

LESSONS LEARNED FROM 40 YEARS OF SUBSIDIZED EMPLOYMENT PROGRAMS

A FRAMEWORK, REVIEW OF MODELS,
AND RECOMMENDATIONS FOR HELPING
DISADVANTAGED WORKERS

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ABBREVIATIONS, ACRONYMS, AND INITIALIZATIONS

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- ABE — Adult Basic Education
- ACF — Administration for Children and Families of the U.S. Department of Health and Human Services
- ACF OPRE — Office of Planning, Research & Evaluation of the U.S. Department of Health and Human Services, Administration for Children and Families
- AFDC — Aid to Families with Dependent Children
- ARRA — American Recovery and Reinvestment Act (Recovery Act)
- CBPP — Center on Budget and Policy Priorities
- CETA — Comprehensive Employment Training Act
- DOL — U.S. Department of Labor
- EITC — Earned Income Tax Credit
- ETA — Employment and Training Administration of the U.S. Department of Labor
- ETJD — Enhanced Transitional Jobs Demonstration of the Employment and Training Administration, U.S. Department of Labor
- GA — General Assistance
- GED — General Education Development test
- HHS — U.S. Department of Health and Human Services
- JSA — Job Search Assistance
- OJT — On-the-Job Training
- PSE — Public Service Employment
- SNAP — Supplemental Nutrition Assistance Program; also referred to as “food stamps”
- SSA — Social Security Administration
- SSDI — Social Security Disability Insurance
- SSI — Supplemental Security Income
- STED — Subsidized and Transitional Employment Demonstration Project
- TANF — Temporary Assistance for Needy Families
- TANF EF — Temporary Assistance for Needy Families Emergency Fund
- TJRD — Transitional Jobs Reentry Demonstration
- UI — Unemployment Insurance
- WIOA — Workforce Innovation and Opportunity Act
- WOTC — Work Opportunity Tax Credit

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Subsidized employment is a promising strategy for boosting incomes and improving labor market outcomes and well-being, especially for disadvantaged workers. This report represents findings from an extensive review of evaluated or promising subsidized employment programs and models spanning four decades that target populations with serious or multiple barriers to employment in the United States. It includes a framework aimed at helping practitioners develop more innovative and effective programs by identifying key elements of program design and implementation; a review of relevant models from the past 40 years, including key findings from this research; and a set of recommendations for policymakers and practitioners for further utilization of subsidized jobs programs.

The goal of this paper is to promote subsidized employment policies and programs that are likely to increase quality opportunities for individuals with serious or multiple barriers to employment, during both economic expansions and contractions.

The report examines several types of programs that address in an integrated way both labor supply and demand to directly increase paid work among disadvantaged workers.¹ The main focus is on subsidized employment programs that offer subsidies to third-party employers—public, non-profit, or for-profit—who in turn provide jobs to eligible workers. As shown in the table below, subsidized employment programs are versatile tools that, depending on factors such as the timing of the business cycle and the target population, can be adapted accordingly. The employment they provide may be temporary and counter-cyclical, temporary and part of a strategy to help people shift to unsubsidized employment (regardless of the macroeconomic situation), or long-term for people who need long-lasting subsidies. The experiences offered by transitional (not long-term) subsidized jobs—in terms of what they expect of employees, how well employees are compensated, and the employment and labor rules the employers must follow—conform to or closely mimic competitive employment. This report focuses particularly on the second and

Three Overarching Subsidized Employment Program Strategies

	DURATION OF SUBSIDIZED EMPLOYMENT	TIMING IN BUSINESS CYCLE	TARGET POPULATION	PRIMARY PURPOSE	DEMANDS ON WORKERS
STRATEGY 1	Transitional Employment	Anti-recessionary*	Long-term unemployed; low-income	Income support; increasing employment	Identical to unsubsidized employment
STRATEGY 2	Transitional Employment	Permanent	Disadvantaged workers with serious or multiple barriers	Increasing employment	Eventually approximating unsubsidized employment
STRATEGY 3	Long-Term Employment	Permanent	Disadvantaged workers with serious or multiple barriers	Income support	Significantly less than unsubsidized employment

* Prospects for transitioning into unsubsidized employment may be small when the economy contracts, however, so longer-term subsidies may be appropriate.

Source: Georgetown Center on Poverty and Inequality.

¹ The report also discusses why this approach, which requires discretionary grant funding for intermediaries, is likely to be more efficient and effective in helping disadvantaged workers than tax credits for employers.

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third strategies, though the first strategy can provide important opportunities for disadvantaged workers, even if it is deployed more broadly.

In addition, this report examines some notable paid work experience programs, which may provide some compensation for training or work activities, but do not necessarily involve third-party subsidies, and may not conform to typical experiences in competitive employment. The report also reviews selected community service models, which are often not intended to mimic competitive employment but instead provide opportunities for modest work activity and nominal stipends, where appropriate. Finally, the report profiles several unsubsidized employment programs, which do not offer funding for third-party employers, as well as intensive youth-only employment programs that provide relevant lessons for subsidized employment models.

SUBSIDIZED EMPLOYMENT AS A PROMISING TOOL

As this report outlines, there are multiple, interrelated rationales underlying subsidized employment, all of which lead to different program designs. First, subsidized jobs offer a vehicle for providing incomes in exchange for productive work. In addition, subsidized jobs can reduce the risk an employer perceives or the cost they may experience from hiring a worker or increasing a worker's earnings, employment, or income. These programs can also lead to even further-reaching gains for the well-being of participating workers and their families.

While aggregate labor demand policies—both fiscal and monetary—are essential to helping low-income workers secure and maintain sufficient employment, additional policies and programs would be valuable throughout the business cycle for those with serious or multiple barriers to employment.² Subsidized employment programs and policies are underutilized, potentially powerful tools for lifting up workers in or at risk of poverty and deep poverty in the United States. These job programs can provide income support, an opportunity to engage in productive activities, and, in some cases, labor market advancement opportunities. They can also offer a platform for connecting people to other needed services, resources, and networks.

The potential benefits of these models provide a straightforward economic rationale for public investments. Insofar as increasing employment and work experience provides benefits to the individual and society (such as improved health, strengthened families, and reduced demand for public benefits and services) not fully captured by the compensation employers are willing to offer non-employed workers, there is a rationale for public subsidies. Employers by and large do not set compensation levels based on social benefits to hiring.

2 See for example, Baker, Dean, and Jared Bernstein. *Getting Back to Full Employment: A Better Bargain for Working People*. Center for Economic Policy Research, 2013. Available at http://www.cepr.net/documents/Getting-Back-to-Full-Employment_20131118.pdf.

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PROGRAM DESIGN FRAMEWORK

This report includes a framework that describes key elements of subsidized employment programs. Programs can differ along a number of dimensions, each of which are likely to affect program effectiveness. These include program purpose (target populations³ and barriers, competitive employment vs. income support, and scale); work placements (sector, employer size, long-term placement strategy, employer of record/payroll, and advancement opportunities); subsidy configuration (type, depth, and length of subsidy); work expectations (supervision, team environment, and graduated responsibilities); training (type and structure of training); and additional services (wraparound and employment search and retention services). The focus of this report is individuals with serious and/or multiple barriers to employment, which is often the target population of subsidized employment programs. For the purposes of this report, barriers to employment are broadly defined as limitations—real or perceived—that significantly reduce the likelihood of attaining competitive (unsubsidized) employment. These personal and institutional barriers reflect a complex mix of socioeconomic dynamics, which can manifest as skill limitations; physical and behavioral health issues, including disabilities; criminal justice system involvement; family obligations; limited resources; and discrimination based on characteristics such as race, gender, and age, among others.

KEY FINDINGS

The following key findings from this report are especially relevant for policymakers and practitioners alike:

- ***The number of disadvantaged people willing to work consistently exceeds the number in competitive employment.*** The significant voluntary participation in sizeable subsidized jobs programs over the past 40 years underscores the fact that, regardless of wider economic circumstances, the labor market leaves out large numbers of disadvantaged workers desiring employment.
- ***Subsidized employment programs have a wide range of potential benefits.*** First, these programs provide an important source of income to participating workers. Second, a number of experimentally-evaluated subsidized employment programs have successfully raised earnings and employment, with some programs providing lasting labor market impacts.⁴ Such programs have also decreased family public benefit receipt, raised school outcomes among the children of workers, boosted workers' school completion, lowered criminal justice system involvement among both workers and their children, improved psychological well-being, and reduced longer-term poverty. There may be additional positive effects, such as increased child support payments and improved health, which are being explored through ongoing experiments.

³ Many of the models profiled in the report directly or indirectly target nine overlapping categories of people who often need wraparound services and supports—some temporary and some ongoing—to succeed in the labor market. The nine groups are as follows: disconnected youth; single mothers and non-custodial parents; people with criminal records; older workers who have been pushed out of the labor market due to economic dislocation; disadvantaged immigrants, especially refugees and asylum seekers; long-term unemployed workers; people in areas of particularly high unemployment; and people experiencing homelessness.

⁴ For example, the AFDC Homemaker-Home Health Aide Demonstration resulted in positive labor market effects at the final follow-up survey, almost two years (on average) following program entry; the National Supported Work Demonstrations resulted in positive labor market effects for many targeted groups up to three years following program entry; and New Hope for Families and Children showed positive effects among some with moderate disadvantages eight years following program entry.

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- ***Subsidized employment programs can be socially cost-effective.*** Of the 15 rigorously evaluated (through experimental or quasi-experimental methods) models described in this report, seven have been subject to published cost-benefit analyses. Keeping in mind that more promising and effective models are more likely to lead to such analyses, all seven showed net benefits to society for some intervention sites (for models implemented at multiple sites) and some target populations. Four of these seven models were definitively or likely socially cost-effective overall.
- ***Subsidized employment programs with longer-lasting interventions and/or complementary supports may be particularly likely to improve employment and earnings.*** This pattern of high rates of effectiveness for programs with typical interventions lasting longer than 14 weeks—among rigorously evaluated programs—suggests that the role of benefit duration merits experimental evaluation. However, no research to date has isolated the impact of benefit duration within a subsidized employment program. Strong employer engagement, wraparound services, longer-term post-placement retention services, and other features of effective programs also appear promising as key ingredients and merit further (experimental) examination, as research thus far has shed little light on specific program features and their impacts. Other program design elements that may warrant additional testing include pre-training, program entry screening processes, job preparation services, matching processes, and peer support mechanisms.
- ***Subsidized employment programs require further innovation to more effectively target specific population subgroups.*** As this report documents, subsidized employment can help people with intellectual disabilities gain independence and earning power—and yet, the broader spectrum of disabilities remains understudied. Many efforts that have targeted youth and young adults have seen modest success with education and criminal justice outcomes, but have resulted in limited or no durable improvements in employment and earnings. In addition, even as policymakers grow concerned with shrinking labor force participation among older workers, few subsidized jobs models target or even reach older adults.

NEXT STEPS

Forty years of experience suggests that subsidized employment programs warrant significantly greater attention from policymakers and practitioners. Despite their track record and promise, available funding for subsidized employment programs is meager when compared to the potential efficacy of and need for these programs. While there is still a need for more experimentation with subsidized jobs programs, especially for subpopulations with multiple and/or serious barriers, much experimentation is currently underway; moreover, enough is known today for a significant, national effort to expand subsidized employment programs.

This report concludes with five recommendations (summarized on the following page) for policymakers and legislators at the federal, state, and local levels to take into account when designing, modifying, or furthering subsidized employment policies and programs:

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1. Make Subsidized Jobs Programs a Permanent Part of U.S. Employment Policy

Despite nearly a half-century of supportive evidence, subsidized employment today is significantly under-recognized and underutilized as an effective anti-poverty tool. Policymakers should prioritize making such programs a permanent part of U.S. employment policy. Such programs could and should make up a core component of a broad-based, ongoing strategy to combat poverty, reduce inequality, and ensure that every person wanting to work has access to a decent job at any point in the business cycle. Having a program in place during an economic expansion also likely improves the ability to scale it up to meet growing need during the next recession.

2. Establish Substantial, Dedicated Funding Streams

Many previous and current subsidized employment programs have drawn funding from existing federal programs not primarily dedicated to subsidized employment. The lack of substantial, dedicated funding streams likely has severely limited the scale and scope of these programs, as well as needed innovation. Dedicated subsidized employment funding streams may allow for greater flexibility, help encourage administrative and programmatic innovation, and provide the resources necessary for such programs to make meaningful headway against poverty.

3. Ensure Opportunities for Advancement

For workers likely to eventually succeed in the competitive labor market, subsidized employment should offer meaningful career ladders, a chance to develop skills through educational and training opportunities, and the possibility for advancement through increased responsibility and compensation over time. With the goal of supporting robust career paths in mind, subsidized employment should be developed in parallel with education and training initiatives that forge meaningful and sustainable connections between participants and the labor market. Multiple paths (as well as multiple entry and exit points within each path) with the ability to tailor specific programs and supports to particular participants should also be considered.

4. Promote Program Flexibility

This report documents an array of key program design parameters, including whether to subsidize transitional jobs or potentially permanent positions; whether and how to engage the for-profit, non-profit, and public sectors; and which portfolios of wraparound services to offer to which participants. The greatest takeaway is that the best answer will vary across place, target population, and other factors. Therefore, program funding should be sufficiently flexible to allow programs to adjust to local dynamics and changing circumstances while keeping the needs of participants and employers paramount.

5. Facilitate Greater Innovation

Despite the proven success of many programs under an array of economic circumstances and for many diverse populations, continued exploration in the forms of pilot programs, demonstrations, cross-sector collaboration, and studies is necessary in order to most effectively target subpopu-

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lations and communities. For workers with especially long paths to competitive employment and those whose ultimate goal is something short of competitive employment, strategies should include and encourage experimentation with programs that provide part-time paid work experience options. Combining subsidized jobs and paid work experience programs with other interventions, such as those that focus on executive function⁵, financial coaching and savings, behavioral health, and vocational rehabilitation may further improve economic outcomes for participants.

To be sure, subsidized employment programs are neither silver bullets for all labor market challenges nor fully mature yet for every reasonable target population of disadvantaged workers. In addition to strong macroeconomic policy, there is no substitute for worker empowerment or strong labor standards such as well-enforced employment protections that prohibit discrimination, especially when it comes to very disadvantaged workers. At the same time, more thinking and action is clearly needed to develop more effective subsidized employment and paid work experience programs for a wide range of populations. However, the record as it stands already indicates that such programs, by increasing employment opportunities, can be effective tools to combat poverty, persistent unemployment, and other undesirable social outcomes. The research in this paper confirms this and points to the need for subsidized employment to become a key component of a broader agenda promoting quality and sufficient employment for all who are willing and able to work.

5 The term “executive function” generally refers to a range of cognitive processes related to self-regulation, working memory, and the ability to focus, plan, and switch tasks. See for example, Babcock, Elizabeth D. “Using Brain Science to Design new Pathways Out of Poverty.” Crittenton Women’s Union, 2014. Available at <http://www.liveworkthrive.org/site/assets/Using%20Brain%20Science%20to%20Create%20Pathways%20Out%20of%20Poverty%20FINAL%20online.pdf>.”

INTRODUCTION: SUBSIDIZED EMPLOYMENT AS A PROMISING TOOL

Subsidized employment is a proven, promising, and underutilized tool for lifting up disadvantaged workers—particularly those in or at risk of poverty or with serious and/or multiple barriers to employment. These job programs can provide income support, an opportunity to engage in productive activities, and, in some cases, labor market advancement opportunities. They can also offer a platform for connecting people to other needed services, resources, and networks. A number of models have shown positive impacts according to the highest standards of evidence; there are also a number of innovative models that appear promising for improving outcomes—even for groups not previously helped by these programs. In addition to promoting work among adults struggling in the labor market, subsidized employment programs can also help strengthen disadvantaged families. Yet, despite their significant potential, at the state and local level program administrators often must cobble together modest public resources to fund these programs. Though this report takes a balanced and careful look at the evidence, it makes clear that policymakers should devote more attention and dedicated resources to take full advantage of subsidized employment as a tool for reducing poverty and expanding opportunity.

This report represents findings from an extensive scan of evaluated or promising subsidized employment programs and models¹ spanning four decades that target populations with serious or multiple barriers to employment in the United States.² It includes a framework aimed at helping practitioners develop more innovative and effective programs by outlining critical elements of program design and implementation; a review of relevant models from the past 40 years, including key findings; and a set of recommendations for policymakers and practitioners for further utilization of subsidized jobs programs.

The goal of this paper is to highlight and promote policies and programs that are likely to increase quality subsidized and supported paid work opportunities for adults with multiple barriers to employment. This report is not primarily about job creation strategies, though subsidized employment can be a useful tool in broader job creation efforts.³

For the purposes of this report, barriers to employment are broadly defined as limitations—real or perceived—that significantly reduce the likelihood of attaining competitive (unsubsidized) employment. These personal and institutional barriers reflect a complex mix of socioeconomic dynamics, which can manifest as skill limitations; physical and behavioral health issues, including disabilities; criminal justice system involvement; family obligations; limited resources; lack of education; limited work experiences; and discrimination based on characteristics such as race, gender, and age, among others.

Keeping in mind that integrating disadvantaged populations into mainstream programs and services may be the most effective strategy in many cases, many of the models profiled in the report directly or indirectly target nine overlapping categories of people who are particularly likely to need subsidies and wraparound services and supports—some temporary and some ongoing—to succeed in the labor market. The nine groups are as follows:

- Disconnected youth;
- People with work-limiting disabilities;
- Single mothers and non-custodial parents;
- People with criminal records;

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- Older workers who have been pushed out of the labor market due to economic dislocation;
- Disadvantaged immigrants, especially refugees and asylum seekers;
- Long-term unemployed workers;
- People in areas of particularly high unemployment; and
- People experiencing homelessness.

While aggregate labor demand policies—both fiscal and monetary—that ensure high levels of employer demand for workers in the overall economy are essential to helping low-income workers secure and maintain sufficient employment, additional policies and programs would be valuable throughout the business cycle for those with serious or multiple barriers to employment.⁴

Research suggests that some workers with serious and/or multiple barriers may benefit from transitional subsidized jobs, but others (such as a portion of those with behavioral health challenges, the most limiting disabilities, or substantial family responsibilities) might require ongoing subsidies and other supports and services for successful job placement and retention in competitive or other meaningful work environments. Depending on the barriers, subsidized jobs may not be the most suitable initial strategy for some individuals. For example, someone with extremely limited education or skills may require other interventions and support well before a subsidized employment placement.

This report examines several types of programs. The main focus is subsidized employment programs that offer subsidies to third-party employers for providing work opportunities to eligible workers. As shown in Figure 1, subsidized employment programs are versatile tools that, depending on factors such as the timing of the business cycle and the target population, can be adapted accordingly. They may be temporary and countercyclical, temporary and part of a strategy to help people get jobs that do not entail extra subsidies (regardless of the macroeconomic situation), or long-term for people who continue to need a subsidy. The experiences offered by these jobs—in terms of what is expected of employees, how well employees are compensated, and the employment and labor rules the employers must follow—conform to or closely mimic competitive employment. This report does not attempt to exhaustively categorize all programs of this nature that have been implemented in recent decades. Rather, it focuses on those programs targeting disadvantaged workers that have been (or are being) rigorously evaluated or have been identified by experts as showing promise. As a result, the report focuses particularly on the second and third strategies, though the first strategy can provide important opportunities for disadvantaged workers, even if it is deployed more broadly.

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Figure 1. Three Overarching Subsidized Employment Program Strategies

	DURATION OF SUBSIDIZED EMPLOYMENT	TIMING IN BUSINESS CYCLE	TARGET POPULATION	PRIMARY PURPOSE	DEMANDS ON WORKERS
STRATEGY 1	Transitional Employment	Anti-recessionary*	Long-term unemployed; low-income	Income support; increasing employment	Identical to unsubsidized employment
STRATEGY 2	Transitional Employment	Permanent	Disadvantaged workers with serious or multiple barriers	Increasing employment	Eventually approximating unsubsidized employment
STRATEGY 3	Long-Term Employment	Permanent	Disadvantaged workers with serious or multiple barriers	Income support	Significantly less than unsubsidized employment

* Prospects for transitioning into unsubsidized employment may be small when the economy contracts, however, so longer-term subsidies may be appropriate.

Source: Georgetown Center on Poverty and Inequality.

In addition, this report examines some notable paid work experience and community service programs. These types of programs may provide some compensation for training or work activities, but may not conform to typical experiences in competitive employment.⁵ Finally, the report reviews selected unsubsidized employment programs that target disadvantaged groups, as well as intensive youth-only employment programs that may offer relevant lessons for subsidized employment programs.

RATIONALES FOR PROGRAMS AND PUBLIC FINANCING

There are multiple, interrelated theories underlying publicly supported subsidized job programs, as shown below in Figure 2.

Figure 2. Rationales for Subsidized Employment Programs and Public Financing

	RATIONALE		POTENTIAL SUBSIDIZED EMPLOYMENT PROGRAM MECHANISMS
<i>From the perspective of:</i>	Disadvantaged Individuals and Families	Higher income and employment	Immediate employment and income unavailable through unsubsidized employment; stronger families (higher child support payments paid by participants, lower divorce rates, higher marriage rates); reduced criminal justice system interaction for adults and children; improved health for adults and children; work experience, training, and wraparound services offer potential for longer-term gains in labor market and other domains
	Employers	Lower costs and risks for employing disadvantaged workers	Wage, OJT, or overhead subsidies for hiring targeted workers; subsidies, work experience, and wraparound services lead to larger and more productive workforce immediately and in the future
	Government	Higher tax receipts; lower expenditures	Higher taxable incomes for adults and children; higher economic output from work done by participants; improved population health for adults and children; reduced criminal justice system expenditures on adults and children

Source: Georgetown Center on Poverty and Inequality.

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The rationale for subsidized employment may vary based on economic circumstances. For example, during economic contractions, public subsidized jobs programs can play a countercyclical role by increasing employment and the incomes of working families, which is accomplished by making it more affordable for employers to hire workers. Even when the economy appears to be achieving full employment, subsidized employment programs can still reach the disadvantaged individuals who want to work but who struggle to secure and maintain sufficient and stable employment. Under any economic circumstance, these programs may serve a valid purpose by transferring resources to disadvantaged workers and their families in a socially and politically palatable manner.

