserve System, August 17, 2021.

Gale, William G., and Claire Haldeman. 2021. *Searching for Supply-Side Effects of the Tax Cuts and Jobs Act*. Brookings Institution, July 2021.

Glynn, Sara Jane. 2021. *Breadwinning Mothers Are Critical to Families' Economic Security*. Center for American Progress, March 2021.

Gould, Elise, and Hunter Blair. 2020. *Who's Paying Now?: The Explicit and Implicit Costs of the Current Early Care and Education System*. Economic Policy Institute, January 2020.

Gould, Elise, Marokey Sawo, and Asha Banerjee. 2021. "Care Workers Are Deeply Undervalued and Underpaid: Estimating Fair and Equitable Wages in the Care Sectors." *Working Economics Blog* (Economic Policy Institute), July 16, 2021.

Heintz, James. 2010. "The Impact of Public Capital on the U.S. Private Economy: New Evidence and Analysis." *International Review of Applied Economics* 24, no. 5: 619–632, https://doi.org/10.1080/02692170903426104.

Hersh, Adam S., and Mark V. Paul. 2021. *Room to Run: America Has Ample Fiscal Space and Should Use It to Tackle Pressing Economic and Climate Challenges*. Groundwork Collaborative, April 2021.

Hungerford, Thomas. 2011. *Changes in the Distribution of Income Among Tax Filers Between 1996 and 2006: The Role of Labor Income, Capital Income, and Tax Policy*. Congressional Research Service, December 2011.

Palladino, Lenore, and Chirag Lala. 2021. *The Economic Effects of Investing in Quality Care Jobs and Paid Family and Medical Leave*. Political Economy Research Institute, June 2021.

Political Economy Research Institute (PERI). 2021. *Green Economy Transition Programs for U.S. States*. February 2021.

Pollin, Robert, and Shouvik Chakraborty. 2020. *Job Creation Estimates Through Proposed Economic Stimulus Measures*. Political Economy Research Institute (PERI), September 2020.

Pollin, Robert, Shouvik Chakraborty, and Jeanette Wicks-Lim. 2021. *Employment Impacts of Proposed U.S. Economic Stimulus Programs: Job Creation, Job Quality, and Demographic Distribution Measures*. Political Economy Research Institute (PERI), March 2021.

Savage, Sarah Ann. 2019. *High-Quality Early Child Care: A Critical Piece of the Workforce Infrastructure*. Federal Reserve Bank of Boston, May 2019.

Sherman, Arloc, Ali Safawi, Zoë Neuberger, and Will Fischer. 2021. *Recovery Proposals Adopt Proven Approaches to Reducing Poverty, Increasing Social Mobility*. Center on Budget and Policy Priorities, August 2021.

Troise, Damian J. 2019. "US Companies' Tax Windfall Fuels Record Share Buybacks." *AP News*, April 4, 2019.

White House. 2021a. "Fact Sheet: The American Jobs Plan." March 31, 2021.

White House. 2021b. "Fact Sheet: The American Families Plan." April 28, 2021.

White House. 2021c. "Fact Sheet: Historic Bipartisan Infrastructure Deal." July 28, 2021.

White House. 2021d. "Updated Fact Sheet: Bipartisan Infrastructure Investment and Jobs Act." August 2, 2021.

Zandi, Mark, and Bernard Yaros, Jr. 2021. *Macroeconomic Consequences of the Infrastructure and Budget Reconciliation Plans*. Moody's Analytics, July 2021.