From the worker's perspective, subsidized employment provides immediate income support and work (and sometimes training) opportunities. One immediate effect of these programs is to increase earnings and employment during the time of participation. They can also provide a chance to build up recent work history and develop new skills, which may in turn help convince future employers that the participant is capable of being productive and reliable. Some programs may offer formal classroom-based or on-the-job training (OJT) in both soft and hard skills, raising a given worker's productivity and the market value of his or her labor.

One basic rationale for subsidizing work is to reduce the cost of a job to a given employer, and thus increase the marginal demand for labor. In addition, by reducing the marginal cost of hiring a worker, employers may find it more affordable to invest in some workers through training and education in ways that eventually raise employees' productivity enough to warrant competitive compensation.

A similar rationale centers on reducing potential risks for employers, particularly when they hire an individual with what the employer perceives to be a barrier to employment (for example, a spotty work history, a disability, or a criminal record). To the extent that such barriers raise or are perceived to raise the marginal risk to potential employers, subsidies can mitigate that risk, by giving employers the opportunity to review workers' behavior and added value while committing fewer resources than otherwise.

From the government's perspective, insofar as increasing overall employment and work experience provides benefits to the individual and society (such as improved health, strengthened families, and reduced demand for public benefits and services) not fully captured by the compensation employers are willing to offer non-employed workers, there is a rationale for attempting to deliver public subsidies. In addition, just as direct public employment can finance productive activity, such as the provision of public goods, subsidized employment can similarly result in valuable goods and services that are being under-produced by market forces.

To be sure, there are potential downsides to this approach to raise employment levels, including concerns about relative cost-effectiveness and the use of public money to subsidize (indirectly) private profits—insofar as placements are with private for-profit employers. The potential problem of “substitution” of subsidized workers in place of unsubsidized workers requires special attention, as it can be challenging to target subsidies such that they encourage the creation of new jobs (or the maintenance of jobs that otherwise would have been eliminated) rather than displacing one group of workers in favor of another.

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TARGETING BOTH LABOR SUPPLY AND DEMAND THROUGH INTEGRATED APPROACHES

Figure 3 below identifies three common approaches to subsidizing employment for disadvantaged populations. The labor demand approach attempts to drive up demand in the labor market by lowering employers’ hiring costs. The labor supply approach looks to strengthen incentives for workers by increasing the rewards from employment. Integrated approaches, which are the focus of this report, directly raise both labor supply (offering direct wage and other supports and services to workers) and labor demand (offering employment, wage, or OJT subsidies to employers). These integrated approaches also allow for more wraparound supports and services for workers.

This report excludes large-scale employer hiring subsidies structured as entitlements like the Work Opportunity Tax Credit (WOTC). Such credits are generally considered fairly inefficient, due to a large share of their value typically going to employers for hires that would have been made without the subsidy.⁶ They are also less likely than alternative subsidy designs to help the most disadvantaged workers.⁷ Notably, focusing on those least likely to be employed will necessarily tend to limit windfalls to employers,⁸ and may reduce negative effects that stem from stigmatizing workers.⁹ Careful policy design can help mitigate any concerns about targeted subsidized jobs programs potentially displacing some unsubsidized workers who otherwise would have been hired into the positions of subsidized workers.

The report also excludes the Earned Income Tax Credit (EITC) and other large-scale standalone employment and earnings subsidies that are paid directly to workers without additional supports. Though these subsidies are enormously important for some families with multiple barriers to employment, they do not directly help address those barriers, apart from supplementing low pay.

Figure 3. Common Approaches to Subsidized Employment Policy

TAX-BASED PROGRAMS*	
Labor Demand Approach	Labor Supply Approach
Large-scale programs offering labor cost subsidies to employers (e.g. WOTC)	Large-scale programs offering earnings subsidies to workers (e.g. EITC)
GRANT PROGRAMS	
Integrated (Labor Demand and Supply) Approach	
Small- to medium-scale programs offering compensation or OJT subsidies to employers (labor demand) and direct wage and other supports and services to workers (labor supply)	

* These programs need not be tax-based, but in practice they generally or always have been in the United States. The essence of these programs is that clear eligibility and benefits for workers or employers are specified, and all eligible applicants can benefit from the subsidy. In contrast, grant programs allow program administrators significant discretion in designing and targeting subsidies.

Source: Georgetown Center on Poverty and Inequality.

FRAMEWORK FOR PROGRAM DESIGN

This section lays out a broad framework aimed at helping practitioners develop more innovative and effective subsidized employment programs. The framework identifies key components, parameters, and decision points for subsidized employment programs, as outlined in Figure 4 below. This section explores potential variations among programs, offering practitioners and program developers a clear framework for design options and trade-offs with regard to helping the most disadvantaged workers. For example, this framework notes how subsidized employment programs differ by the structure and type of work experience and subsidy provided, as well as by intensity (expectations of the worker and employer) and duration.

Figure 4. Core Elements of Subsidized Employment Programs



Source: Georgetown Center on Poverty and Inequality.

FRAMEWORK FOR PROGRAM DESIGN

PROGRAM PURPOSE

A particular program's objectives, especially regarding target populations, intended outcomes, and scale, will substantially influence the design of the program.

Target Population(s) and Barriers

The chosen target population(s) for any program will have implications for program design. To be sure, many people face multiple barriers that cut across the categories described below. Therefore, effective programs may be those that are able to address a wide range of potential barriers regardless of the targeted population(s). The needs of and most promising opportunities for young single mothers are likely to be different from those of men with criminal justice involvement, for example. At the same time, both groups may face human capital and behavioral health challenges. This section explores the overlapping barriers that these populations and others face.

Keeping in mind that integrating disadvantaged populations into mainstream programs and services may be the most effective strategy in many cases, many of the models profiled in the report directly or indirectly target nine overlapping categories of people who often need wraparound services and supports—some temporary and some ongoing—to succeed in the labor market. The nine groups are as follows:

- Disconnected youth;
- People with work-limiting disabilities;
- Single mothers and non-custodial parents;
- People with criminal records;
- Older workers who have been pushed out of the labor market due to economic dislocation;
- Disadvantaged immigrants, especially refugees and asylum seekers;
- Long-term unemployed workers;
- People in areas of particularly high unemployment; and
- People experiencing homelessness.

The notions of barriers to employment and hard-to-serve populations are not new. In fact, they have been a particular focus in the era following the 1996 welfare law. Researchers, with particular attention to the Temporary Assistance for Needy Families (TANF) population,¹⁰ have identified and defined these barriers in distinct but intersecting ways. One common approach is to categorize barriers into the following four overlapping, broad groups:¹¹

- **Personal and family challenges**, including demographic characteristics, behavioral and physical health, trauma, physical and intellectual disabilities, family care responsibilities, and domestic violence;
- **Human capital limitations**, including limited education, training, work experience, and hard and soft skills;
- **Logistical obstacles**, including transportation, housing, and environmental factors such as neighborhood crime; and
- **Legal limitations**, including undocumented immigrant status and criminal records.

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The lines between these overarching categories are not bright. These individual and structural barriers reflect a complex mix of socioeconomic dynamics, including actual and perceived work limitations. For example, a worker returning to his community after a lengthy period of incarceration may face more than one type of barrier. This framework attempts to build upon previous thinking about barriers, by expanding the list above to include additional crosscutting considerations relevant for subsidized employment program design. Figure 5 below shows an expanded list of barriers to employment. Program designers must think through what barriers potentially are appropriately and effectively addressable via subsidized employment programs, as well as the mechanisms through which such programs may lead to positive outcomes.

Figure 5. Employment Barriers

BARRIER	DESCRIPTION
Limited Skills and Education	Includes a lack of hard and/or soft skills, educational attainment that is less than a high school degree or equivalent, insufficient formal work experience, etc.
Health and Disabilities	Includes behavioral health issues (such as mental illness, trauma, and substance use disorder), physical and intellectual disabilities, etc.
Family Responsibilities	Limited social resources and/or affordable care options or employer discrimination for workers who are pregnant or have care responsibilities for young children, family members with disabilities, elders, etc.
Criminal Justice System Involvement	Can result in limited access to employment, credit, public benefits, and other crucial needs and services; ongoing legal issues; etc.
Limited Economic and Social Resources	Includes barriers related to unstable or unaffordable housing, transportation, limited social capital (e.g. professional networks and family and community resources/capacity), etc.
Demographic and Other Personal Characteristics	Discrimination based on personal factors such as race and ethnicity, age, gender identity, sexual orientation, receipt of public benefits, etc.
Immigration Status	Includes recent immigrants, especially refugees/asylum seekers; lack of lawful status; English language learners; etc.

Source: Georgetown Center on Poverty and Inequality.

Some barriers stem primarily from identifiable deficits of hard and soft skills, resources, or experience on the part of an applicant. Someone lacking a high school diploma, for example, would fall into this category. Other barriers may result from prevailing prejudices, including those affecting assessments of risk on the part of employers. Someone with a disability or who is perceived as likely to have caregiving responsibilities may experience such barriers; this is also evidenced by the many communities of color that have faced well-documented labor market discrimination. Still other barriers, like unstable housing and limited access to transportation, may reflect structural challenges and represent serious logistical impediments to sufficient and stable employment.

Subsidized employment programs may help mitigate these barriers through varying mechanisms. For barriers stemming from identifiable deficits in potential job performance, they can offer work experience, training and support services, and hard and soft skills development. In some circumstances, subsidized employment programs may also increase the availability of jobs suited for people with particular barriers.

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ers to employment. Subsidies may, for example, facilitate more opportunities for an employer to create or fill a position appropriate for applicants with intellectual disabilities or physical limitations. Although barriers related to systemic labor market discrimination may often not be addressable through subsidized employment, people with other employment barriers often face discrimination as an additional barrier—and subsidized employment initiatives may increase employment rates among populations facing systemic discrimination. That said, employers and other institutions relevant for the labor market should not receive incentives to simply obey legal protections and labor standards—such as the Civil Rights Act of 1964’s Title VII prohibitions against employer discrimination on the basis of sex, race, color, national origin, and religion and Title IX’s prohibition of sex-based discrimination by educational institutions.

Limited Skills and Education

Due to a number of factors, low-income and other disadvantaged populations may have had limited opportunities to obtain the skills, education, and experience desired by many employers in today’s labor market. These deficits may be in the area of hard skills (which includes technical, more easily-measurable skills such as educational credentials), or soft skills (which are less tangible—but equally as important—interpersonal and professional norm-oriented skills). Barriers pertaining to hard skills may be addressed by connecting individuals to services such as high school or General Education Development test (GED) completion support, vocational training, or skill certification. Soft skills can be taught informally as a complementary element of any hard skills-developing training, education, or on-the-job experience, or formally, through educational and other support services.

Educational attainment of less than a high school level may be among the most common barriers to employment among low-income workers.¹² A lack of formal work experience, especially common among young adults, or a lack of recent work experience (e.g. those who are long-term unemployed) are related factors. A lack of relevant work experience may also be barrier, particularly for older workers, who may need additional training to adapt to new technological and other industry changes. Subsidized employment can help address employers’ reservations by lowering the financial risk of hiring, and potentially offsetting up-front hiring, orientation, and training costs, while providing steady work to participants that builds skills.

Health and Disabilities

Health problems, including those related to behavioral health, trauma, and physical, intellectual, and learning disabilities, can burden individuals and families in ways that negatively affect employment.^{13, 14} The social stigma attached to these conditions may deflect employer judgments about hiring risks associated with such individuals.¹⁵ In addition, physical, intellectual, and learning disabilities,¹⁶ whether stemming from tangible limitations on one’s capacity to work¹⁷ or a prospective employer’s assumptions about that capacity,¹⁸ may also pose barriers to employment. Employment programs that provide wraparound services such as transportation or occupational therapy could help expand the range of work options for individuals with physical limitations. They may also counterbalance the perceived risk or expense of hiring on the part of employers, and help overcome any stigma associated with disabilities.¹⁹ Finally, physical health limitations or disabilities may affect the availability of particular jobs themselves; employers may be more willing to tailor available positions to the requirements of applicants with physical disabilities if some of the initial cost is defrayed.

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In the case of behavioral health issues (this includes mental illnesses and substance use disorders), subsidized employment programs that include mental health services, counseling for substance use disorders, and personalized case management may be particularly important here, as research suggests that such services, when well-provided, can help people with behavioral health issues achieve employment goals.²⁰

Trauma can also pose a substantial barrier to employment. Trauma includes exposure to violence and abuse, such as sexual assault, domestic violence, and adverse childhood experiences. Research on the direct relationship between the experience of domestic violence and employment outcomes is inconclusive, but suggests that domestic violence can substantially magnify the negative effects of psychological distress on employment outcomes, and further suggests that these effects can be quite durable.²¹ Adverse childhood experiences have also been found to be associated with adverse employment outcomes.²² Fortunately, research suggests that adequate institutional and social support can help mitigate these outcomes and support people with traumatic experiences in their desire to acquire and keep high-quality employment.²³

Family Responsibilities

Many workers who are pregnant or are caregivers for young children, family members with disabilities, or elders face unique challenges, including limited social resources and a lack of feasible care options. Sole caregivers—many of whom are disproportionately women—for young children in particular may find it especially difficult to afford reliable, high-quality care that allows them to fulfill the responsibilities of competitive employment.²⁴ They may also face skepticism from prospective employers who either doubt their ability to commit sufficient time and energy to a job, or who make judgments about applicants' responsibility and character based on their familial obligations. Some research suggests that employer discrimination based on pregnancy, a well-documented phenomenon in many areas of the labor market, may be even more acute for women who receive public assistance.²⁵ Subsidized employment programs that can help arrange for quality child care can help address the first concern, while wage subsidies may lower perceived hiring risks.

Criminal Justice System Involvement

The collateral consequences of criminal justice system involvement are significant, limiting access to housing, education, public benefits, credit, and employment, among other crucial needs and services. Individuals with criminal records and incarceration experience have a particularly difficult time navigating the formal labor market.²⁶ The criminal justice system, and prisons in particular, often make poor environments for gaining competitive work experience and professional socialization. People with criminal records may lack crucial skills, or not be properly socialized into formal work environments.²⁷ They may also face ongoing legal issues and barriers that hamper their ability to participate fully in the labor market. Correctly or not, employers may also assign a greater risk premium to applicants with a criminal justice background, out of concern that applicants will either lack crucial skills or be prone to delinquency or criminality.²⁸ Subsidized employment with appropriate wraparound services may help address these challenges by providing skills training, helping to navigate legal hurdles, and lowering perceived hiring risks on the part of employers.

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Limited Economic and Social Resources

The populations of interest for this report will tend to have limited economic and social resources—a barrier to employment in and of itself. In particular, many individuals with serious or multiple barriers to employment are not part of families with the capacity to support them.²⁹

Some of the other barriers to employment enumerated in this section may stem directly from this disadvantage of limited resources. Unstable housing is one such barrier to employment.³⁰ People in deep poverty may be more likely to be homeless, which presents a host of practical and psychological barriers to preparing for competitive employment. Living far from employment opportunities or having limited access to transportation can also be a substantial barrier.³¹ Public transit options are limited in much of the country, and even where they are not, can impose a cost and time burden on low-income families. Work-appropriate clothing may be beyond the financial reach of some jobseekers. Other barriers may have little inherent relationship to socioeconomic status (e.g. child rearing) but nevertheless are magnified by a lack of resources.

People who are in poverty, and especially deep poverty, may face a host of challenges to labor market success that are more easily overcome by those with access to greater resources. Wraparound services that address these resource deficiencies may be especially crucial for these individuals.

Demographic and Other Personal Characteristics

Some barriers to securing employment arise almost entirely from prevailing prejudice based on personal characteristics. Race and ethnicity, for example, have been consistently shown to affect an individual's chances of being hired, even when controlling for other potentially relevant factors.³² One prominent study that analyzed barriers for mothers who are recipients of TANF cited this issue of employer discrimination based on race, gender, and receipt of public assistance as a major obstacle to securing and maintaining employment.³³ Gender is also a relevant barrier, particularly in professions where an applicant's gender is viewed as atypical.³⁴ LGBT identity is also associated with greater risks of low pay and poverty.³⁵ Age, whether for older or younger workers, has also been shown to influence employer hiring decisions.³⁶ One study, for example, found “robust evidence of age discrimination in hiring against older women.”³⁷ Beyond hiring, workplace discrimination poses a barrier to maintaining employment.³⁸ The first step to reducing barriers related to discrimination in particular is to enact and enforce adequate legal protections. Nevertheless, subsidized employment, combined with appropriate supports, may be a promising strategy for helping to increase employment among groups most likely to experience discrimination in the labor market.

Immigration Status

Having arrived to the United States recently or without lawful status often poses substantial barriers to securing competitive employment. Lack of lawful status poses obvious challenges in securing stable formal employment (employers are often reluctant to hire workers lacking lawful status due to legal risks) and being paid fairly. Some recent immigrants may not have skills that are easily transferable to the U.S. labor market. English-language learners will face especially limited prospects.³⁹ Through paid work experience, on-the-job training, and wraparound services, subsidized employment may help address these barriers.

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Figure 6. Employment Barriers and Primary Subsidized Employment Strategies

BARRIER TYPE		POPULATION WITH BARRIER	PRIMARY SUBSIDIZED EMPLOYMENT STRATEGIES
Limitations in Workers' Overall Productivity	Human Capital	Limited Skills and Education	OJT; Work Experience
		Immigration Status: Recent Immigrant, especially Refugee/Asylum Seeker	OJT; Work Experience
	Personal and Logistical	Behavioral Health	Wraparound Services; Work Experience
		Limited Economic and Social Resources: Transportation, Housing Stability, etc.	Wraparound Services
		Family Responsibilities	Wraparound Services
		Health and Disabilities: Work-Limiting Physical Health Challenge or Disability	Alternative to Competitive Employment
Systemic Discrimination by Employers*	Legal	Immigration Status: Undocumented Status	General Employment Subsidy
		Criminal Justice System Involvement	General Employment Subsidy
	Demographic	Health and Disabilities: Apparent Disability	General Employment Subsidy
		Age	General Employment Subsidy
		Race and Ethnicity	General Employment Subsidy
		Gender Identity and Sexual Orientation	General Employment Subsidy

* Though subsidized employment programs are not intended to and are not necessarily likely to be especially effective in addressing many forms of discrimination, they nevertheless can help people facing those barriers and increase employment among groups facing labor market discrimination. Subsidized employment programs have historically explicitly targeted people of color and people with criminal records, for example.

Source: Georgetown Center on Poverty and Inequality.

Figure 6 organizes specific barriers discussed above into two broad categories: limitations in workers' overall productivity due to human capital or personal and logistical barriers, and systemic discrimination by employers based on legal or demographic factors. It then matches these barriers with the primary subsidized employment strategies (discussed in more detail later in this framework) especially well-suited to address them. To be sure, many disadvantaged workers will have multiple barriers best addressed through multiple strategies. In addition, individual subsidized employment strategies (general employment subsidy, OJT, work experience, wraparound services, and providing an alternative to competitive employment) may be more effective in combination with each other. At their core, all subsidized employment programs offer

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a general employment subsidy, which may be especially helpful for increasing the hiring of workers facing systemic discrimination in the labor market. To be clear, though subsidized employment programs are not intended to and are not necessarily likely to be especially effective in addressing discrimination, they nevertheless can help people facing those barriers and increase employment among groups experiencing labor market discrimination. However, subsidized employment programs may be best suited to address barriers that in some form or another limit a worker's overall employment productivity.

Competitive Employment vs. Income Support

Some programs have the specific goal of connecting participants with competitive (unsubsidized) employment. Others may not intend this to be the end goal for all participants, but rather seek to provide income support through employment to those for whom personal and socioeconomic barriers—or macroeconomic circumstances, during recessionary periods—make competitive employment difficult. Programs can of course attempt to serve both purposes and populations.

Scale

The ideal design of a subsidized employment initiative may depend on a program's scale. Large-scale programs may require particular attention to concerns about worker displacement.⁴⁰ Scale may also affect the feasibility of intensive wraparound services, and depends heavily on the ability to partner with employers to offer a sufficient number of positions.

PROGRAM CHARACTERISTICS

Once a program's purpose, including its target population, is established, a range of program characteristics need to be determined to achieve the program's goals. Below, options for subsidies, work placements and expectations, training, and the provision of additional services are discussed briefly.

Subsidy Configuration

Subsidies can be configured in a variety of manners, with differential consequences likely for different arrangements, with regard to what exactly is being subsidized, to what extent, and for how long.

Subsidy Type

Subsidies ordinarily offset wage costs directly, but OJT (or other training closely intertwined with a specific job), benefits, and even human resources and overhead expenses may also be offset.

Subsidy Depth

Subsidies can fully offset or only partially offset an employer cost—typically wages, but sometimes on-the-job training or overhead. In addition, subsidies can be disbursed at a steady rate over the course of the subsidy period or taper off, reducing the percentage of the wage subsidized over time potentially affecting the likelihood of an employer keeping participants on the job once program supports end.

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Subsidy Length

Subsidies in programs examined in this report vary considerably in the length of time they last, with some ending after only a few months and others continuing for more than a year. While systematic evidence on the impact of subsidy duration is lacking, it is notable that the rigorously evaluated programs in this scan that have longer subsidies have the most consistent record of improving employment and earnings.⁴¹ This potential benefit may need to be balanced against additional costs incurred for longer-lasting subsidies. The timing of pay (e.g. whether daily, bi-weekly, etc.) may also be an element for consideration.

Work Placements

Program designers face key choices about which employers to engage and what employers' legal role should be. Considerations include the long-term placement strategy, the sector of employment, employer size, who the employer of record (sometimes a third party aside from the employer) should be, and the availability of opportunities to advance within an organization or industry.

Possibility of Rollover

Some programs aim to find jobs that are explicitly transitional. The purpose of the job (from the participant's point of view) is to build work experience, skills, and financial stability, with the expectation that they will find competitive employment elsewhere once the subsidy ends, perhaps with additional assistance (see "Employment Search and Retention Services" below). With this design it may be possible for administering organizations to develop stable relationships with employers who can cycle many participants through the same or similar subsidized positions over time.

Other programs combine subsidized employment and permanent job placement into a single step, seeking to place participants in jobs with the potential to continue (or "roll over") after the subsidy ends. Wage subsidies in this model are meant to provide participants with a "trial run" with an employer that might not otherwise have been open to hiring them. This model may raise particular concerns about displacement, as it may be difficult to induce employers to create jobs that would not exist but for the subsidy if such jobs are expected to continue unsubsidized. There is also a question of scale, and whether administering organizations will have the capacity to regularly find new permanent openings in the labor market.

These two strategies are not mutually exclusive—it may be possible for programs to apply the two models in parallel, taking into account labor market conditions and the specific needs and skills of target populations and individual participants.

Employment Sector

Some programs limit subsidized jobs to public or non-profit employers. Others focus on connecting participants with for-profit, private sector jobs. Others provide subsidized employment in two or all three sectors. Non-profit or public employers may be more willing than for-profit employers to work with individuals that have multiple or serious barriers to employment. However, in some cases, they may have less flexibility in permanently expanding their payroll, may face weaker incentives for improving worker productivity, and may be less likely to help workers develop transferable skills, thus potentially reducing the chances that participants transition to unsubsidized jobs. These distinctions are likely overstated here,

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but they nevertheless may affect the extent to which subsidized employment mirrors competitive employment and offers workers experiences that can lead to future labor market success.

Employer Size

Targeting or limiting programs to smaller employers may also allow closer monitoring and deeper understanding of the employers, in turn reducing the risks that employers hire subsidized workers in place of unsubsidized workers they otherwise would have hired. Some practitioners have found that small businesses are more likely to have flexible hiring policies and are more interested in subsidized employment programs, especially when an intermediary—not the business—is the employer of record, thus reducing administrative and fringe expenses for businesses.⁴² However, limiting employer size may limit the scale of the program and participants' advancement opportunities.

Employer of Record/Payroll

Some programs require employers to place participants on their payroll, while others allow for intermediary service delivery organizations to serve as “employer of record” for the length of the subsidized job. They may also vary in the status given to participants at work, often as regular employees, but sometimes as interns or volunteers. These choices have implications for Unemployment Insurance (UI), workers compensation, health insurance, and other benefits and protections. These decisions affect the administrative and financial burden on participating employers, in turn affecting their willingness to participate.

Advancement Opportunities

When subsidized jobs are intended to be transitional, advancement opportunities and connections with career pathways are important. Some programs may seek to target specific employers or industries with established career ladders along which entry-level employees can advance. As with other factors that can limit subsidized job placements, emphasizing advancement opportunities may be in tension with scale.

Work Structure

The particular work experience of any subsidized jobs program will depend on a number of structural features, including the nature of worker responsibilities, supervision, and team environment.

Worker Responsibilities

Programs vary significantly by the expectations placed on workers, often reflecting fundamental decisions about the extent to which the work experience should mimic competitive employment. One choice is whether a program will stipulate part-time or full-time work. Some programs may require only a few hours of a work each day for four days a week, with training or other services on the fifth day, while others may require a standard 40-hour work week. Such expectations can change over the course of a placement, as exemplified by some of the models reviewed in this report. Over time, participants might be expected to match the responsibilities of unsubsidized employment. The appropriateness of this approach may depend on target populations, as well as the requirements of participating employers.

Supervision

For some participants with barriers to employment, the intensity of supervision (over and above the standard in competitive jobs) may matter for successful integration and socialization into norms of work. More intensive supervision will tend to raise program costs and limit scale, however.

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Team Environment

Some programs place workers into individual assignments, while others use a team or “work crew” approach to place workers as a group. Group accountability and camaraderie may help some participants integrate more easily into professional settings, but may not allow for more intensive supervision. However, the potential benefits of these approaches have not been systematically tested.

Training

Many subsidized employment programs offer opportunities for formal training, which can vary by type and structure by which it is delivered.

Training Type

The nature of training provision varies among programs. Some offer subsidized employment with no additional (hard and soft) skills development beyond what participants glean from their experience on the job. For some populations with multiple barriers to employment, formal training in soft skills and professional norms, potentially before job placement, may matter for long-term success. Other programs might offer training in more advanced or industry-specific skill-sets.

Training Structure

Among programs that do provide training, there are differences in how that training is integrated into the subsidized employment opportunity. Some educational institutions and programs explicitly subsidize work opportunities that provide OJT. Others provide formal training outside the work environment, either before job placement as part of the orientation period, or in conjunction with the subsidized job itself.

Additional Services

To address additional challenges, subsidized employment programs may offer complementary wraparound services and follow-up job search and retention services.

Wraparound Services

The specific package of wraparound services provided to participants may be important to program success or failure. Services may be tailored to individuals, or to target populations as a whole. For example, subsidized jobs and paid work experience programs may provide legal services to recently-released prisoners, treatment and counseling for people with substance use disorders, or child care to working parents. Other wraparound services may include life skills education, cognitive behavioral therapy, financial counseling, transportation assistance, housing referrals, or other supports that help stabilize disadvantaged workers and their families.

Employment Search and Retention Services

Once participants exhaust their job subsidies, many programs continue to provide follow-up services, either to assist with a job search (for transitional jobs programs) or to help with job retention (for subsidized employment programs) or both.

REVIEW OF MODELS: 40 YEARS OF EVIDENCE AND PROMISE

This section highlights key findings from an extensive scan of subsidized jobs programs, and then describes a number of specific models in place currently or in recent decades (since 1975) with a focus on disadvantaged populations. In some cases, subsidized employment is at the very core of the model, while in other cases, it is merely an option in a broader employment and training program and is taken up by few participants. This review is followed by the report's final section, which offers recommendations for policymakers and practitioners.

Subsidized employment models are grouped into the following subsections below (within each subsection, programs are ordered alphabetically):

- Rigorously Evaluated Models;⁴³
- Models with Rigorous Evaluations Underway;
- Notable Models without Rigorous Evaluations Completed or Underway; and
- Rigorously Evaluated Unsubsidized Employment and Work Experience Models.

The review then describes several notable unsubsidized employment and work experience (paid and unpaid) programs that may offer constructive lessons on program and policy design and implementation. Finally, the report briefly reviews a few promising youth-focused subsidized employment models.

Promising models should show improved outcomes for participants under normal economic circumstances.⁴⁴ During recessions, supportive paid work opportunities can help stabilize the economy, tighten the labor market, and maintain labor force attachment. In times of general economic prosperity, subsidized employment and paid work experiences are nonetheless helpful for people needing extra help to get into the labor market and for people getting paid work experience as a key part of an educational program. Ideally, promising models would be rigorously evaluated to show impacts, i.e. participant improvements that are attributable to the program. Even effective models are not necessarily socially cost-effective, which requires that the model has both positive impact and results in net savings to society.

REVIEW OF MODELS: 40 YEARS OF EVIDENCE AND PROMISE

BOX 1. COMPREHENSIVE EMPLOYMENT TRAINING ACT (CETA, 1973-1982)

One of the largest—if not the largest—subsidized employment programs in recent history, Public Service Employment (PSE) under the Comprehensive Employment Training Act (CETA, 1973-1982), was not rigorously evaluated before its expiration.⁴⁵ PSE offered not only public service employment, but also classroom training, subsidized OJT, and work experience, reaching approximately 360,000, 100,000, and 300,000 people respectively in Fiscal Year 1980 for an average of about 20 weeks per participant.⁴⁶ As a result of the 1974-1975 recession, PSE developed a significant countercyclical emphasis.⁴⁷ CETA was intended to target disadvantaged individuals, though there was criticism—especially in CETA’s early years—that the program assisted the relatively advantaged among disadvantaged target groups.⁴⁸ Little can be said with certainty about CETA and PSE, but non-experimental studies suggest sometimes contradictory findings, with one analysis suggesting positive effects only for women in classroom training, OJT, and public service employment (not work experience),⁴⁹ and another analysis of the impacts of training on men found large positive effects from classroom training and smaller, positive effects from OJT.⁵⁰

FINDINGS AND OBSERVATIONS

Broad generalizations about the effectiveness of subsidized employment and paid work experience programs must be made with care, as the range of programs that have existed have distinct purposes and goals, target different populations, and represent different commitments of time and resources. Some interventions show little impact on post-program employment, but nevertheless achieve other worthy goals, such as increased earnings, reduced dependence on public assistance, improved skills, or reduced criminal recidivism. Further, a number of subsidized employment demonstrations launched in 2010 by DOL and HHS are still being analyzed (initial impact evaluations will not be published until 2016). It is especially important to keep in mind that even the best evaluations rarely isolate causal impacts with absolute certainty. Those caveats aside, however, some overarching findings and observations can be made:

- ***The number of disadvantaged people willing to work consistently exceeds the number in competitive employment.*** The history of subsidized jobs programs underscores this reality, regardless of macroeconomic circumstances. YIEPP (Youth Incentive Employment Pilot Projects), which began during an economic expansion, and the TANF Emergency Fund (TANF EF), which existed entirely during the deepest recession since the Great Depression, together demonstrate the substantial demand among workers for employment opportunities beyond what is otherwise available. This response by potential workers also reflects the need for greater income among those left out of the competitive (unsubsidized) labor market.

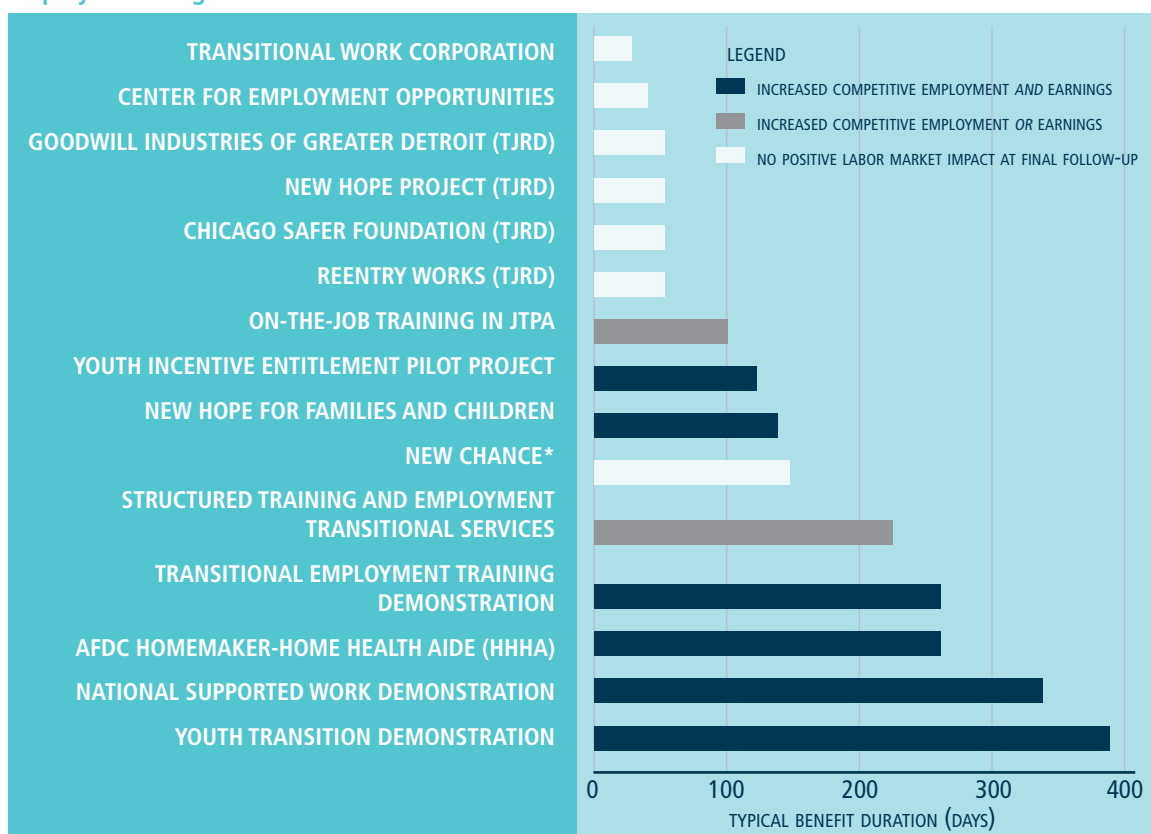
REVIEW OF MODELS: 40 YEARS OF EVIDENCE AND PROMISE

- ***Subsidized employment programs have successfully raised earnings and employment.*** This effect is not universal across programs or target populations, but numerous rigorously evaluated interventions offer clear evidence that subsidized employment programs can achieve positive labor market outcomes. Some of these effects derive from the compensation and employment provided by the subsidized job itself, but there also is evidence that well-designed programs can improve outcomes in the competitive labor market after a subsidized job has ended.
- ***Subsidized employment programs have benefits beyond the labor market.*** Fundamentally, subsidized jobs and paid work experience programs provide a source of both income and work experience. A number of experimentally-evaluated subsidized employment programs have in turn reduced family public benefit receipt, raised school outcomes among the children of workers, boosted workers' school completion, lowered criminal justice system involvement among both workers and their children, improved psychological well-being, and reduced longer-term poverty; there may be additional effects for some populations, such as increases in child support payments and improved health, which are being explored through ongoing experiments.
- ***Subsidized employment programs can be socially cost-effective.*** Of the 15 rigorously evaluated (through experimental or quasi-experimental methods) models described in this report, seven have been subject to published cost-benefit analyses. Keeping in mind that more promising and effective models are more likely to lead to such analyses, all seven showed net benefits to society for some intervention sites (for models implemented at multiple sites) and some target populations. Four of these seven models were definitively or likely socially cost-effective overall.
- ***Subsidized employment programs with longer-lasting subsidies and services appear to be more likely to raise employment and earnings.*** No research to date has isolated the impact of benefit duration within a subsidized jobs program. However, this pattern among rigorously evaluated programs—with interventions that typically lasted more than 14 weeks having a high likelihood of effectiveness—suggests that the role of benefit duration merits further investigation (see Figure 7). Program evidence from the Youth Transition Demonstration (YTD) found that projects that provided “more hours of employment-focused services” generated the most positive impacts on employment.
- ***More innovation is needed to assist young people disconnected from the labor market through subsidized employment.*** Results from the National Supported Work Demonstration and the On-the-Job Training (OJT) initiative under the Job Training Partnership Act (JTPA), for example, show no impact on employment, drug use, or criminal activity among younger participants. This finding dovetails with the results of a recent cross-national meta-analysis that finds young people to be the least amenable to active labor market policy interventions.⁵¹ Further, there is evidence from other programs that positive earnings and employment effects of subsidized employment can attenuate with time.⁵² That said, results from YIEPP suggest that subsidized employment can make a difference in both earnings and employment for some youth, at least

REVIEW OF MODELS: 40 YEARS OF EVIDENCE AND PROMISE

over a period of 3-15 months post-intervention.⁵³ Analysis of the Youth Transition Demonstration (YTD) suggests that interventions that provide a range of services beyond transitional employment may be especially important for younger populations. Upcoming impact evaluations from some projects under HHS's ongoing Subsidized and Transitional Employment Demonstration (STED) may provide further evidence as to which interventions are most effective with this age group.

Figure 7. Benefit Duration and Labor Market Impact of Rigorously Evaluated Subsidized Employment Programs



Note: These data are derived from the typical duration of subsidized employment plus training services as reported in program evaluations or other program materials. Effectiveness is based on the final follow-up. Transitional Work Corporation had significant effects during the first year following program entry, but those effects faded by the four-year follow-up. TJRD refers to the Transitional Jobs Reentry Demonstration.

*New Chance's impacts were evaluated in comparison to a control group which did not participate in subsidized employment but did receive an array of other support services. In addition, the paid internship was arguably not a significant component of the program.

Source: Georgetown Center on Poverty and Inequality.

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- **Older adults remain understudied and underserved.** None of the programs examined here specifically target older adults who are disconnected from the labor market. Further, relatively few older adults participated in programs for which they were technically eligible. There is thus a paucity of both information about and support for successful interventions for this population. This reality is of particular salience, as policymakers grow concerned with shrinking labor force participation among older workers. Subsidized employment may represent a desirable way to provide income support to older and disabled workers not receiving disability or retirement benefits.
- **Subsidized employment can help people with intellectual disabilities gain independence and earning power; the broader spectrum of disabilities remains understudied.** The Transitional Employment Training Demonstration (TETD) (1985-1987) and the Structured Training and Employment Transitional Services (STETS) (1981-1983) both demonstrated positive effects on labor market participation and/or earnings among participants with intellectual disabilities. The role of subsidized employment and paid work experience in assisting those with other kinds of disabilities is not addressed by any known research.

More work is clearly needed to isolate the impacts of various facets of subsidized employment. Strong employer engagement, the provision of wraparound services, longer-term post-placement retention services, and other features of effective programs also appear promising as key ingredients and merit further (experimental) examination, as research thus far has shed little light on specific factors and their impacts to date. Other program design elements that may warrant additional testing include pre-training, program entry screening processes, matching processes, and peer support mechanisms. However, the record as it stands indicates that such programs, by increasing employment opportunities, can be effective tools to combat poverty, persistent unemployment, and other harmful social outcomes.

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RIGOROUSLY EVALUATED MODELS

The following models have been evaluated through an experimental or quasi-experimental study, and final results are available. Figure 8 presents a summary view of the rigorously evaluated models (listed in alphabetical order).

Figure 8. Summary Table: Rigorously Evaluated Models

PROGRAM	YEARS	POPULATION(S) TARGETED	PAID WORK EXPERIENCE & SUPPORTS	OUTCOMES (positive effects bolded)
AFDC Homemaker-Home Health Aide (HHHA)	1983 – 1986	AFDC recipients, primarily single mothers	Occupational training as a home health aide; supervised OJT; 12 months' subsidized employment	(An average of) 22 months after program entry, * earnings and nonsubsidized employment increased
Center for Employment Opportunities (CEO) – New York City	1970s – present; evaluated 2004 – 2005	Formerly incarcerated	5-day pre-employment class; subsidized positions in work crews; professional development; job placement assistance	36 months after program entry, did not increase earnings, but did significantly reduce recidivism , especially among high-risk individuals
National Supported Work Demonstration	1975 – 1979	Multi-year AFDC mothers; recovering addicts; formerly incarcerated; young high school dropouts	Subsidized supervised transitional jobs for 12-18 months; job placement assistance	19-36 months after program entry, improved labor market outcomes (earnings and employment) for most participants; reduced recidivism ; no lasting effect for high school dropouts
New Chance	1989 – 1992	Young single mothers who dropped out of high school	Pre-employment training; life skills training; part-time internships (limited participation); ABE; GED preparation; child care; counseling and other community-based services	42 months after program entry, no positive labor market effects, but some positive effects on GED receipt, college education ; impact difficult to isolate because control group also received some services
New Hope for Families and Children – Milwaukee	1994 – 1998	Low-income people seeking full-time work	Earnings supplement; subsidized health insurance; subsidized child care; community service jobs for persistently unemployed recipients	8 years following program entry, positive effects on earnings, employment, poverty, marriage rates, mental health, child achievement and behavior ; effect faded for some by year 3; low benefit uptake rate
On-the-Job Training (OJT) in Job Training Partnership Act (JTPA)	1983 – 2000	Welfare participants; young people not in school; young males arrested since age 16	Service tracks included: classroom training; subsidized OJT and JSA	30 months following program entry, small positive effects on earnings for adults; positive effects on GED receipt for young women; no positive earnings effect for youth/young men

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Figure 8. Summary Table: Rigorously Evaluated Models (continued)

PROGRAM	YEARS	POPULATION(S) TARGETED	PAID WORK EXPERIENCE & SUPPORTS	OUTCOMES (positive effects bolded)
Structured Training and Employment Transitional Services (STETS) Demonstration	1981 – 1983	Youth with intellectual disabilities ages 18-24	Training; supervised work and OJT; job placement assistance	22 months after program entry, increased earnings , but did not increase in employment
Transitional Employment Training Demonstration (TETD)	1985 – 1987	SSI recipients with intellectual disabilities, ages 18-40	Subsidized employment; externally-administered OJT; post-placement retention services	36 months after program entry, increased earnings and employment
Transitional Work Corporation (TWC) Initiative – Philadelphia	1998 – early 2010s	Long-term and potential long-term TANF recipients, especially single mothers	Subsidized employment; training; behavioral health services	48 months after program entry, earlier 12-month positive effects from on employment, earnings, and TANF receipt had faded with time; high attrition rate after program entry
Youth Incentive Entitlement Pilot Project (YIEPP)	1978 – 1980	Low-income or welfare-household youth, especially African American and Hispanic	Subsidized employment	Approximately 36 months after program entry, increased employment , especially for African American males; smaller effects for Hispanic females; no effects for Hispanic males; no effect on school graduation rates
Youth Transition Demonstration (YTD)	2006 – 2012	Individuals ages 14-25 receiving or at risk of receiving SSI or SSDI	Subsidized employment; on-the-job-training; volunteer work; job shadowing; job placement assistance	36 months after program intervention, intense interventions had positive impacts on employment and earnings ; more ambiguous but still positive findings on criminal justice system interaction
TRANSITIONAL JOBS REENTRY DEMONSTRATION (TJRD)				
Goodwill Industries of Greater Detroit	2007 – 2008	Recently incarcerated men	Transitional subsidized employment at Goodwill light manufacturing plant; job placement assistance; follow-up services	24 months after program entry, no significant effect on labor market or recidivism
The New Hope Project – Milwaukee	2007 – 2008	Recently incarcerated men	Transitional subsidized employment at local small businesses; job placement assistance; follow-up services	24 months after program entry, no significant effect on labor market or recidivism

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Figure 8. Summary Table: Rigorously Evaluated Models (continued)

PROGRAM	YEARS	POPULATION(S) TARGETED	PAID WORK EXPERIENCE & SUPPORTS	OUTCOMES (positive effects bolded)
Reentry Works – St. Paul	2007 – 2008	Recently incarcerated men	Transitional subsidized employment at Goodwill; job placement assistance; follow-up services	24 months after program entry, no significant effect on labor market or recidivism
Safer Foundation – Chicago	2007 – 2008	Recently incarcerated men	Transitional subsidized employment in waste management; job placement assistance; follow-up services	24 months after program entry, no significant effect on labor market or recidivism

* The term “program entry” is used as shorthand in this section to refer to 1) the time of random assignment, when experimental random assignment evaluation methods have been used, and 2) the time of enrollment when such methods have not been used.

Source: Georgetown Center on Poverty and Inequality.

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Figure 9 below describes results, if any, from cost-benefit analyses conducted for each of these experimentally- or quasi-experimentally evaluated models, listed in alphabetical order.

Figure 9. Cost-Benefit Analyses: Rigorously Evaluated Models

PROGRAM	COST-BENEFIT ANALYSIS
AFDC Homemaker-Home Health Aide (HHHA) Demonstration (1983 – 1986)	Counting the value of the work itself, researchers estimate that social benefits from HHHA outweighed costs in six out of seven demonstration states.
Center for Employment Opportunities (CEO) (1970s – Today)	Researchers estimate that CEO was very likely cost-effective for taxpayers, victims, and participants due primarily to reduced criminal justice system expenditures.
National Supported Work Demonstration (Supported Work) (1975 – 1979)	Researchers estimate that Supported Work's social benefits far outweighed social costs for mothers participating in welfare. There were smaller net benefits among those who recently participated in drug treatment. Cost-benefit results were unclear for the formerly incarcerated, and negative for the youth-dropout group.
New Chance (1989 – 1992)	No rigorous cost-benefit analysis is available.
New Hope for Families and Children – Milwaukee (1994 – 1998)	Researchers estimate that New Hope was highly cost-effective, in large part due to the improved behavior among boys.
On-the-Job Training (OJT) in Job Training Partnership Act (JTPA) (1983 – 2000)	Researchers estimate that JTPA's OJT was cost-effective for adults, but not for youths.
Structured Training and Employment Transitional Services (STETS) Demonstration (1981 – 1983)	Researchers estimate that STETS was likely socially cost-effective for targeted participants within four and a half years of enrollment.
Transitional Employment Training Demonstration (TETD) (1985 – 1987)	As a result of higher net incomes among participants and savings from reduced public outlays, researchers estimated TETD was likely cost-effective from a social standpoint.
Transitional Work Corporation (TWC) – Philadelphia (1998 – early 2010s)	No rigorous cost-benefit analysis is available.
Youth Incentive Entitlement Pilot Project (YIEPP) (1978 – 1980)	No rigorous cost-benefit analysis is available.
Youth Transition Demonstration (YTD) (2006 – 2012)	No rigorous cost-benefit analysis is available.
TRANSITIONAL JOBS REENTRY DEMONSTRATION (TJRD)	
Goodwill Industries of Greater Detroit (2007-2008)	No rigorous cost-benefit analysis is available.
The New Hope Project – Milwaukee (2007-2008)	No rigorous cost-benefit analysis is available.
Reentry Works – St. Paul (2007 – 2008)	No rigorous cost-benefit analysis is available.
Safer Foundation – Chicago (2007-2008)	No rigorous cost-benefit analysis is available.

Source: Georgetown Center on Poverty and Inequality.

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The table below (Figure 10) indicates which support services were offered by each model.

Figure 10. Summary Table: Support Services for Rigorously Evaluated Models

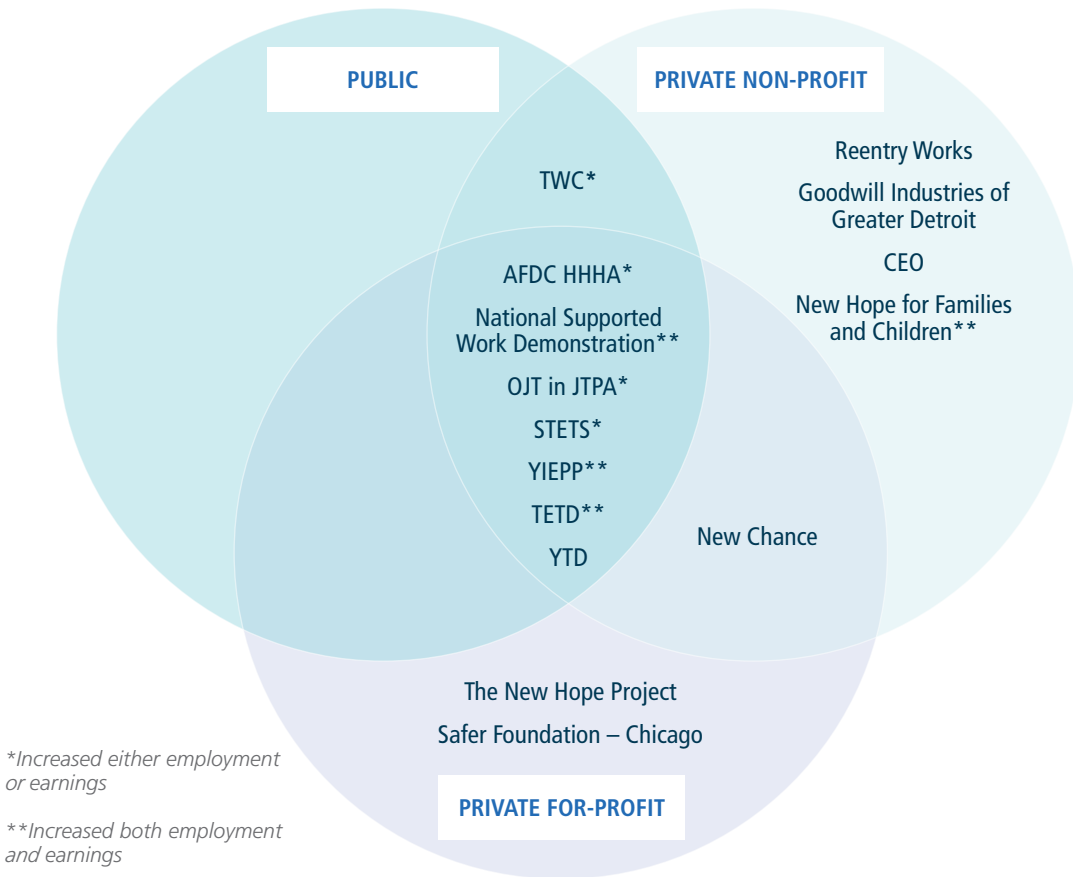
	SUPPLEMENTAL TRAINING / EDUCATION	ON-THE-JOB TRAINING	COMPETITIVE JOB PLACEMENT	FOLLOW-UP SERVICES	HEALTH SERVICES	CHILD CARE SERVICES	LEGAL SERVICES	FINANCIAL LITERACY/ADVICE	TRANSPORTATION	HOUSING
AFDC Homemaker-Home Health Aide (HHHA) Demonstration	X	X								
Center for Employment Opportunities (CEO)	X	X	X							
National Supported Work Demonstration			X							
New Chance	X	X				X				
New Hope for Families and Children – Milwaukee		X			X	X				
On-the-Job Training (OJT) in Job Training Partnership Act (JTPA)	X	X	X							
Structured Training and Employment Transitional Services (STETS) Demonstration	X	X	X							
Transitional Employment Training Demonstration (TETD)	X	X	X	X					X	
Transitional Work Corporation (TWC) Initiative – Philadelphia	X		X	X	X	X			X	
Youth Incentive Entitlement Pilot Project (YIEPP)										
Youth Transition Demonstration (YTD)	X	X	X	X						
Goodwill Industries of Greater Detroit	X	X	X	X					X	
The New Hope Project – Milwaukee	X	X	X	X					X	
Reentry Works – St. Paul	X	X	X	X					X	
Safer Foundation – Chicago	X	X	X	X					X	

Source: Georgetown Center on Poverty and Inequality.

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The diagram below (Figure 11) indicates whether each model used public, private non-profit, and/or private for-profit placements.

Figure 11. Sectors of Subsidized Employment Offered by Rigorously Evaluated Programs



Source: Georgetown Center on Poverty and Inequality.

1. AFDC Homemaker-Home Health Aide (HHHA) Demonstration

From 1983 to 1986, the Aid to Families with Dependent Children (AFDC) Homemaker-Home Health Aide (HHHA) demonstration targeted AFDC participants, primarily single mothers. This program provided 4-8 weeks⁵⁴ of “formal classroom training using an established home health care training curriculum, plus an average of 26 hours of practicum experience caring for debilitated clients under close supervision in nursing homes and private homes.”⁵⁵ Once participants completed the occupational training, they were guaranteed placement in up to 12 months of full-time, subsidized employment as a homemaker or health aide.⁵⁶ The evaluation included “9,500 AFDC recipients in 70 sites in seven states.”⁵⁷

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Evidence: AFDC HHA was evaluated through a random assignment evaluation of 9,520 participants in Arkansas, Kentucky, New Jersey, New York, Ohio, South Carolina, and Texas.⁵⁸ The evaluation looked back at participants an average of 22 months after program entry and found that the program significantly increased participants' earnings.⁵⁹ Counting the value of the subsidized work itself, researchers estimate that social benefits from the program outweighed costs in six out of seven demonstration states.⁶⁰ Despite efforts to reach individuals with multiple and/or serious barriers, some sites were not able to include those who lacked the access or ability to drive a car, had minimal literacy skills or education, or those who appeared to have little future in the profession.⁶¹ Due to the random assignment nature of the evaluation, these restrictions cast little doubt on the intervention's effectiveness, but do provide some caution about the generalizability of the model.⁶²

2. Center for Employment Opportunities (CEO) – New York City

Founded as a demonstration project in the 1970s,⁶³ the Center for Employment Opportunities (CEO) in New York City strives to boost labor market outcomes and reduce recidivism by providing transitional jobs and other services to former prisoners.⁶⁴ The initiative includes a five-day pre-employment class, followed immediately by placement into a subsidized position in a work crew, intended to promote soft skills development.⁶⁵ Participants work four days a week (seven hours a day), and are paid daily.⁶⁶ On average, the jobs last for nine weeks.⁶⁷ CEO also provides weekly support and guidance (on the day the participant is not working) and weekly meetings with a job developer once the participant is ready.⁶⁸ CEO currently serves approximately 3,000 people a year.

Evidence: In the mid-2000s, nearly 1,000 participants were randomly assigned to a program group or control group for a rigorous evaluation.⁶⁹ Study participants were disproportionately male, people of color, unmarried, not-cohabiting, and had limited education.⁷⁰ About half had children under age 18.⁷¹ Both groups had access to a pre-employment class, though the class was longer for the program group, and only the program group received professional development and job placement assistance.⁷² The study found that 36 months following program entry, CEO did not improve employment and earnings, aside from the subsidized job itself. However, the program did significantly lower recidivism, especially among those most recently released from prison.⁷³ The evaluation concluded that CEO was cost-effective “under a wide range of assumptions ... for taxpayers, victims, and participants,” due primarily to reduced criminal justice system expenditures.⁷⁴

3. National Supported Work Demonstration (Supported Work)

From 1975 to 1979, the National Supported Work Demonstration (Supported Work) provided 12-18 month transitional jobs with close supervision and a small crew of peers.⁷⁵ Participants were subject to gradually increasing expectations of workers to the point of approximating competitive employment.⁷⁶ Job search assistance (JSA) also was provided as subsidized jobs neared completion.⁷⁷ The supported work program focused on mothers who were multi-year recipients⁷⁸ of AFDC, people who had recovered from a substance use disorder, the formerly

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incarcerated, and youth, aged 17-20 at the time of program enrollment, who had dropped out of high school.⁷⁹ A majority (excluding AFDC participants) had experienced an arrest,⁸⁰ and participants were overwhelmingly people of color, had limited education, and had little work experience in the previous year.⁸¹

Evidence: Of the 15 sites around the country, 10 were part of a random assignment evaluation, in which the 6,600 total participants were divided evenly into a control and treatment group.⁸² The evaluation found that Supported Work led to sizeable labor market gains for long-term AFDC participants, and was also effective at improving labor market and criminal justice outcomes for a large portion of the adults who had enrolled in treatment for a substance use disorder during the previous six months.⁸³ The demonstration had modest impacts on formerly incarcerated participants' earnings and recidivism rates, and no lasting impact on youths who had dropped out of school.⁸⁴ Indeed, the program was generally more effective among older adults (typically those over age 35) within each non-youth target group.⁸⁵

A three-year follow-up study found the program's social benefits far outweighed social costs for participants who were mothers receiving AFDC—despite substantial effective marginal tax rates from employment and higher earnings.⁸⁶ And there were smaller, but sizeable net benefits among those who recently participated in treatment for a substance use disorder.⁸⁷ Cost-benefit results were unclear for the formerly incarcerated, and negative for the youth high school dropout group.⁸⁸ A more recent analysis of the demonstration data found that individuals with substantial substance use disorders assigned to supported work did not experience lower substance use, but nevertheless were significantly less likely than their control group counterparts to be arrested for robberies or burglaries.⁸⁹

4. New Chance

From 1989 to 1992, the New Chance program offered young, single mothers who had dropped out of high school a wide menu of services: pre-employment training, life skills training, part-time work internships, adult basic education, GED preparation, child care, counseling and other services through schools, community colleges, and community-based organizations.^{90,91,92} Put into place in 16 communities in 10 states,⁹³ New Chance implementation was uneven, and only about one-fifth of participants engaged in a work internship.⁹⁴

Evidence: Evaluated in a random assignment study, New Chance was not found to have significant positive effects overall 42 months after program entry.⁹⁵ However, the evaluation was limited insofar as it compared the treatment group to a control group that also was offered an array of services.⁹⁶ Additional statistical analyses performed by the researchers found that “young women who received more than 18 weeks of education were far more likely to earn GEDs than those who did not and that young women who received skills training and attended college earned higher wages than their counterparts who did not receive postsecondary education or training.”⁹⁷ There was no ability to isolate potential impacts from the work internship, which arguably was not a significant component of the intervention.

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5. New Hope for Families and Children – Milwaukee

From 1994 through 1998, two sites in Milwaukee “offered low-income people who were willing to work full time ... an earnings supplement to raise their income above the poverty level[,] subsidized health insurance[,] subsidized child care,” and community service jobs for those who remain unemployed after eight weeks of job search.⁹⁸ Uptake of available benefits was neither universal nor consistent during the three-year period.⁹⁹ Community service jobs paid minimum wage, were six months long, were part- or full-time,¹⁰⁰ were not guaranteed, were “at will,” and were limited to two jobs (for a total of up to 12 months) during the three-year period.¹⁰¹

New Hope targeted low-income families generally, but primarily enrolled women and single mothers of color with primary school- or preschool-aged children.¹⁰² Most had worked in the prior year, but were unemployed upon program entry.¹⁰³ Most participants also had a GED or high school diploma and already received public assistance.¹⁰⁴

Evidence: Evaluated through a random assignment study for five years after the three-year intervention was implemented, New Hope increased employment, earnings, and incomes (which includes the program’s earnings supplement and the EITC).¹⁰⁵ Some parents also experienced improvements in their psychological well-being.¹⁰⁶ Effects were concentrated in the three years of the program, but adults with moderate barriers to employment saw higher employment, earnings, and income through the five-year follow-up period.¹⁰⁷ Employment effects were driven in large part by community service jobs, which were utilized by about a third of participants.¹⁰⁸ Another study on the five-year effects of the program found that New Hope also increased marriage rates among never-married mothers and decreased depression.¹⁰⁹

In addition, New Hope increased the time that children, including adolescents, spent in “structured, supervised out-of-school activities” and care, though effects diminished a few years after child care subsidies ended.¹¹⁰ Strikingly, New Hope improved children’s performance in school during and up to two years after the intervention.¹¹¹ Even as those effects faded in the following three years, New Hope appears to have persistently increased children’s engagement in school, positive social behavior, and passage from one grade to the next, while lowering special education placements.¹¹² Five years after the intervention, youth—especially boys—had more positive attitudes about work and had engaged in work-related activities at higher rates than those not randomly assigned to New Hope.¹¹³ New Hope appears to have been highly cost-effective, in large part due to the improved behavior among boys.¹¹⁴

6. On-the-Job Training (OJT), Job Training Partnership Act (JTPA)

Subsidized on-the-job training—a complement or alternative to subsidized wage and benefits—was incorporated into the workforce development system under the Job Training Partnership Act (JTPA) in the 1980s. In practice, OJT sometimes meant that participants were actually involved in JSA while searching for an OJT opportunity or unsubsidized job.¹¹⁵ The interventions (ranging from 7-34 weeks) targeted both men and women participating in AFDC, as well as youths ages 16 to 21 who were not in school.¹¹⁶ Targeted youth included males who had experienced an arrest any time after their 16th birthday.¹¹⁷

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Evidence: In the late 1980s, DOL funded a random assignment study for over 20,000 applicants across 16 sites.¹¹⁸ Each eligible applicant was randomly assigned to either treatment (allowed to enroll in a JTPA Title II-A program) or a control group (not allowed to enroll in a Title II-A program for 18 months), with two-thirds assigned to a treatment group and one-third assigned to a control group.¹¹⁹ For those in the treatment group, staff recommended participant placement into one of three service strategy subgroups: classroom training, subsidized OJT mixed with JSA, or other services.¹²⁰

Overall, adults saw, on average, modest earnings gains for at least 30 months following random assignment (generally 24 months following the end of the intervention). Among adult women participants, those who received combined OJT and JSA experienced these positive results over 30 months following the treatment, though the “other or no services” treatment may have been even more effective.¹²¹ Adult men saw earnings gains due to the treatments, though the increase was not statistically significant for any particular treatment.¹²² Neither female nor male youths without recent arrest records saw significant earnings gains from any treatment, however.¹²³ Earnings impacts for male youths with a recent arrest record were inconclusive due to contradictory data.¹²⁴

Female participants who had dropped out of high school, especially adult women, experienced substantially higher GED or high school completion within 30 months of random assignment.¹²⁵ Adult men without high school degrees may also have benefitted similarly, though findings were not statistically significant.¹²⁶ There were no impacts on AFDC or food stamp usage.¹²⁷ Researchers found that the program was cost-effective for adults, but not for youths.¹²⁸

7. Structured Training and Employment Transitional Services (STETS) Demonstration

From fall 1981 through 1983, the Structured Training and Employment Transitional Services (STETS) Demonstration attempted to build on the National Supported Work Demonstration (also discussed in this section) and place youth with cognitive disabilities (ages 18-24) in gradually intensifying positions in five cities nationwide.¹²⁹ Participants had IQs between 40 and 80, limited previous work experience, and had overwhelmingly lived with and depended on other adults for daily and longer-term needs.¹³⁰ The (approximately) 11-month subsidized positions included close supervision and peer-group support.¹³¹ Participants started with training and support, along with paid employment in some cases.¹³² They then transitioned to OJT in positions intended to roll over into unsubsidized employment.¹³³

Evidence: A random assignment study of more than 220 participants (and a similar number of control group members) found that STETS was effective at shifting many away from sheltered workshops and into competitive employment, especially those with moderate intellectual disabilities.¹³⁴ As a result, earnings increased substantially (through higher-paying work), even though STETS did not increase overall employment rates.¹³⁵ STETS was more effective for men than women and for those with mild to moderate intellectual disabilities relative to those with borderline intellectual disabilities.¹³⁶ The program had essentially no impact on female earnings, with

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evidence that program implementers struggled to place women in subsidized positions, especially when the program was starting up or winding down.¹³⁷ STETS also was more effective for older youth and those who were relatively independent of other adults.¹³⁸

The evaluation showed a number of other impacts. STETS generally reduced schooling and training, though both were considered positive findings by evaluators, because the counterfactual schooling and training options were likely to be more costly and less effective.¹³⁹ In addition, STETS reduced Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) benefit receipt, but did not have enduring effects on other public benefits.¹⁴⁰ With reduced cash benefit receipt offsetting some part of the earnings gains from STETS, it did not appear that STETS led to significant changes in lifestyle, such as shifts to independent living.¹⁴¹ Based on 22-month post-enrollment follow-up (approximately 11 months post-program) findings, evaluators estimated that STETS was likely to be socially cost-effective within four and a half years of enrollment.¹⁴²

8. Transitional Employment Training Demonstration (TETD)

From June 1985 to June 1987, the Social Security Administration (SSA) funded the Transitional Employment Training Demonstration (TETD) operations for eight organizations in 13 communities.¹⁴³ TETD offered subsidized training and support in a transitional job to SSI recipients with intellectual disabilities (the program targeted adults ages 18-40).¹⁴⁴ The program ensured continued SSI eligibility for participants during the enrollment, placement, and OJT periods.¹⁴⁵ Training agencies—not the employer—provided the specialized OJT.¹⁴⁶ The demonstration gradually phased out OJT during each placement, but provided post-placement job retention services to facilitate success in competitive employment.¹⁴⁷ Job placement services included efforts to educate employers about the employability of program participants and to place participants based on their interests and skills.¹⁴⁸ Sponsoring organizations at each site provided core services for up to one year, and developed support plans to ensure subsequent job retention.¹⁴⁹

Evidence: The TETD intervention was evaluated through random assignment, with participants followed 36 months after random assignment.¹⁵⁰ The intervention was assigned to 375 people, who were compared over the six years following enrollment to a control group of 370 that could not receive TETD services, but could receive other services.¹⁵¹ The evaluation found that TETD substantially increased participants' employment and earnings, while modestly reducing SSI benefit receipt and the utilization of other services—and that these effects persisted for six years following participants' entry into the program.¹⁵² As a result of higher net incomes among participants and savings from reduced public outlays, researchers estimated that TETD was likely cost-effective from a social standpoint.¹⁵³

9. Transitional Work Corporation (TWC) Initiative – Philadelphia

Operating from 1998¹⁵⁴ until the early 2010s, the Transitional Work Corporation (TWC) initiative in Philadelphia targeted TANF recipients (most of whom were primarily single mothers) who were determined by the welfare agency to need greater assistance.¹⁵⁵ TWC offered transitional jobs and activities intended to remove barriers to employment.¹⁵⁶ Barrier removal efforts focused

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on assessing and addressing challenges associated with poor health and limited education and skills.¹⁵⁷ Services provided ranged from “life skills classes, GED preparation, support groups, and counseling by behavioral health specialists, as well as ongoing case management,” to referral to other organizations for the toughest barriers.¹⁵⁸ For the transitional jobs program, participants attended a two-week pre-employment class before being placed in a subsidized job.¹⁵⁹ Subsidized jobs were primarily with non-profits and lasted for an average of 30 days over 7-8 weeks.¹⁶⁰ Participants also attended professional development workshops for 10 hours per week.¹⁶¹ Upon completion of the subsidized job and professional development portion of the program, participants received job placement assistance from a job developer.¹⁶² Participants also received job retention services and bonus payments in the first six to nine months following their placement in an unsubsidized job.¹⁶³

Evidence: From 2004 to 2006, nearly 2,000 people were randomly assigned to one of three groups: a transitional jobs program, barrier removal activities, or neither intervention (control group).¹⁶⁴ Those assigned to subsidized employment showed significantly higher earnings and lower TANF receipt—effects that nearly offset each other with regard to participant income¹⁶⁵—than those in the other two groups after a year and a half. Impacts faded during the four-year follow-up period (following program entry), with few differences with the control group after the first year.¹⁶⁶ However, only about half of those assigned to the subsidized employment group actually worked in a transitional job,¹⁶⁷ and there was similarly substantial attrition in the group that engaged in barrier removal activities, with nearly 80 percent participating, but only (on average) for less than the equivalent of three weeks full-time.¹⁶⁸ The barrier removal group ultimately showed no significant earnings, employment, or benefit receipt impacts compared to the control group.¹⁶⁹ TWC also served ex-offenders, though that effort was not evaluated.

10. Youth Incentive Entitlement Pilot Project (YIEPP)

From early 1978 through summer 1980, the Youth Incentive Entitlement Pilot Project (YIEPP) provided a package of subsidized, after-school and full-time, private and public summer jobs to more than 76,000 disadvantaged young people ages 16 to 19.¹⁷⁰ YIEPP targeted youth of color, especially African Americans and Hispanics, though over one-fifth of participants were white. All participants were high school students in low-income or welfare-receiving households.¹⁷¹ Participants were required to continue school and meet academic and work performance benchmarks.¹⁷² Across 17 sites in both urban and rural areas, over 10,800 employers received full wage subsidies for these hires.¹⁷³

Evidence: A quasi-experimental study of YIEPP used a combination of matched program and comparison sites and analytical methods.¹⁷⁴ The approach was chosen because random assignment studies will tend to miss saturation effects, and saturation was a key goal of YIEPP.¹⁷⁵ The study found that YIEPP did not improve school enrollment, but did substantially increase earnings among African American youth during the short post-program follow-up period, about three and a half years after program entry (fall of 1981).¹⁷⁶ Smaller effects were found for Hispanic females, while no effects were found for Hispanic males.¹⁷⁷ Researchers also noted that participa-

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tion rates in the program were high by the standards of other entitlement programs, and demonstrated that youth unemployment was primarily a question of job availability, not motivation.¹⁷⁸ There was no longer-term follow-up.

11. Youth Transition Demonstration (YTD)

In 2003, in response to the need among youths with disabilities for programs that would help “maximize their economic self-sufficiency as they transition to adulthood” from school, SSA created the Youth Transition Demonstration (YTD) evaluation.¹⁷⁹ Youth with disabilities “face special challenges related to health, social isolation, service needs, and the potential loss of benefits”—and these challenges directly impact their attachment to the labor market.¹⁸⁰ Fear of losing one’s Social Security benefits is also a barrier to employment. From 2006 to 2014, the evaluation aimed to address these barriers by “identify[ing] and test[ing] the most promising service strategies,”¹⁸¹ which involved combining SSA waivers of certain disability program rules with services such as employment and education counseling, financial planning, and benefits counseling.¹⁸² Job placement support was also a core component of the programs—those not placed in competitive, paid employment were matched with work experiences, including subsidized OJT, volunteer work, occupational training, and job shadowing.¹⁸³ YTD also provided services focused on youth empowerment, family supports, and individualized work experiences.¹⁸⁴

YTD’s target population was young adults ages 14 to 25 who were either already receiving SSDI or SSI, or deemed to be at high risk of receiving them in the future.¹⁸⁵ As part of the evaluation, seven organizations partnered with SSA to “implement YTD projects that emphasized employment and youth empowerment” at six project sites (located in NY, CO, FL, MD, and WV).¹⁸⁶ Over 5,000 youths with disabilities participated.¹⁸⁷

Evidence: The evaluation used rigorous random assignment and site-specific analysis to determine the impact of the package of waivers and services on employment, educational attainment, income, earnings, and receipt of SSI or SSDI benefits, one and three years after enrollment.¹⁸⁸ The final report found that the YTD projects that provided “more hours of employment-focused services to higher proportions of treatment group youth” generated the most positive impacts on employment. In the third year after enrollment, participants in three of the six YTD projects were 7 percent more likely to have worked for pay (a statistically significant impact).¹⁸⁹ Two of the projects also significantly reduced participants’ interaction with the justice system three years after enrollment.¹⁹⁰ There was no cost-benefit analysis performed by the researchers, as the relatively short follow-up period would not allow for the full scope of potential cost savings to be evaluated.¹⁹¹

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Transitional Jobs Reentry Demonstration (TJRD)

Jointly funded by the Joyce Foundation, the JEHT Foundation, and DOL, the Transitional Jobs Reentry Demonstration (TJRD) analyzed transitional employment programs for newly released prisoners at four sites from 2007 to 2008. Programs at each site provided a similar set of services, albeit with some differences in implementation. Former prisoners selected for the program received a transitional job lasting approximately 90 days, providing 30 to 40 hours of paid work per week, along with basic case management services.¹⁹² The nature and structure of transitional employment varied across the four demonstration sites. The programs run by the organizations at each site—the Safer Foundation in Chicago, IL; Goodwill Industries in Detroit, MI and St. Paul, MN; and New Hope in Milwaukee, WI—are described in more detail below.

In TJRD, more than 1,800 recently released participants across the four sites were assigned to either a transitional jobs program (treatment) or a JSA program (control). Those in the transitional jobs programs were provided short-term subsidized job and basic case management. Those in the control groups received JSA along with some ancillary services such as résumé counseling. The evaluation found significant effects on earnings and employment for the treatment group while the program was being administered. However, in the year after the program ended, the final evaluation—which followed participants for two years after program entry—found that transitional jobs had no significant impact on either rates of unsubsidized employment or recidivism.¹⁹³ Study authors note that the demonstrations concluded in the midst of the 2008-2009 economic crisis, which made post-program placement challenging. The following four programs comprised TJRD.

12. Goodwill Industries of Greater Detroit

Goodwill Industries of Greater Detroit was founded in 1921 with a mission to help individuals with disabilities, though its efforts have expanded to serve a considerably wider range of vulnerable populations over time.¹⁹⁴ Chosen to administer the transitional jobs program for the Detroit site of the TJRD, Goodwill placed 224 formerly incarcerated participants in transitional employment (the control group was the same size). Most were employed in an on-site, light industrial facility that contracted with local manufacturers for assembly work and related tasks.

As at other TJRD sites, the transitional jobs lasted approximately 90 days, and were coupled with some ancillary case management services.

Evidence: The Goodwill Industries program was evaluated as part of the TJRD (2007-2008), which required rigorous random assignment evaluations. The evaluation revealed that the program's positive impacts on employment and earnings were limited to effects derived directly from the transitional employment aspect. Neither the experiment nor the control group reported increases in earnings or employment in the competitive job market within a year of program participation, nor were there significant differences in recidivism rates over the two-year period following program entry.

13. The New Hope Project – Milwaukee

The New Hope Project was created in Milwaukee, Wisconsin in 1991 as part of an anti-poverty demonstration project, and has been providing varied advocacy and employment services in

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Milwaukee ever since. In addition to New Hope's participation in TJRD, the organization has run transitional employment and community service jobs programs designed to help economically-vulnerable families (see "New Hope for Families and Children" earlier in this report). As part of TJRD, New Hope placed 256 formerly incarcerated individuals in transitional jobs based on a "scattered site" model, with a particular focus on placements in local small businesses. A similar number were assigned to a control group. As at other TJRD sites, participants were provided 90 days of paid work, along with some ancillary services.

Evidence: The New Hope Project was evaluated as part of the TJRD (2007-2008), which required rigorous random assignment evaluations. While transitional jobs increased earnings and employment over the course of the intervention, the New Hope Project evaluation found no significant increase in earnings from or employment in subsequent unsubsidized jobs, nor did it find any change in criminal recidivism over the two-year period following program entry.

14. Reentry Works – St. Paul

The Reentry Works program was led by Goodwill/Easter Seals in St. Paul, Minnesota and was part of TJRD. The program provided assistance to recently incarcerated (within 90 days of their release from prison) men in the form of transitional job placement within 24 hours of enrollment. Upon enrollment in the program, half of the men (167) were assigned to a transitional job, while the other half (also 167) were assigned to a control group. The first month of transitional work—generally at one of Goodwill's two retail stores—ran concurrently with the program's assessment period.¹⁹⁵ The temporary jobs provided 30 to 40 hours of minimum wage-paid work each week, and participants also received an assortment of services and supports. Although the transitional jobs "were not focused on building skills in any particular occupation . . . all aimed to identify and address behavior or performance issues that emerged at the work sites."¹⁹⁶ After the initial assessment period, participants could transition to the program's job development phase or apply for on-site, paid training in areas such as construction and automotive repair.¹⁹⁷ While there was some variation among these training programs in terms of total and weekly time requirements, generally the first half of the training was completed on-site at Goodwill facilities and, as in the case of the construction program, the other half of the training was completed on-the-job at a construction site. JSA was also provided. When participants did obtain unsubsidized employment, they could then receive up to \$1,400 if they maintained employment for six months.¹⁹⁸ Since the end of the TJRD, this model has continued in the form of the Goodwill/Easter Seals Reentry Services Program.

Evidence: Reentry Works was evaluated for the TJRD (2007-2008), which required rigorous random assignment evaluations. Researchers found that Reentry Works' job retention bonuses "show promising effects [on earnings and employment], though the magnitude of those [earnings impacts] appears to decrease over time, and these results should continue to be considered with caution."¹⁹⁹ However, over the demonstration's two-year follow-up period, Reentry Works and the other programs evaluated showed little effect on key measures of recidivism.²⁰⁰

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15. Safer Foundation – Chicago

The Safer Foundation, which was founded in 1972, has long worked to develop employment opportunities for those with criminal records. The foundation administered the transitional jobs treatment of the TJRD in Chicago, placing 189 ex-offenders in paid work for approximately 90 days.²⁰¹ A similar number were assigned to a control group. Most participants obtained transitional employment through Safer's staffing firm, Pivotal Staffing, working on garbage recycling and waste management contracts for the City of Chicago.

Evidence: The Safer Foundation was evaluated for the TJRD (2007-2008), which required rigorous random assignment evaluations. While the Chicago study found positive impacts on earnings and employment due to the transitional job, it found no significant effects on unsubsidized earnings or employment over the two year period following program entry. It also found no impact on criminal recidivism. Study authors noted that the Safer Foundation participants had the highest rates of arrest among the four TJRD sites.

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MODELS WITH RIGOROUS EVALUATIONS UNDERWAY

Below are programs and models that are known to be in the midst of rigorous evaluations. The first group of programs is being evaluated as part of HHS's Subsidized and Transitional Employment Demonstration (STED) project. The second group is being evaluated as part of DOL's Enhanced Transitional Jobs Demonstration (ETJD) project. Both federal initiatives require random assignment evaluations of participating programs. Two programs (Transitions SF of San Francisco and Goodwill of North Georgia Inc.'s GoodTransitions Program) are part of both STED and ETJD. Figure 12 shows a summary of the models, listed in alphabetical order.

Figure 12. Summary Table: Models with Rigorous Evaluations Underway

PROGRAM	YEARS	POPULATION(S) TARGETED	PAID WORK EXPERIENCE & SUPPORTS
Subsidized and Transitional Employment Demonstration (STED)			
Bridges to Pathways – Chicago	Began 2013	Young men, ages 16-20, recently released from juvenile detention centers	3-month paid work experience (also referred to as an "internship"); GED or high school diploma education throughout the 6-month program; behavioral health services; mentoring
Center for Economic Opportunity's Young Adult Internship Program (YAIP) – New York City	Began 2007	Disconnected (not in school or working) young adults ages 16-24 who already have some necessary skills	2-3 week orientation; 10-12 weeks of paid 20-hours/week internship; weekly paid educational workshops; job placement; and retention assistance
JOBSNOW! STEP Forward (JOBSNOW!) – San Francisco	Began 2009	Low-income public assistance recipients	5-month subsidized employment; two-tiered wage subsidy based on level of compensation
Minnesota Subsidized Employment Program – Ramsey, Dakota, and Scott Counties	Began 2009	Low-income TANF participants; excludes parents who are minors, full-time students, youth ages 18-24, and those exempt from TANF work requirements	16-week, subsidized, part-time public sector or non-profit employment for less-ready participants; subsidized private sector employment for more-ready participants
Transitional Subsidized Employment (TSE) Program – Los Angeles County	Began 2009	TANF participants	Two tracks (each six months): <ol style="list-style-type: none"> OJT: Private sector subsidized employment; case management; job placement assistance Paid Work Experience: Public sector or nonprofit subsidized employment; case management; job placement assistance

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Figure 12. Summary Table: Models with Rigorous Evaluations Underway (continued)

PROGRAM	YEARS	POPULATION(S) TARGETED	PAID WORK EXPERIENCE & SUPPORTS
Enhanced Transitional Jobs Demonstration (ETJD)			
Center for Community Alternatives' (CCA) Parent Success Initiative-Enhanced Transitional Jobs (PSI-ETJ) Program – Syracuse, NY	Began 2011	Non-custodial parents, especially those previously incarcerated	Transitional jobs; job placement assistance; legal assistance; ongoing case management
Goodwill of North Georgia Inc.'s Good-Transitions Program (GoodTransitions) (also in STED)	Began 2011	Low-income, non-custodial parents with child support orders; some are previously incarcerated	Subsidized transitional employment; occupational skills training; follow-up support; job retention services
Tarrant County Workforce Development Board's Next Subsidized Transitional Employment Program (Next STEP) – Texas	Began 2011	Low-income, previously incarcerated individuals	Skills assessment and training; private sector subsidized employment; job placement assistance; legal aid; parenting skills classes; behavioral health services; transportation assistance; job retention services
The Doe Fund's Ready, Willing & Able Pathways2Work Program – New York City (Pathways2Work)	Began 2011	Formerly homeless and/or incarcerated individuals	Paid internships; training; job placement assistance; support services for individuals with substance use disorders; case management; educational assistance; housing placement; job retention services
Transitions SF – San Francisco (also in STED)	Began 2011	Non-custodial parents ages 18-59; may be ex-offenders, owe child support, or not job-ready	Assessment and job-readiness training; 5-month subsidized transitional employment
Workforce Inc.'s Indianapolis Enhanced Transitional Jobs Program (ETJP)	Began 2006	Formerly incarcerated individuals	Transitional employment; housing assistance; GED assistance, legal aid, and peer counseling
YWCA of Greater Milwaukee's Supporting Families Through Work (SFTW) Program	Began 2011	Non-custodial parents with child support order; may be formerly incarcerated	Subsidized employment; occupational skills training; earnings supplements

Source: Georgetown Center on Poverty and Inequality.

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The table below (Figure 13) indicates which wraparound services were offered by each model.

Figure 13. Summary Table: Support Services for Models with Rigorous Evaluations Underway

	SUPPLEMENTAL TRAINING / EDUCATION	ON-THE-JOB TRAINING	COMPETITIVE JOB PLACEMENT	FOLLOW-UP SERVICES	HEALTH SERVICES	CHILD CARE SERVICES	LEGAL SERVICES	FINANCIAL LITERACY/ADVICE	TRANSPORTATION	HOUSING
Bridges to Pathways – Chicago	X		X	X	X	X		X	X	
Center for Economic Opportunity's Young Adult Internship Program (YAIP) – New York City	X		X	X	X					
JOBsNOW! STEP Forward (JOBsNOW!) – San Francisco				X						
Minnesota Subsidized Employment Program - Ramsey, Dakota, and Scott Counties		X								
Transitions SF – San Francisco	X			X	X	X				
Transitional Subsidized Employment (TSE) Program – Los Angeles County		X*	X	X						
Center for Community Alternatives' (CCA) Parent Success Initiative-Enhanced Transitional Jobs (PSI-ETJ) Program – Syracuse, NY			X	X			X			
Goodwill of North Georgia Inc.'s GoodTransitions Program	X	X	X	X					X	
Tarrant County Workforce Development Board's Next Subsidized Transitional Employment Program (Next STEP) – Texas	X		X	X	X				X	
The Doe Fund's Ready, Willing & Able Pathways2Work Program (Pathways2Work)	X		X	X	X					X
Workforce Inc.'s Indianapolis Enhanced Transitional Jobs Program (ETJP)	X		X	X			X			
YWCA of Greater Milwaukee's Supporting Families Through Work (SFTW) Program	X		X	X		X	X			

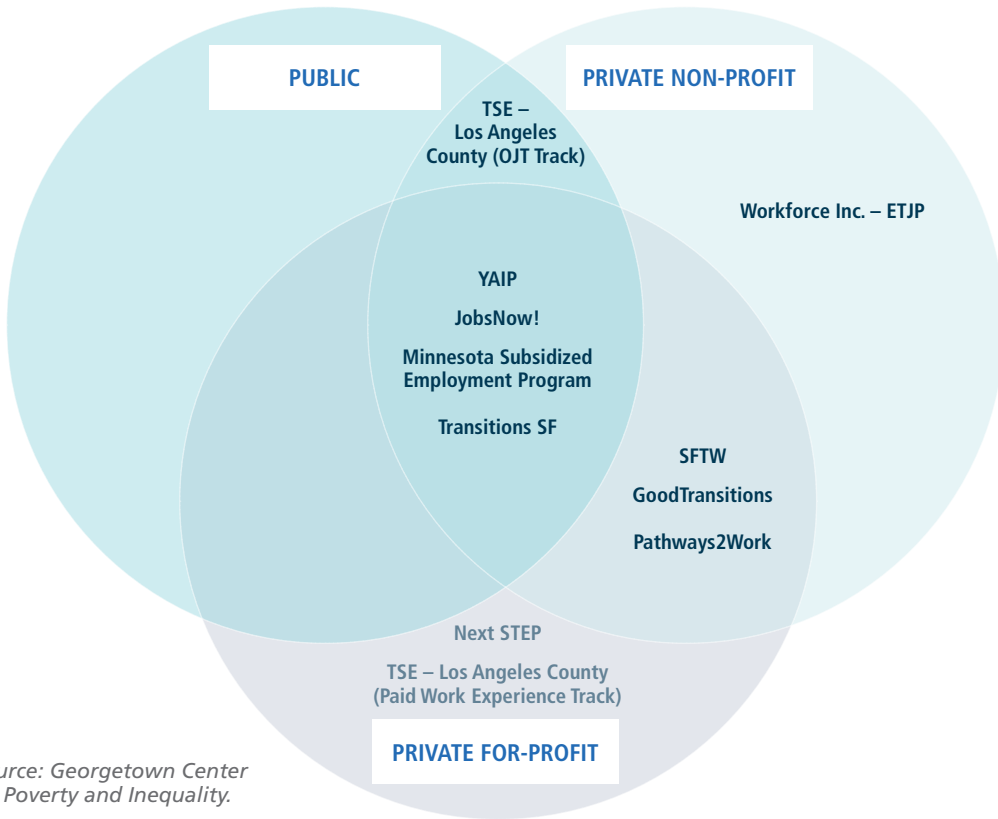
*For the OJT Track only.

Source: Georgetown Center on Poverty and Inequality.

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The diagram below (Figure 14) indicates whether each model used public, private non-profit, and/or private for-profit placements.

Figure 14. Sectors of Subsidized Employment Offered by Models with Rigorous Evaluations Underway



Source: Georgetown Center on Poverty and Inequality.

Subsidized and Transitional Employment Demonstration (STED) Project

The Subsidized and Transitional Employment Demonstration project aims to rigorously evaluate several of the subsidized employment programs that were created through the TANF EF (established by the American Recovery and Reinvestment Act, or ARRA) in 2009 and 2010 in 15 states. By the time the Emergency Fund had expired in September 2010, over 250,000 individuals had been placed in subsidized jobs—the largest national subsidized employment initiative since the 1970s.²⁰² Programs in the STED project are distinct from that of many earlier subsidized employment initiatives, in both populations served (only one-third of states limited eligibility to TANF recipients) and the combination of services offered. The STED project began in 2010 and will continue through 2017. The following five programs are part of the demonstration and its evaluation. Two other programs, Goodwill of North Georgia and Transitions SF, also are part of DOL ETJD and are described in a subsequent subsection for that project.

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16. Bridges to Pathways – Chicago

The Chicago Department of Family and Support Services' (DFSS) Bridges to Pathways program connects young men (ages 16-20) recently released from juvenile detention facilities with educational and employment services.^{203, 204} The six-month pilot program is a partnership with the Illinois Department of Juvenile Justice (IDJJ).²⁰⁵ Participants are enrolled in online academic education (GED or high school) for the duration of the program.²⁰⁶ Other services for participants include “paid work experience, social emotional learning/cognitive behavioral therapy, and mentoring.”²⁰⁷ During the first month of the program, individuals receive a \$10/day stipend for participating in community service and training workshops.²⁰⁸ Participants spend the next three months at a part-time subsidized work placement (also referred to as an “internship”), and receive stipends of up to \$99/week.²⁰⁹ During the program, participants also receive transportation assistance, among other additional supports.²¹⁰

Promise: Cognitive behavioral therapy may be particularly promising in tandem with subsidized employment for this population. Bridges to Pathways is being rigorously evaluated as part of the HHS STED program.²¹¹

17. Center for Economic Opportunity's Young Adult Internship Program (YAIP) – New York City

The Young Adult Internship Program (YAIP) utilizes a short-term approach to help disconnected young adults in New York City enter the labor market or an educational program. The program targets individuals ages 16-24 who, although not in school or working, “are already equipped with necessary skills ... and need only a short-term intervention to connect to sustainable employment or educational and training opportunities to advance their career potential.”²¹² Participants in the program attend a 2-3 week (25 hours per week) orientation, followed by a 10-12 week paid internship (20 hours per week) with weekly paid educational workshops (five hours per week).²¹³ Follow-up services provide job placement and retention assistance for nine months upon completion of the internship.²¹⁴

Promise: A July 2009 evaluative report looking at administrative data over the most recent five program cycles (over two years) found that 60 percent of youth “have a verified employment, education, or training placement outcome following internship completion.”²¹⁵ YAIP inspired several other youth subsidized jobs initiatives in New York City: Project Rise, the Young Men's Initiative, and the Work Progress Program.²¹⁶ YAIP is being evaluated under the HHS STED program.²¹⁷

18. JOBSNOW! STEP Forward (JOBSNOW!) – San Francisco

Run by the Human Services Agency of San Francisco County, the JOBSNOW! STEP Forward (JOBSNOW!) wage subsidy program has placed over 13,000 people in subsidized positions.²¹⁸ An older version of JOBSNOW! was established in 2009 with ARRA funds, but was modified as funding wound down.²¹⁹ The current program, which involves 25 hours per week of work for five months, is available to all low-income public assistance recipients.²²⁰ The wage subsidy has two tiers, depending on employee compensation level.²²¹ For positions paying at least \$13.50 an hour, JOBSNOW! reimburses employers fully for wages during the first month (up to \$35 an hour),

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at a 75 percent rate during the second month, and at \$1,000/month for three additional months (not to exceed wages paid).²²² For positions with wages of less than \$13.50 an hour, JOBSNOW! will reimburse employers for up to \$1,000/month in wages over six months (not to exceed \$5,000 in total).²²³ Upon completion of the program, workers starting an unsubsidized job can continue to access their case managers and are eligible for re-admittance to the program should they become unemployed.²²⁴

Promise: JOBSNOW! was part of a non-rigorous evaluation of five TANF subsidized jobs programs that lacked a comparable control group.²²⁵ It is now being rigorously evaluated under the HHS STED program.²²⁶

19. Minnesota Subsidized Employment Program – Ramsey, Dakota, and Scott Counties

The Minnesota Subsidized Employment Program is testing two transitional job strategies with approximately 500 participants in three of the state's counties.²²⁷ Less-ready participants are initially offered (fully-subsidized) part-time (up to 24 hours per week) public sector or non-profit placements, paying up to \$9/hour, for up to eight weeks.²²⁸ Participants deemed more job-ready are offered private sector placements paying up to \$15/hour for up to 40 hours per week for 16 weeks (the first eight weeks are fully subsidized; the second eight weeks are subsidized at a 50 percent rate).²²⁹ Participants can move from the part-time work experience into full-time subsidized employment.²³⁰

The demonstration targets people who have participated in TANF in the previous six months, earned less than \$1,200 during that time, and live in Ramsey County (which includes St. Paul), Dakota County, or Scott County.²³¹ It also excludes parents who are minors; those aged 18-24 who are full-time students; and those exempt from TANF work requirements, with the exception of recent immigrants.²³²

Promise: The Minnesota demonstration is currently undergoing a random assignment evaluation as part of the HHS STED program (the random assignment of participants ended in 2015).²³³ The 1,000 or so total participants—including those assigned to a control group that will have access to all TANF services but not subsidized work experience or employment—will be monitored for three years following random assignment.²³⁴ The researchers carrying out the evaluation believe that both subsidized employment approaches are promising strategies for leading to unsubsidized employment.²³⁵ Findings likely will not be available until 2017.²³⁶

20. Transitional Subsidized Employment (TSE) Program – Los Angeles County

Run by the L.A. County Department of Public Social Services (DPSS), the Transitional Subsidized Employment (TSE) Program provides eligible individuals with six-month subsidized positions with the government or non-profits.²³⁷ The TSE Program consists of two tracks: paid work experience and OJT. In the paid work experience track, participants spend six months at a government or non-profit agency. Participants are paid the minimum wage (\$8 an hour in L.A. in 2011), and DPSS subsidizes 100 percent of the costs. In the OJT track, which was added in October 2011, participants are placed with private for-profit or non-profit employers, also for six months.²³⁸ Participants selected for the OJT track “are expected to be fully work ready” and are

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matched with an employer based on the agency's needs.²³⁹ In the OJT track, the program covers wage costs for employers up to the local minimum wage, with 100 percent subsidies for the first two months and differential subsidies based on the number of hours worked for the remaining four months, with the expectation that after the first two months employers would add the workers to their payrolls.²⁴⁰ For those working 20-31 hours a week, the reimbursement is \$350 a month, roughly 50 percent of the monthly minimum wage earned when working 20 hours per week.²⁴¹ For those working more, the reimbursement is \$550 a month, 50 percent of the minimum wage for 32 hours a week.²⁴²

TSE targets TANF recipients—including those who “have been in sanction status due to noncompliance with program requirements,” whose participation in the program can resolve the sanction.²⁴³ When the state-funded program had monetary support from the TANF EF (see Box 2) from April 2009 through September 2010, the program was also able to serve “some dislocated workers, non-custodial parents, and people in a layoff aversion program, but these groups accounted for only 11 percent of subsidized placements.”²⁴⁴ In the six years prior to the EF program, about 500 individuals participated each year. With the EF funding (\$149.9 million), the program was able to expand greatly, placing over 10,000 individuals into jobs.²⁴⁵ After the EF funding ended, the program decreased considerably, but was still able to keep eligibility open to people who have reached TANF time limits, in addition to active TANF recipients.

Promise: TSE was part of a non-random assignment evaluation of five TANF subsidized jobs programs.²⁴⁶ Currently, TSE is being evaluated through random assignment as part of the HHS STED program.²⁴⁷ The evaluation will test for impacts by randomly assigning workers into the following three groups: OJT, paid work experience, and services-as-usual (control group).²⁴⁸

Enhanced Transitional Jobs Demonstration (ETJD)

The Enhanced Transitional Jobs Demonstration, announced in June 2011, is a nearly \$40 million grant program sponsored by DOL ETA to rigorously test employment programs for individuals with multiple barriers to employment.²⁴⁹ Under the ETJD, seven organizations received funding to connect more than 3,500 low-income individuals, many of whom were non-custodial parents or recently released from prison, with “enhanced transitional jobs services.”²⁵⁰ Each grant lasted up to 48 months, “including approximately three months for initial implementation, up to two years for enrollment, and 12-21 months of activity for the 500 program participants per grantee randomly assigned to receive enhanced transitional jobs services.”²⁵¹ The grantees had to “partner with employers, One-Stop Career Centers, child support enforcement agencies and criminal justice agencies to leverage specialized expertise in delivering support services,” and participate in a “rigorous random assignment impact evaluation to assess the effectiveness of their programs.”²⁵² While the grants ended on June 30, 2015, the evaluation, which intends to build upon existing studies of transitional jobs initiatives, will conclude in spring 2018.²⁵³ Below is an overview of each ETJD program (including Goodwill of North Georgia and Transitions SF, which also are part of the HHS STED program).

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21. Center for Community Alternatives' (CCA) Parent Success Initiative-Enhanced Transitional Jobs (PSI-ETJ) Program – Syracuse, NY

Through a collaboration of community- and faith-based groups under the guidance of the Center for Community Alternatives (CCA) and Greater Syracuse Works (GSW), the Parent Success Initiative-Enhanced Transitional Jobs (PSI-ETJ) program provides transitional job and job readiness services for non-custodial parents in the Syracuse, NY area, including those previously incarcerated.²⁵⁴ The program has four main features: 1) “completion of a paid work experience through a Transitional Jobs (TJ) experience;” 2) “placement in unsubsidized employment in a high-demand occupation or industry;” 3) ongoing case management and supports during both the TJ work experience and post-TJ unsubsidized employment periods; and 4) partnerships and collaborations with community stakeholders.²⁵⁵ Program participants also receive a number of services, including include occupational/vocational training, legal services, academic supportive services, parenting education, and, where relevant, criminal history counseling.

Promise: The PSI-ETJ program involves “innovative uses of outreach and recruitment, court referrals, transitional job placements, case management and supports to address barriers to employment during and following subsidized employment.”²⁵⁶ As part of the ETJD project, around 1,000 participants were randomly assigned into either a control group or a program group, each of which are being tracked for several years.²⁵⁷

22. Goodwill of North Georgia Inc.'s GoodTransitions Program (GoodTransitions)

Led by the Goodwill of Northern Georgia, GoodTransitions provides supportive services and transitional jobs to help participants secure employment in high-demand occupations or industries.²⁵⁸ Its target population is low-income, non-custodial parents with child support orders (some of whom are also ex-offenders) in the metropolitan Atlanta area. To address participants' specific barriers to employment, the program offers services such as “contextualized occupational skills training concurrent to staged work experience in Goodwill's enterprise and temporary paid work experiences with private sector employers,” follow-up support services, and retention services for the 12 months following the start of unsubsidized employment.²⁵⁹

Promise: According to a December 2014 document by Goodwill, initial performance outcomes are encouraging, with 77 percent of its program participants retaining competitive employment in the third (post-placement) quarter.²⁶⁰ The project also shows promise as a family-strengthening initiative that increases child support payments by assisting non-custodial parents with finding and maintaining employment. The program is being rigorously evaluated under the DOL ETJD and HHS STED programs.²⁶¹

23. Tarrant County Workforce Development Board's Next Subsidized Transitional Employment Program (Next STEP) – Texas

The Next STEP subsidized employment program serves low-income individuals in the Arlington, Dallas, and Fort Worth areas who have previously been incarcerated. In addition to intensive assessments and training for job readiness and skills, participants receive services such as job placement assistance, legal aid assistance, parenting skills classes, and assistance with transportation and other work-related expenses.²⁶²

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Promise: Promising aspects of the Next STEP program include cognitive behavioral therapy (CBT) through professional counseling to address issues related to behavioral health, substance use disorders, and relationships; and access to a “peer-directed support group [and] incentives for attaining employment milestones.”²⁶³ The program is being rigorously evaluated under the DOL ETJD program.

24. The Doe Fund’s Ready, Willing & Able Pathways2Work Program – New York City (Pathways2Work)

The Doe Fund’s Ready, Willing & Able Pathways2Work program utilizes paid internships to help formerly homeless and/or incarcerated individuals.²⁶⁴ The program also provides “job readiness; and an array of supportive services, including case management, relapse prevention and drug testing for individuals with substance use disorders, educational assistance, job and housing placement, and long-term employment retention and advancement follow-up services.”²⁶⁵ Participants begin with a two-week orientation, before shifting into two months of stipend work in TDF’s Community Improvement Project,²⁶⁶ which cleans and maintains city streets through “sweeping and bagging litter, shoveling snow, removing graffiti, watering and cleaning tree beds, and washing sidewalks,” among other services.²⁶⁷ Finally, participants spend two months in a paid internship.²⁶⁸

Promise: Ready, Willing & Able Pathways2Work is part of the DOL ETJD program, which requires a random assignment evaluation.²⁶⁹ The extensive support services offered may be essential for the target population.

25. Transitions SF – San Francisco

In 2011,²⁷⁰ the City and County of San Francisco’s Office of Economic and Workforce Development launched the Transitions SF program, which offers subsidized transitional jobs to non-custodial parents aged 18-59.²⁷¹ Participants are previously incarcerated individuals, have child support arrears, and/or are not “job-ready.”²⁷² The program has a one-week assessment period followed by two weeks of job-readiness training.²⁷³ Participants are then placed into transitional jobs, which last up to five months and provide 24-30 hours of paid work each week.²⁷⁴ Job placements are tiered by employment sector and based on job readiness—tier 1 is non-profit (mainly at Goodwill); tier 2 is public; tier 3 is private sector.²⁷⁵ Transitions SF also offers “intensive case management and barrier mitigation at a unique adult education charter school,” as well as “legal aid[;] basic, soft, and technical skills training[;] and behavioral health care.”²⁷⁶ Participants can also earn modest financial incentives and child support-related assistance.²⁷⁷

Promise: Transitions SF is being rigorously evaluated as part of the HHS STED project, and DOL’s ETJD project.²⁷⁸ The program’s multi-tiered job placements appear promising.

26. Workforce Inc.’s Indianapolis Enhanced Transitional Jobs Program

The Indianapolis Enhanced Transitional Jobs program connects previously incarcerated individuals transitioning from incarceration with services to help facilitate their re-entry into the community, including securing unsubsidized employment in emerging and high-growth industries (particularly electronic recycling). Workforce, Inc. is a social enterprise that is leading the

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project “in collaboration with two other social enterprises in Marion County (New Life and Changed Life) and the City of Indianapolis’ Transitional Jobs program, under the Mayor’s Office on Re-entry.”²⁷⁹ Participants receive financial incentives and supports for areas such as “housing, driver’s license reinstatement, math and reading help, GED assistance, pro bono legal aid,” and access to peer counseling and group support.²⁸⁰

Promise: The program’s use of incentives and other holistic support services to help individuals transitioning from prison establish employment and family strengthening skills is promising. The program is being rigorously evaluated under the DOL ETJD program.²⁸¹

27. YWCA of Greater Milwaukee’s Supporting Families Through Work (SFTW) Program

The YWCA of Greater Milwaukee’s Supporting Families Through Work (SFTW) program targets non-custodial parents with a child support order (who may also have been previously incarcerated). The program works to help equip participants with the tools to maintain economic self-sufficiency and meet family obligations by connecting them with a paid subsidized work experience opportunity and other support services. Program enhancements include “earnings supplements, child support and ex-offender assistance, and access to concurrent occupational skills training,” as well as economic incentives related to job retention, training, and child support obligations.²⁸²

Promise: The SFTW program offers promising services such as high school/GED completion and career exploration and development.²⁸³ The program is being rigorously evaluated under the DOL ETJD program.²⁸⁴

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NOTABLE MODELS WITHOUT RIGOROUS EVALUATIONS COMPLETED OR UNDERWAY

The following models have been profiled positively by independent experts, in some instances as part of non-rigorous evaluations. Figure 15 provides a summary view of the models, listed in alphabetical order.

Figure 15. Summary Table: Notable Models without Rigorous Evaluations Completed or Underway

PROGRAM	YEARS	POPULATION(S) TARGETED	PAID WORK EXPERIENCE & SUPPORTS
Community Jobs Program – San Francisco	Began 1999	TANF and GA participants	6-month transitional subsidized placements at non-profits; professional development and skills training; case management
Community Jobs Program – Washington State	Began 1997	Hard-to-serve TANF participants	6-month, part-time, transitional subsidized public-sector or non-profit employment; education; language learning services; domestic violence support; soft skills training; mental health services; services for individuals with substance use disorders
Connecticut Platform to Employment (P2E)	Began 2011	Long-term unemployed	8-week transitional subsidized employment; coaching; training; skills development; behavioral health services
Connecticut Subsidized Training and Employment Program (Step Up)	Began 2012	Unemployed	6-month subsidized job training; job placement assistance; support services for individuals with substance use disorders; case management; educational assistance; housing placement; job retention services
Florida Back to Work	Began 2010	Low-income parents	12-month, subsidized, for-profit, non-profit, and public sector employment meant to transition to unsubsidized employment
Georgia GoodWorks!	Began 1999	TANF participants hard to employ, near the end of benefit limit	6-9 months of subsidized supervised employment; coaching; job placement assistance; follow-up support
Michigan Earn and Learn Initiative (Earn and Learn)	Began 2011	Low-income youth ages 18-24 not in school or work; focus on young minority males, previously incarcerated individuals, and, chronically unemployed adults	5-19 weeks subsidized transitional employment (some longer); case management; education; training
Minnesota Emergency Employment Development (MEED)	1983 – 1989	Unemployed, ineligible for UI or workers' compensation	6-month subsidized employment; employers pay back portion of subsidy if worker not retained for a year or additional MEED participant not hired

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Figure 15. Summary Table: Notable Models without Rigorous Evaluations Completed or Underway (continued)

PROGRAM	YEARS	POPULATION(S) TARGETED	PAID WORK EXPERIENCE & SUPPORTS
Mississippi Subsidized Employment Program and Services (STEPS)	2010 – 2011	Low-income parents; prioritized TANF and SNAP participants; program participants were overall disproportionately female, African American, and under age 30	(Up to) six months of subsidized employment for up to 40 hours/week
Placing Individuals in Vital Opportunity Training (PIVOT) – Erie County, NY	Began 2000	TANF recipients	6-month subsidized employment; education; job placement assistance; mental health services; transportation assistance; day care
Rubicon Programs, Inc. – Richmond, California	Began 1973	Very low-income individuals, especially with mental health or other employment barriers	Temporary subsidized employment (duration unclear); training; services for individuals with substance use disorders; mental health services; job placement assistance; housing placement assistance
Wisconsin Transitional Jobs Demonstration Project (Wisconsin TJDP)	2010 – 2013	Low-income, ages 21-64, parent or young adult, ineligible for UI, not participating in TANF; especially non-custodial parents, ex-offenders, and individuals with substance use disorders	3-12 months of subsidized employment; job placement assistance; legal services; skills training; GED support; transportation; follow-up and retention services

Source: Georgetown Center on Poverty and Inequality.

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The table below (Figure 16) indicates which support services were offered by each model.

Figure 16. Summary Table: Support Services for Notable Models without Rigorous Evaluations Completed or Underway

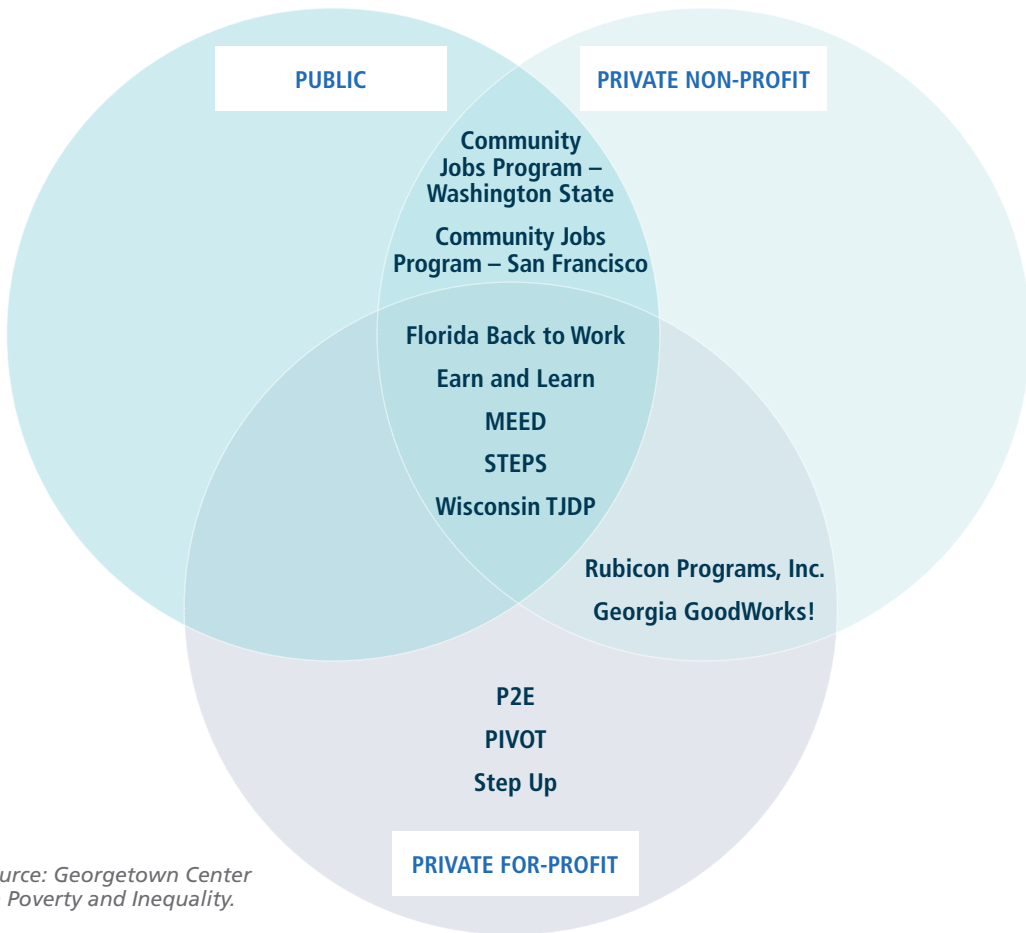
	SUPPLEMENTAL TRAINING / EDUCATION	ON-THE-JOB TRAINING	COMPETITIVE JOB PLACEMENT	FOLLOW-UP SERVICES	HEALTH SERVICES	CHILD CARE SERVICES	LEGAL SERVICES	FINANCIAL LITERACY/ADVICE	TRANSPORTATION	HOUSING
Community Jobs Program – San Francisco	X				X					
Community Jobs Program – Washington State	X		X	X	X	X				
Connecticut Platform to Employment (P2E)	X		X		X					
Connecticut Subsidized Training and Employment Program (Step Up)		X								
Florida Back to Work										
Georgia GoodWorks!		X	X	X						
Michigan Earn and Learn Initiative (Earn and Learn)	X		X	X	X	X	X	X	X	X
Minnesota Emergency Employment Development (MEED)										
Mississippi Subsidized Transitional Employment Program and Services (STEPS)										
Placing Individuals in Vital Opportunity Training (PIVOT)	X	X	X	X	X	X		X		
Rubicon Programs, Inc. – Richmond, California	X	X	X	X	X		X	X	X	X
Wisconsin Transitional Jobs Demonstration Project (Wisconsin TJDP)	X		X	X			X		X	

Source: Georgetown Center on Poverty and Inequality.

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The diagram below (Figure 17) indicates whether each model used public, private non-profit, and/or private for-profit placements.

Figure 17. Sectors of Subsidized Employment Offered by Notable Models without Rigorous Evaluations Completed or Underway



Source: Georgetown Center on Poverty and Inequality.

28. Community Jobs Program – San Francisco

Developed in 1999, the Community Jobs Program run by Goodwill Industries of San Francisco has assisted TANF and General Assistance (GA) participants through 6-month transitional placements at non-profits.²⁸⁵ The part-time subsidized placements (25 or 32 hours a week) are based on participant goals.²⁸⁶ The program also requires six or 10 unpaid hours of professional development, skills training, and case management, intended to help address other barriers to employment.²⁸⁷ The program requires either 35 or 38 total hours per week,²⁸⁸ and participants are paid the prevailing minimum wage.²⁸⁹ The program generally has had 60-200 participants at a time.²⁹⁰

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Promise: No rigorous evidence of San Francisco’s Community Jobs Program exists. However, an older version of the program was profiled briefly in a 2007 report on “Innovative Employment Approaches and Programs for Low-Income Families.”²⁹¹

29. Community Jobs Program – Washington State

Washington’s statewide Community Jobs Program has been connecting “hard-to-serve” TANF participants to paid transitional employment since 1997. Within 30 days of referral to the program, participants develop an employment plan and begin subsidized employment. The program, which is operated by 18 service providers across the state, generally consists of 20 hours per week of work, usually in a non-profit or government agency, and 10-20 hours of individualized barrier management and support, which can include basic education, English language learning, domestic violence support, community service, counseling services for behavioral health issues or substance use disorders, and soft skills training.²⁹² Participants receive support services such as child care assistance, work clothing, transportation subsidies, and monthly workplace visits from program staff. Participants are paid the state minimum wage and receive a 50 percent wage disregard against TANF. The employment portion of the program lasts up to six months—although it can be extended up to nine—and JSA and support services are available for up to 60 days after a participant has obtained unsubsidized employment. The average duration of subsidized employment was 4.5 months.²⁹³

Promise: The program, which has served over 25,000 participants since its inception, provides a model for reaching a traditionally hard-to-serve population: TANF recipients who have been unsuccessful in other job search activities through WorkFirst (Washington State’s cash assistance program). A January 2000 study to evaluate program outcomes found that, of those who completed their participation in the Community Jobs program a year or more before, 76 percent had found employment within two quarters after exiting the program, and 53 percent were employed in the 4th quarter after.²⁹⁴ The assessment also found that the program could be improved by increasing communication between different stakeholders, and providing more job readiness training and more intensive support in the transition from subsidized work to unsubsidized employment. The program is also listed on CBPP’s Building Better Programs website.²⁹⁵

30. Connecticut Platform to Employment (P2E)

As of January 2014,²⁹⁶ Connecticut has adopted the P2E model of job placement for the long-term unemployed through job preparation and a short subsidized work experience.²⁹⁷ This model, developed by The WorkPlace, a for-profit social enterprise, has recently been extended to 12 other communities nationwide.²⁹⁸ P2E is primarily focused on reducing employer reluctance to hire long-term unemployed workers.²⁹⁹ In the first five weeks following enrollment, participants engage in coaching, workshops, and training geared toward social, emotional, and skills.³⁰⁰ Counseling and behavioral health services related to stress management are also available.³⁰¹ Finally, participants work for eight subsidized weeks, with the expectation that their employer will roll them over to an unsubsidized position after satisfactory performance.³⁰²

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Promise: P2E has been highlighted by President Obama and has been perceived as sufficiently promising that communities across the country are pursuing its replication.³⁰³ Though there has been no rigorous evaluation of P2E, one report found that the Connecticut pilot program had achieved an 80 percent placement rate into work experience programs for its participants and that of that group, almost 90 percent transitioned to full-time employment following the end of the program.³⁰⁴

31. Connecticut Subsidized Training and Employment Program (Step Up)

Connecticut's Step Up program provides wage and training subsidies for employers to hire unemployed workers.³⁰⁵ The wage subsidy can offset up to \$12,000 of a low- to moderate-income worker's salary at a gradually shrinking rate over a six-month period.³⁰⁶ The training subsidy has no family income eligibility requirements. It offers employers up to \$12,500 for on-site training over a 180-day period, also at a gradually falling rate.³⁰⁷ The main wage and training program is limited to organizations with 100 or fewer employees, though a separate program for veterans is open to employers regardless of size.³⁰⁸ An employer may not use both the wage and training subsidies for the same new hire.³⁰⁹

Promise: Step Up has not been evaluated, but is among the programs featured on CBPP's Building Better Programs website.³¹⁰ In addition, employer survey data indicate that Step Up may lead to net increases in hiring among the target population of workers.³¹¹

32. Florida Back to Work

The Florida Back to Work program was run by the state Agency for Workforce Innovation (now the Department of Economic Opportunity), from March to September 2010.³¹² The program offered up to 12 months of subsidized employment in the for-profit, non-profit, and government sectors to low-income parents.³¹³ Participants are placed in jobs that pay a standard wage for the occupation (which can be up to \$19.51 per hour), and their employers are reimbursed for 80 to 95 percent of costs, including wages and other payroll costs.³¹⁴ The program asked for-profits and encouraged non-profits to commit to hiring at the end of the subsidy.³¹⁵

Promise: Florida Back to Work was part of a non-random-assignment evaluation of five TANF subsidized jobs programs, but Florida provided data for a plausibly comparable group of eligible non-participants.³¹⁶ The evaluation found that "program participants experienced significantly greater increases in unsubsidized employment and earnings than members of the comparison group did," about \$2,500 from the year before the program to the year following the program.³¹⁷

33. Georgia GoodWorks!

In 1999, Georgia developed GoodWorks!, offering supported employment for "hard-to-employ" TANF participants nearing Georgia's 4-year time limit.³¹⁸ The transitional jobs program has been statewide since 2001, and has reached more than 6,200 participants.³¹⁹ GoodWorks! is run by the Georgia Department of Labor, in partnership with the Georgia Department of Families and Children's Services (DFCS) and local service providers.³²⁰

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GoodWorks! is “based on a supported employment model commonly used with individuals who have disabilities.”³²¹ At its core, GoodWorks! offers long-term TANF participants (those with more than 30 months of participation) paid, subsidized jobs.³²² Program participants have limited work experience and education, and are provided an array of other services, including assessments, social supports, job coaching, eventual individualized job placement in an unsubsidized job, and follow-up supports.³²³ These fairly intensive services include a “Personal Advisor” who helps throughout the entire process.³²⁴ Work placements can be either on-site at the administering agency in sheltered or structured positions, or community placements in entry-level positions with other employers.³²⁵ Subsidized work experience begins with a 20-hour-a-week “work evaluation” period paying minimum wage for 3-4 weeks.³²⁶ Then, workers begin a “work adjustment” period that offers slightly higher wages.³²⁷

Promise: Though GoodWorks! has not been rigorously evaluated, an implementation evaluation considered the program to be promising for connecting long-term TANF participants with employment.³²⁸

34. Michigan Earn and Learn Initiative (Earn and Learn)

Operating in five urban communities, Earn and Learn “prioritizes program services to low-income, disconnected, at-risk youth [ages 18-24,] especially young minority males[;] ex-offenders re-entering the workforce[;] and chronically unemployed adults with limited workforce attachment.”³²⁹ The program has been in place since February 2011 and is run by the State of Michigan, in partnership with local governments and service providers.³³⁰ Transitional jobs typically last 5-19 weeks, though in some cases can be less than a month or longer than 30 weeks.³³¹ During the first 18 months of the program, the subsidy was equal to Michigan’s minimum wage (\$7.40), and 63 percent of workers were paid wages equaling the subsidy amount.³³² Earn and Learn provides case management, supportive services, education, and training to complement subsidized employment.^{333, 334}

Promise: An evaluation produced encouraging implementation findings based on more than 1,200 participants during the first 18 months of the program, but no rigorous impact findings are available.³³⁵ This program is profiled in CBPP’s Building Better Programs website.³³⁶

35. Minnesota Emergency Employment Development (MEED)

From July 1983 through December 1989, Minnesota operated a large-scale program of generous subsidies for employers to hire and retain unemployed workers³³⁷ ineligible for UI or workers’ compensation benefits, for six months.³³⁸ Employers were required to pay back a portion of subsidies or hire another subsidized worker if subsidized employees were not retained for a year after the subsidy ended.³³⁹ The majority of placements were with private sector employers.³⁴⁰ Administering agencies were charged with prioritizing public assistance recipients, and about half of participants were receiving public assistance.³⁴¹ At its peak, MEED placed over 700 workers a month in subsidized jobs.³⁴²

Promise: One researcher found that little evidence existed regarding MEED’s long-run effects.³⁴³ However, the researcher noted that MEED achieved scale, despite being administered

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by local job training agencies rather than as an employer entitlement, and that MEED likely substantially increased net job creation.³⁴⁴

36. Mississippi Subsidized Transitional Employment Program and Services (STEPS)

From 2010 through 2011, the Mississippi Department of Employment Security (MDES) administered the Subsidized Transitional Employment Program and Services (STEPS) program, which provided a few thousand low- and moderate income parents with subsidized employment for up to 40 hours/week for up to six months.³⁴⁵ STEPS prioritized TANF and Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) participants, and participants overall were disproportionately female (75 percent), African American (67 percent), and under age 30 (45 percent).³⁴⁶ Participants also had limited education, were often long-term unemployed, and had very low annual earnings before program participation.³⁴⁷ Subsidized job placements were at for-profits and non-profits, as well as in government agencies in a smaller share of cases, and the program did not directly provide additional support.³⁴⁸ The program also reimbursed employers for the specific job classification's average wage, plus 11 percent to allow for increases.³⁴⁹ The subsidy gradually declined from 100 percent of wages and FICA tax costs in months one and two to 25 percent by month six.³⁵⁰

Promise: STEPS was part of a non-rigorous evaluation of five TANF subsidized jobs programs without comparable control groups; no impact findings are available.³⁵¹ STEPS was highlighted for its potential in features by NPR,³⁵² PBS,³⁵³ and in a 2014 paper on subsidized jobs.³⁵⁴

37. Placing Individuals in Vital Opportunity Training (PIVOT) – Erie County, NY

The Placing Individuals in Vital Opportunity Training (PIVOT) program was created by the Erie County Department of Social Services (ECDSS) as a way to connect TANF recipients, some of whom have multiple barriers or lack work experience, to employment opportunities and to meet local employers' hiring needs. Since its inception in 2000, the program has had over 300 participating employers spanning a wide range of industries, including non-profits, retail, health care, manufacturing, hospitality, and professional services.³⁵⁵ To ensure a quality and efficient matching process, candidates are pre-screened for job compatibility, and eligible employers must "be an existing company with permanent long term positions."³⁵⁶

Once matched with an employer, participants—in alignment with TANF's 35-hour weekly work requirement—complete 20 hours of work experience and 15 hours of educational training per week for six months.³⁵⁷ During that time, employers are reimbursed for 100 percent of the clients' gross wages; employers are also eligible to request a 50 percent advance of the clients' wages in order to cover hiring and other upfront costs.³⁵⁸ In addition to the OJT provided by the employer, the ECDSS offers wraparound services such as case management, housing and transportation assistance, mental health counseling, nutritional education, and day care.³⁵⁹ At the end of the program, well-performing clients receive assistance for competitive job placement.³⁶⁰

To ensure effective service delivery, ECDSS has partnered with community agencies to develop neighborhood hub sites. Hub sites are located in communities with large TANF recipient populations, and are also where participants complete their work experience and training, including

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computer skills, English as a Second Language (ESL), and High School Equivalency (HSE) programs.³⁶¹

Promise: A 2012 follow-up with participants found that 72 percent of clients were not receiving public benefits one year after participation,³⁶² and that 85 percent transitioned into permanent, unsubsidized employment.³⁶³ In addition, over a two-year period, Erie County's work participation rate for TANF increased by 15 percent.³⁶⁴ No rigorous research on impacts is available.

38. Rubicon Programs, Inc. – Richmond, California

Since 1978, Rubicon Programs, Inc. has operated a landscaping service that provides temporary subsidized employment opportunities for very low-income individuals.^{365, 366} The target population includes people who are homeless, have mental health issues or disabilities, and/or have been incarcerated, among other barriers to employment. In addition to OJT, participants have access to job and housing search assistance, financial management counseling, legal guidance, and mental health services.³⁶⁷ The program is funded by a mix of private and public resources—in fiscal year 2012, nearly half of Rubicon's funding came from revenue generated by the landscape venture (43 percent); the other half came from government contracts (46 percent) and grants and private contributions (11 percent).³⁶⁸

Promise: No rigorous evidence of Rubicon's effectiveness exists. However, the program was profiled briefly in a 2007 report on "Innovative Employment Approaches and Programs for Low-Income Families."³⁶⁹

39. Wisconsin Transitional Jobs Demonstration Project (TJDP)

The Wisconsin Transitional Jobs Demonstration Project (TJDP), which included fully subsidized placements,³⁷⁰ had more than 4,000 low-income participants from September 2010 through June 2013.³⁷¹ Participants had to be aged 21-64, a parent or a young adult, unemployed for the most recent four weeks, ineligible for UI, and unable to participate in TANF.³⁷² Providers targeted a variety of subgroups, including non-custodial parents, ex-offenders, and those with substance use disorder-related barriers, leading to a disproportionately male (63 percent) program group.³⁷³ Nearly one-third (31 percent) of participants were age 35 or older, 42 percent lived alone, and 39 percent were noncustodial parents with child support obligations.³⁷⁴ Demonstration participants were disproportionately African American (66 percent), though 22 percent were white, 6 percent were Hispanic, and 5 percent were "other."³⁷⁵

All TJDP programs operated with three phases: an orientation phase, a subsidized phase, and an unsubsidized phase.³⁷⁶ During the orientation phase (depending on the provider, the orientation could last from one day to six weeks), an employment plan was developed.³⁷⁷ Other orientation services included "specific job skills training, GED attainment support, driver's license recovery assistance, assistance in modifying a child support order, job search services, life skills training, and soft skills development."³⁷⁸ During the subsidized phase, workers were employed in a transitional job, primarily with non-profits and for-profits, for 3-12 months for a total of up to 1,040 hours.³⁷⁹ Finally, during the 3-6 month unsubsidized phase, participants received assistance such

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as “work appropriate clothing, legal services, and transportation subsidies.”³⁸⁰ Retention strategies ranged from setting expectations with employers for hiring post-subsidy to providing worker bonuses for meeting benchmarks throughout the program.³⁸¹

Promise: TJDP was part of a non-random-assignment evaluation of five TANF subsidized jobs programs,³⁸² as well as a separate evaluation that lacked a control group for comparison,³⁸³ both of which found some positive outcomes. No rigorous research on impacts is available.

NOTABLE PAID WORK EXPERIENCE AND COMMUNITY SERVICE MODELS

For those with particularly intensive and/or multiple barriers to employment, there are work subsidy programs that offer promising alternatives to more traditional work experience and subsidized employment models (for which an ultimate goal for workers generally is competitive employment). These programs may be best characterized as compensated community service—such compensation is usually limited, as is the commitment of time and energy required of participants. These programs may represent useful components of strategies to reduce poverty and deep poverty among individuals with serious and/or multiple barriers to employment.

40. Parent Mentor Program, Logan Square Neighborhood Association (LSNA) – Chicago, IL

The Logan Square Neighborhood Association’s (LSNA) Parent Mentor Program “build[s] leaders in the home, the school[,] and the community” by placing parents, many of whom experience multiple barriers to employment and lack social capital, in volunteer roles within their community classrooms.³⁸⁴ The program relies on strong partnerships between community organizations and schools.³⁸⁵ Participating parents, most of whom have “less than a high school education—some have 3rd or 5th grade—and a few of whom are not literate or strong in English,” gain access to OJT, connect with their community and child’s school, and develop soft skills.³⁸⁶

Parents must apply to be parent mentors, and most are placed in a preschool-3rd grade classroom. After completing an initial 15-hour training, the mentors provide two hours per day of social and emotional support in the classroom, for the first four days of the week, and receive two hours of skills development and other training and support outside the classroom on the fifth day.³⁸⁷ Once a mentor has worked a minimum of 100 hours, he or she is eligible for a \$500 stipend, which ordinarily results in one stipend being awarded at the end of each semester.³⁸⁸ In addition to the stipend, experienced parent mentors are often referred for job openings and other opportunities within the school, and many former parent mentors remain involved with the program and schools in other capacities.³⁸⁹

Promise: LSNA started the Parent Mentor Program over 20 years ago in partnership with its neighborhood schools. Ten years later, the Southwest Organizing Project (SWOP) in Chicago replicated the program. Together, the two organizations now run the Parent Engagement

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Institute, which provides guidance and training materials for communities looking to adopt the program.³⁹⁰ Eight organizations have successfully replicated the Parent Mentor Program in seven other states across the country, in communities that are diverse both geographically and demographically.³⁹¹ The program appears to have potential for further growth, and as LSNA staff indicated, “there is a lot of interest in other [additional] states.”³⁹² The program has promise as an effective community-based approach for reaching those with the lowest incomes, as about “90 to 95 percent of women in the [LSNA] program are actually TANF-eligible by their income.”³⁹³

41. Project Match – Chicago

In 2010 and 2011, Project Match developed and implemented a subsidized employment program for “motivated non-workers”—low-income adults who were outside the labor force and had limited work experience but were looking for opportunities to engage in activities related to their children or community.³⁹⁴ Public housing residents were targeted with opportunities “in an afterschool safety patrol, a grounds-keeping crew, and a community garden,” always in close partnership with community schools.³⁹⁵ Though these positions are perceived by the project leaders as one step short of subsidized employment, the opportunities are structured.³⁹⁶ Project Match founder Toby Herr indicates that strong supervision was crucial for the program’s efficacy.³⁹⁷ The stipend positions paid participants no more than \$120 a month (2010 dollars), and payment took the form of retail store gift cards.³⁹⁸

Many Project Match participants were parents and grandparents caring for children facing behavioral, developmental, or academic challenges.³⁹⁹ Advancing in an extracurricular activity—such as dance or sports—to develop a talent is particularly challenging because of a lack of in-community opportunities for children in very low-income households.⁴⁰⁰ Thus, a separate initiative was imagined to focus on incentivizing families to cultivate children’s development.⁴⁰¹ That idea, somewhat similar to conditional cash transfer (CCT) programs, would focus on how parents spend their time—and extend beyond the health and education domains that are the typical forms of existing CCT programs. Toby Herr has indicated that the effort was conceptualized in response to a finding that parents often struggled to maintain employment because they were spending time on and with their children.⁴⁰² This program was never implemented.

Promise: The Project Match target population likely includes people with disabilities, single mothers, and men (and some women) with criminal records. No evidence of impacts from this intervention is available. A major premise of this effort is that typically half or more of participants in welfare-to-work or other workforce development programs—regardless of the nature of the intervention—never become year-round, consistently employed workers. Thus, the intervention attempts to aim for more modest goals for workers who are unlikely to be helped by known models.⁴⁰³

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42. Senior Community Service Employment Program (SCSEP)

The Senior Community Service Employment Program (SCSEP), which has existed in some form since the 1960s, aims to employ low-income seniors (ages 55 and older) with barriers to employment in community service projects, with the goal of providing training and skills development to ease their transition back into competitive employment. SCSEP, the “only federal employment and training program targeted specifically to older Americans,” provides participants with part-time, paid (with grant funds) community service opportunities at public agencies or non-profit organizations.⁴⁰⁴ Participants also have access to additional skill training and supportive services.⁴⁰⁵ Notably, amendments to the Older Americans Act in 2000 and 2006 increased the emphasis in SCSEP on self-sufficiency and unsubsidized job market performance.⁴⁰⁶

Promise: While the program has not been evaluated rigorously, a process and outcomes evaluation showed that the 2008-2009 program years had higher-than-average American Customer Satisfaction Index (ACSI) scores compared with other federal programs.⁴⁰⁷ The 2012 report also notes that budget cuts may have undermined elements of the program focused on training and skills development.⁴⁰⁸ In 2009, 46 percent of program participants entered unsubsidized employment in the quarter following participation, with 70 percent of those retaining employment for at least six months. It bears noting that these numbers varied considerably depending on individual characteristics and employment barriers.⁴⁰⁹

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RIGOROUSLY EVALUATED UNSUBSIDIZED EMPLOYMENT AND WORK EXPERIENCE MODELS

In addition to subsidized employment programs and models, several promising, rigorously evaluated unsubsidized employment and work experience⁴¹⁰ programs target disadvantaged workers. These programs do not involve third-party-funded subsidized employment, but may offer constructive lessons on program design and implementation for subsidized jobs and paid work experience programs. All except the Personal Roads to Independent Development and Employment (PRIDE) program in New York City and some Career Academies provide some compensation to participants. These programs are described below. Not explored in depth are workfare (work performed in exchange for public benefits) or unpaid community service work models, like those tested in the 1980s that placed workers at non-profit and public agencies. An evaluation of several of these unpaid models found that they often provided meaningful work—not “make work”—and were cost effective for taxpayers, though workers preferred standard employment.⁴¹¹

43. Personal Roads to Independent Development and Employment (PRIDE) – New York City

Between 1999 and 2004, PRIDE, the New York City-based workfare program, served over 30,000 individuals.⁴¹² The program, which targeted welfare recipients with “work-limiting” physical and/or behavioral conditions, was part of the Employment Retention and Advancement (ERA) project under ACF.⁴¹³ The objective of the program was to reach an “in-between” group of TANF recipients, whose medical issues had previously exempted them from regular work activities but were insufficient to qualify them for SSI benefits.⁴¹⁴

Although PRIDE’s employment services mirrored those of the state’s regular welfare-to-work program, by making its screening and assessment services much more holistic and in-depth, the program was able to better tailor itself to the distinct needs of its target population.⁴¹⁵ Part of the screening process included factoring participants’ medical conditions into the decision about what kind of work activities to assign. Participants were then assigned to one of two tracks for pre-employment services: the Work-Based Education (WBE) track, which generally involved unpaid work experience three days per week and a classroom-based education activity for the other two days, or the Vocational Rehabilitation (VR) track, which also provided unpaid work experience but with a more individualized set of other activities.⁴¹⁶ Upon satisfactory completion of the pre-employment service activities, participants in both tracks received job-hunting support.⁴¹⁷ Participants also received post-employment follow-up support for the first six months following (unsubsidized) job placement.

Evidence: The program was evaluated using an experimental research design. Over 3,000 eligible participants were randomly assigned to either the PRIDE group or the control group, which allowed individuals to seek out other services but excluded them from the PRIDE program.⁴¹⁸ Key findings from the evaluation’s final report in 2012 (covering the four years following random assignment) include: 1) PRIDE substantially increased participation in work experience and job search activities; 2) PRIDE “generated modest but sustained increases” in employment over the four years among the target group; and 3) PRIDE led to a significant reduction in welfare payments.^{419, 420}

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However, while it is impressive that PRIDE was able to result in employment gains for this particularly vulnerable group, “many lost their jobs quickly,” and the majority—55 percent of all PRIDE participants—still did not work at all in a UI-covered job during the study’s four-year period.⁴²¹ In addition, the reduction in welfare payments is only partly due to employment increases: the PRIDE group also had a high rate of sanctioning (i.e., penalties for TANF noncompliance) that far exceeded that of the control group.⁴²² Nevertheless, the PRIDE program was successfully implemented through the coordination of several agencies and was able to identify and engage a traditionally left-out group of individuals.

44. Ramsey County Individual Placement and Support (IPS) program – Minnesota

Within Minnesota’s county-administered health and human services system, Ramsey County developed a subsidized employment pilot targeting TANF participants with disabilities.⁴²³ The pilot followed the Individual Placement and Support (IPS) model, which traditionally has been used for people with mental illnesses who seek competitive employment.⁴²⁴ The pilot incorporated colocation and integration of health—including mental health—and employment services, rapid job search, and personalized planning and placement in appropriate community jobs for all willing participants.⁴²⁵ However, unlike IPS, TANF has lifetime participation time limits.⁴²⁶

Evidence: SSA and HHS included this pilot as part of the TANF/SSI Disability Transition Project (TSDTP).⁴²⁷ Pilot results were promising. According to the researchers, “Although the sample size is too small to allow for definitive conclusions, a randomly assigned program group did earn more on average than the control group during the first year.”⁴²⁸ In addition, the underlying IPS model itself has been proven effective—though not enough is known to determine its cost-effectiveness.⁴²⁹

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NOTABLE YOUTH-ONLY SUBSIDIZED EMPLOYMENT MODELS

The full universe of subsidized employment program models targeting youth exclusively—including after school and summer employment programs offering paid work experience—is substantial and beyond the scope of this report.⁴³⁰ While there are several models of rigorously evaluated, non-residential subsidized employment programs targeting solely youth that have been profiled earlier in this report, including Youth Incentive Entitlement Pilot Project (YIEPP), Youth Transition Demonstration (YTD), and Bridges to Pathways, there are a few additional unsubsidized employment or paid work experience and community service programs targeting youth that are also noteworthy. These intensive programs, briefly discussed below, have been rigorously evaluated (American Conservation and Youth Service Corps, Career Academies, Job Corps, National Guard Youth Challenge, Year Up, and YouthBuild) or are in the midst of a rigorous evaluation (YearUp and YouthBuild) and are similar to and relevant for subsidized employment policy and programs focused on youth.

- **American Conservation and Youth Service Corps:** Since 1990, the American Conservation and Youth Service Corps has enrolled youth out of school in temporary, paid community service employment and other supportive services.⁴³¹ Because there is no single model for Youth Corps, an experimental evaluation began with random selection of sites, and then used random assignment to evaluate each selected site.⁴³² While an earlier evaluation found significant positive impacts,⁴³³ a more recent evaluation found no significant impacts on key labor market, educational, or civic participation outcomes in the roughly 30 months following random assignment.⁴³⁴ The more recent evaluation, however, did find improvements in educational expectations, fewer employers (likely indicating less churning), hourly wages, and income (potentially driven by the program’s stipend) among those who had worked for pay in the prior 12 months.⁴³⁵
- **Career Academies:** Since their inception in 1969, Career Academies have combined education and work-based learning opportunities ranging from job shadowing to internships (paid and unpaid) for disadvantaged high school students.⁴³⁶ Career Academies have three core features: 1) they are organized into “small learning communities,” or schools-within-schools in which students are grouped with the same teachers for three or four years of high school; 2) they have an underlying “career theme” such as health or business that connects the combination of vocational and academic curricula; and 3) they provide career development and work-based learning opportunities through partnerships with local employers.⁴³⁷ Multiple random assignment evaluations have demonstrated that Career Academies “produce sustained improvements in students’ employment and earnings,” particularly for male students and students identified as most likely to be at risk of dropping out of school.⁴³⁸ A 2015 report suggests that the sector-oriented career development aspect of the program was far less important than the other “unique features of the academies—combined academic and career-related curriculum, strong employer partnerships that provided students with a broad array of career awareness and development experiences both in and outside school, and high levels of interpersonal support from teachers” that produced positive impacts for participants.⁴³⁹

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- **Job Corps:** Job Corps, established in 1964, is a full-time residential program that connects disadvantaged youth, ages 16 to 24 who are not in school or working, with vocational and academic training and supports, including a paid community work experience.⁴⁴⁰ Job Corps has three main elements: 1) “rigorous performance and accountability standards;” 2) an “intensive and holistic environment,”⁴⁴¹ which includes health benefits and counseling services; and 3) employer involvement.⁴⁴² Job Corps has strong partnerships with local and national employers, which influence program operations and help provide students with unpaid and paid work experience. Participants can earn a high school diploma (or equivalent) or “career technical training credentials, including industry-recognized certifications, state licensures, and pre-apprenticeship credentials.”⁴⁴³ Job Corps has been rigorously evaluated through multiple rigorous studies that have found the \$1.6 billion per year program—one of the most expensive federally-funded education and training programs in the country—to be a cost-effective investment.^{444, 445} A 2008 evaluation found that “program participation increases educational attainment, reduces criminal activity, and increases earnings for several post-program years.”⁴⁴⁶ However, some of the study’s tax data showed that the earnings gains were only sustained among the older participants (aged 20 to 24). The report notes that the findings are still promising, as “Job Corps is the only federal training program that has been shown to increase earnings for this population.”⁴⁴⁷
- **National Guard Youth ChalleNGe:** Since the early 1990s, the National Guard Youth ChalleNGe intensive drop-out recovery program has served over 100,000 youth.⁴⁴⁸ States administer the program in partnership with the National Guard Bureau, and most often serve 100 youth at a time.⁴⁴⁹ It is not primarily a subsidized employment program, but some versions do utilize subsidized jobs.⁴⁵⁰ More generally, the program offers older youth—typically around 17 years of age—a two-week residential orientation and assessment and a 20-week residential youth development experience, winding down through a year-long, non-residential mentoring effort.⁴⁵¹ During the youth development phase, programs emphasize a wide range of skills development (professional and life) and values (leadership, service, and citizenship). ChalleNGe programs maintain a quasi-military environment and often are located at military bases.⁴⁵² A random assignment study included a follow-up survey of about 1,200 youth from 10 ChalleNGe programs an average of three years after the entering the study. The evaluation found that ChalleNGe substantially increased educational attainment, significantly raised employment and earnings, improved health, and reduced antisocial behaviors.⁴⁵³

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- **Year Up:** Since 2000, Year Up has provided training and work experience to urban youth, ages 18-24.⁴⁵⁴ The program, which had grown to 11 sites around the country as of 2012, helps motivated young adults with a high school degree or GED develop a wide range of “cognitive and non-cognitive skills,” including soft skills such as business etiquette.⁴⁵⁵ The yearlong program begins with a six-month technical, professional, and workplace skills training that can be converted into college credit.⁴⁵⁶ A subsequent six-month, full-time, intensively supported internship includes a weekly stipend.⁴⁵⁷ Employers bear the full cost of each internship.⁴⁵⁸ Year Up began a random assignment evaluation in 2007.⁴⁵⁹ Impact findings from the four years following random assignment indicate that Year Up increased earnings for participants over the three years following the program, primarily by boosting hourly wages.⁴⁶⁰ It did not affect employment rates, although as the evaluation highlights, the study took place during the peak years of the recession.⁴⁶¹ Even as it raised earnings, Year Up participants were slightly less likely than control group members to attend college; however, among the individuals from both groups that were attending college, participants were more likely to be full-time students and receive financial aid.⁴⁶² Year Up is also part of a larger national randomized control trial, administered by HHS ACF, called Pathways for Advancing Careers and Education (PACE).⁴⁶³ Public results from the data on long-term programmatic impact will be available by 2017.
- **YouthBuild:** Since the late 1970s, YouthBuild has worked with “at-risk” youth ages 16-24, who are low income and not in school.⁴⁶⁴ The “community-based alternative education program,”⁴⁶⁵ which has been administered by DOL since September 2006, connects participants to job skills training, educational opportunities, counseling and case management, life skills training, and other wraparound services and opportunities.⁴⁶⁶ YouthBuild operates with the goal of “positive youth development,” focusing on youth empowerment, leadership, and civic engagement, and often includes a community service component and leadership development opportunities.⁴⁶⁷ Participants split their time between job skills training—most often “learn[ing] construction skills while constructing or rehabilitating affordable housing for low-income or homeless families in their own neighborhoods”—and learning in the classroom, “where they earn their GED or high school diploma, learn to be community leaders, and prepare for college and other postsecondary training opportunities.”⁴⁶⁸ The program has nearly 300 affiliated sites across the country, and is in the midst of a rigorous evaluation with preliminary findings expected in 2017. Although not previously rigorously evaluated, a 2015 report synthesizing findings from previous (non-rigorous) studies and results from a program director survey suggests that “many young adults who participate in YouthBuild for at least one program cycle—which typically lasts between 9 to 12 months—achieve considerable personal growth in how they view themselves and their relationships to others in society,” among other potential positive impacts.⁴⁶⁹

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As this report documents, far more is known today about effective subsidized employment programs than forty years ago. These programs provide critical income and work experience to the substantial number of people who are willing to but unable to secure and maintain employment throughout the business cycle and across the country. In addition, there are several cost-effective models (see Figure 9) for some very disadvantaged populations. While there is still a need for more experimentation with subsidized jobs programs, especially for subpopulations with multiple or serious employment barriers, much experimentation is currently underway; moreover, enough is known today for a significant, national effort to expand subsidized employment programs.

Below are five recommendations derived from an analysis of the experiences of the programs profiled in this report. Policymakers and practitioners at the federal, state, and local levels should take these principles into account when designing, modifying, or furthering subsidized employment policies and programs:

1. **Make Subsidized Employment Programs a Permanent Part of Employment Policy**

Many of the programs featured in this report were connected to federal pilot projects, demonstrations, or experimental evaluations—rarely lasting more than a few years—in which subsidized employment opportunities were provided to relatively small target populations. As a result of these efforts, there are now decades of accumulated evidence demonstrating that people with barriers to employment want to work, and that integrated (grant-funded) subsidized employment programs can be effective in helping them engage with the labor market. This approach is preferable to employer tax credits, which are likely to be less efficient and effective. The evidence to date provides instructive, if not conclusive, guidance on what works and what does not work for various disadvantaged populations. Most importantly, there is evidence that subsidized employment can positively impact participants' economic stability. If expanded, these programs can be important and effective tools to help mitigate poverty and deep poverty. Where significant holes remain in the evidence base, ongoing experiments likely will soon offer insights for policymakers and practitioners.

Given this background, subsidized employment programs today are significantly under-recognized and underutilized. Such programs should no longer be viewed solely as experimental or provisional, nor should they be turned to only during recessions or economic emergencies (though it is clearly advisable to expand them during these periods). Establishing permanent programs would increase the ease with which subsidized jobs initiatives could be rapidly scaled up in partnership with employers to respond to local, regional, or national downturns. Such programs could and should make up a core component of a broad-based, ongoing strategy to combat poverty, reduce inequality, and ensure that every person wanting to work has access to a decent job throughout the business cycle. As the evidence suggests, in some cases these investments will pay for themselves, including through higher tax revenues; therefore, even when faced with competing opportunities, policymakers should elevate the development of and funding for such programs.

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To be sure, these programs are not easily administered, and could inadvertently displace less disadvantaged workers in favor of more disadvantaged ones. All subsidized employment programs should have a plan for mitigating this unintended consequence. Funding programs through grants that allow local administrators significant discretion and targeting those who are not working consistently due to serious or multiple barriers to employment should limit this substitution effect. Other strategies, including restricting programs to smaller employers who may otherwise not hire at the margin or provide OJT, requiring sworn attestation of employers that a position would not be filled without the subsidy, limiting any particular employer's use (duration and number of workers) of a subsidized jobs program, disallowing employer rehiring of someone recently employed by the same employer, and targeting communities of high unemployment, should be tested. Because these strategies would tend to reduce the scale of programs by reducing the number of employers willing and able to participate, they should be balanced against the need for reaching a large share of disadvantaged workers.

BOX 2. TANF EMERGENCY FUND (TANF EF, 2009-2010)

For a short period, there was substantial federal support for subsidized employment through the TANF Emergency Fund established in February 2009 as part of ARRA. The fund, which lasted through September 2010, allocated a total of \$5 billion to states in order to help needy families during the recession. Funds could be disbursed in the form of basic assistance, short-term benefits, or subsidized employment.⁴⁷⁴ Of the \$5 billion authorized by the legislation, approximately \$1.3 billion was ultimately directed toward subsidized employment.⁴⁷⁵ States had wide discretion around the implementation of these programs, with wide variation reported in the number of people working in subsidized jobs, the income thresholds they had to meet to qualify, and the length and amount of the subsidy offered.⁴⁷⁶ A number of states used the funding for youth summer employment programs.⁴⁷⁷ A subsequent report on these intervention notes that more than 250,000 jobs (full- and part-time) were created or supported by this fund.⁴⁷⁸

2. Establish Substantial, Dedicated Funding Streams

Many previous and current subsidized employment programs have drawn funding from existing federal programs not primarily dedicated to subsidized employment. The lack of substantial, dedicated funding streams likely has severely limited the scale and scope of these programs, as well as needed innovation. Substantial, dedicated funding streams, along with technical assistance and knowledge-sharing (including information about program design to mitigate the displacement of unsubsidized workers from employment), likely would better promote the development of programs to effectively help the sizeable share of the working-age population with serious or multiple barriers to employment.

Dedicated federal funding streams for subsidized employment programs may also allow for greater flexibility, help encourage necessary administrative and programmatic innovation, and provide the requisite resources for such programs to make meaningful headway against poverty.

Until one can be established, however, states and localities should seriously consider creating their own subsidized employment programs. There are two major existing sources of federal funding for subsidized employment programs. The first funding stream is TANF—both federal funds and state maintenance-of-effort funds (MOE)—through which \$169.5 million was spent on work subsidies in FY 2014.⁴⁷⁰ This figure represents less than 1 percent of total TANF spending. Another substantial existing funding source for integrated approaches to subsidized employment is the Workforce Innovation and Opportunity Act (WIOA). Section 134 of WIOA explicitly allows up to 10 percent of Adult and Dislocated Worker funds to be used for subsidized jobs for workers with weak work history—but the jobs must be designed to help these workers transition into unsubsidized employment.⁴⁷¹ Adult and dislocated worker appropriations for FY 2015 are \$776 and \$1.2 billion respectively⁴⁷² (no increase from the previous year), resulting in up to \$201 million of WIOA funding that could be spent on subsidized employment and paid work experience efforts, including year-round youth employment. However, it is unclear to what extent states are taking advantage of this opportunity to fund subsidized jobs programs. Regardless, the total of the actual TANF spending figure and the available WIOA funds is likely dwarfed by the potential need and demand for these programs, as evidenced by the large share of the working-age population that desires but cannot secure sufficient employment even during an economic expansion.⁴⁷³

The federal Supplemental Nutrition Assistance Program (SNAP) also offers states funding for subsidized employment. Oregon's Jobs PLUS program, for example, allows participants to choose to put their SNAP and TANF benefits toward subsidizing employment for a certain period, and may help both connect people with the labor market in the long-run, and increase their incomes in the short run by leveraging working family tax credits, like the EITC and Child Tax Credit, since wages paid under these programs qualify workers for these tax benefits.⁴⁷⁹

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BOX 3. ADDITIONAL FEDERAL FUNDING POSSIBILITIES

Although a robust, scalable, and effective intervention is less likely if it comes at the expense of existing anti-poverty programs, particularly given the limited pool of federal resources currently devoted to such initiatives, there are nevertheless a number of other federal grants that could be augmented to support subsidized employment in particular industries or local contexts.

Federal SNAP Employment and Training funds, often used to help disadvantaged workers prepare for and secure employment, could be made available for subsidized employment programs. Community Services Block Grants (CSBG) funding, delivered through HHS, is designed to combat poverty and promote self-sufficiency in underserved communities. CSBG funding for providing subsidized jobs is already authorized.⁴⁸⁰ Increasing funding for these grants to expand subsidized employment programs could be an effective strategy for targeting populations with substantial barriers to employment. Beyond explicit anti-poverty initiatives, other federal programs aimed at specific populations may provide useful means of reaching groups with specific barriers to employment. Supported employment under Medicaid, for example, has worked to match individuals with behavioral health issues and/or other disabilities with employers willing to hire them for jobs to which they are individually suited.⁴⁸¹ Participants are also connected to supportive services for work such as skills assessments, job search and development, and job placement and training.⁴⁸² These “supported employment services can be financed under the Medicaid Rehabilitation option or may be included as a comprehensive service in state Medicaid plans through a 1915i state plan option or in 1915c or 1115 waivers.”⁴⁸³ However, according to a 2011 evaluation, this promising avenue has been underutilized by states due to difficulties involving existing funding streams.⁴⁸⁴ Additional resources to expand this program, as well as make it more robust by introducing wage subsidies (not currently part of the program), could increase its reach and efficacy.

Other potential (albeit rather limited) means of financing may be found in federal funding for infrastructure, housing, and economic development. Targeting individuals with barriers to employment in the context of addressing pressing public needs may present an especially ripe opportunity to address multiple challenges (poverty, joblessness, and failing infrastructure, for example) with the same dollars.⁴⁸⁵

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3. Ensure Opportunities for Advancement

Subsidized employment programs can play an important immediate anti-poverty role by providing income to individuals, families, and communities. But those jobs may be less valuable for some participants if they leave program participants stuck in place. For candidates for competitive (unsubsidized) employment, policymakers and program administrators should take care to subsidize employment that offers meaningful career ladders, a chance to develop skills through educational and training opportunities, and the possibility for advancement through increased responsibility and compensation over time. Strong employer engagement and relationships may be central to achieving this goal.

With the goal of supporting robust career paths in mind, subsidized employment programs should be developed in parallel with education and training initiatives that forge meaningful and sustainable connections between participants and the labor market. This may mean increased funding and coordination for sector-based and occupation-specific OJT programs that pay particular attention to participants with multiple barriers to employment. It may also mean further funding and development of Career Pathways programs, which seek to align programs offered by secondary and post-secondary educational institutions with prevailing demand for high-opportunity jobs. At a more basic level, some populations could require a focus on high school completion or soft skills development to prepare them for entry into work. It may be important for program administrators to have multiple paths (as well as multiple entry and exit points within each path) with the ability to tailor specific programs and supports to particular participants.

Another consideration to ensure opportunities for worker advancement concerns mechanisms for employer expectations. For example, the Transitional Subsidized Employment program in Los Angeles required employers to add participants to their workforce after the second month of their six-month-long, subsidized OJT program. By building in expectations for both the participants and their employers, overall program accountability was strengthened.

4. Promote Program Flexibility

This report documents an array of key program design parameters, including whether to subsidize transitional jobs or potentially permanent positions; the duration of the programs themselves; whether and how to engage the for-profit, non-profit, or public sectors; and which portfolios of support services to offer participants. The clearest takeaway is that the best answer will vary across place, target population, and other factors.⁴⁸⁶ Participants with multiple or more serious barriers, for example, may experience better results in a relatively non-competitive transitional environment that slowly ramps up work responsibilities and helps develop soft skills. They may also gain more from programs with longer-term training, employment, and supportive services. Some, especially disadvantaged workers, may even benefit from programs that offer paid work experience far below even transitional jobs. Those with fewer or less serious barriers may be better suited to temporary placements that have the possibility of becoming permanent. For participants in these types of placements, the subsidies help get them in the door by reduc-

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ing employers' perceived hiring risks—but once in, the participants are expected to perform on par with competitively-hired colleagues. Program funding should be sufficiently flexible to allow programs to adjust to new information and varied circumstances while keeping the needs of workers and employers paramount.

5. Facilitate Greater Innovation

Public policies that support subsidized employment programs should also facilitate greater innovation. Despite the proven success of such programs under an array of economic circumstances and for many diverse populations, continued exploration through pilot programs, demonstrations, and studies is necessary in order to most effectively target subpopulations and communities. In addition, even the most well-substantiated programs may need to adapt as employer needs and worker challenges change over time, and thus should prioritize innovative strategies.

Cross-sector collaboration may be especially fruitful for such innovation, as a number of other fields have gained crucial insights about the challenges facing individuals and families with low incomes in America today. For example, the MOMS Partnership in New Haven, CT offers stress management training that could be integrated into subsidized employment programs. Cognitive behavioral therapy has been proven effective for many populations, including young people involved in the juvenile justice system. This suggests that combining this intervention with subsidized jobs for the same target population might be fruitful, as the Bridges to Pathways effort (discussed earlier in this report) is currently testing.⁴⁸⁷ For workers with especially long paths to competitive employment and those whose ultimate goal is something short of competitive employment, policies should encourage experimentation with programs that provide longer-term, part-time paid work experience options, like Chicago's Parent Mentor program and Project Match (both discussed earlier in this report). Growing research on executive function and goal-oriented behavior raises the possibility that many young workers, including the most disadvantaged, could benefit from job programs that incorporate activities designed to improve working memory, the ability to multi-task, use of will power, and planning.⁴⁸⁸ Combining subsidized jobs and paid work experience programs with other interventions, such as financial coaching and savings vehicles, may improve economic outcomes for participants.⁴⁸⁹ More generally, evidence from other employment program evaluations suggests that integrating work programs with additional services may also be particularly promising, especially for people with behavioral health challenges and disabilities.⁴⁹⁰

ENDNOTES

- 1 For the purposes of this report, “subsidized employment programs” refers to targeted subsidy programs intended to increase the hiring of those who otherwise are likely to be left out of the competitive labor market. In this report, this concept generally also includes paid work experience and community service work programs that offer work opportunities that are less than what are generally considered to be competitive employment. For example, the Logan Square Neighborhood Association Parent Mentor program, profiled in this report, requires 10 hours a week of volunteering with students in a classroom and pays a modest stipend once every semester. This report does not consider apprenticeships, which are programs that generally provide occupation-specific on-the-job training (OJT) for highly-skilled work.
- 2 This report does not consider programs like work sharing or short-time compensation, which provide employers subsidies for reducing hours in lieu of layoffs, as these layoff aversion efforts do not target workers by barriers or needs, but instead target entire firms or divisions within them.
- 3 See for example, Timothy Bartik’s proposal that would include subsidized employment programs as a countercyclical job creation tool. Bartik, Timothy J. “A Proposal for Early Impact, Persistent, and Cost-Effective Job Creation Policies.” W.E. Upjohn Institute for Employment Research, 2010. Available at http://research.upjohn.org/cgi/viewcontent.cgi?article=1000&context=empl_research.
- 4 See for example, Baker, Dean, and Jared Bernstein. *Getting Back to Full Employment: A Better Bargain for Working People*. Center for Economic Policy Research, 2013. Available at http://www.cepr.net/documents/Getting-Back-to-Full-Employment_20131118.pdf.
- 5 To be sure, it is not always clear whether a program should be considered a traditional subsidized employment program or a paid work experience program. For example, the Bridges to Pathways program profiled in this report is being evaluated as part of a large subsidized employment evaluation (STED), but the work experience portion is described as “paid work experience.”
- 6 This is not to say that windfall subsidies to employers could not be curbed through improved policy design and implementation, or that these programs are necessarily not worthwhile. Even with significant windfall wastage, the cost per net new job created may nevertheless be competitive with other job creation programs. See for example, Bartik, Timothy. *Jobs for the Poor: Can Labor Demand Policies Help?* Russell Sage Foundation, 2001, pp.229.
- 7 *Ibid*, pp. 296.
- 8 *Ibid*, pp. 294.
- 9 Stigma may be reduced if intermediaries provide workers with adequate training and support before job placement, form a trusting relationship with employers, and secure placements with employers who are open to hiring disadvantaged workers. *Supra* note 6, pp.206.
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