

Why a Subsidized Jobs Program is the Solution America Needs Now

By Molly Bashay

Introduction

After the most economically devastating year since the Great Depression, workers and families are still far from a pre-pandemic normal. The U.S. is in the midst of a **6.8 million jobs shortfall**. If left unchecked, it could take **more than a year to reverse**. Good jobs—those with decent wages and basic dignities like fair and advanced scheduling, benefits, and advancement opportunities—are even more scarce. To help resolve this crisis, more than **9 in 10 Americans** (93%) favor a national initiative that creates paid work and job training opportunities as part of recovery efforts. This policy solution—a *federal investment in subsidized employment*—is the only workforce intervention **proven** to put large numbers of unemployed people to work rapidly and put income in the pockets of those who need it most.

Background

For millions of workers, a “normal” economy before the COVID-19 pandemic was never good. Due to systemic racism and other policy failures, our economy tacitly endorsed the normalcy of **over 50 million workers** earning poverty wages, many with no benefits or path for advancement. “Normal” meant hiring discrimination and inequitable employment opportunities for **women**, people with disabilities, and people impacted by the criminal legal system. It was also normal for Black, Indigenous, and people of color (BIPOC) workers, **youth and young adults**, and Latinx workers to have double the white unemployment rate, almost ever since we started tracking this data—even when adjusting for educational attainment. After a year of economic deprivation and insecurity, workers, families, and advocates are crystal clear: normal just won’t cut it anymore.

Even as labor market power begins to shift to workers, necessity is still pushing some into dead-end, **low-wage employment**, perpetuating cycles of poverty and scarcity. At the same time, nearly half of the **20 million people economically harmed by the pandemic** are looking for quality work. Their search persists **despite headlines** decrying unemployment insurance’s chilling effect on the labor market.

A federal subsidized employment program is the right solution for today’s crisis

Federal policymakers can shape a better future for workers, employers, and communities nationwide. Emerging from this pandemic and recession as a stronger, more equitable society requires us to prioritize, incentivize, and create quality jobs within communities that have been economically marginalized, and for people most harmed by the pandemic’s toll. Designing our economic recovery to redress entrenched

inequities can start with a federal investment in subsidized employment.

Policymakers in Congress and the administration can create a subsidized jobs program to ensure a lasting recovery from the pandemic. Such a policy will have far-reaching benefits, such as moving racial equity forward, securing a more stable economy, and supporting both employees and businesses.

By investing in a national subsidized jobs program, federal policymakers can:

Advance Equity. The recession gutted low-wage sectors **predominantly staffed by Black and Brown workers**—and in particular Black and Brown women. We must make these communities, and others that face chronic disinvestment resulting in multiple barriers to employment, the focus of economic recovery efforts. Whether it supports those displaced due to economic downturns or people who face chronic unemployment **even when the economy is growing**, subsidized employment has helped people get to work **since the Great Depression**. An **equity-centered and permanent national subsidized employment program** can support an inclusive COVID-19 economic recovery; **increase job quality**; and lay the groundwork for a more fair, just, and prosperous economy.

Secure a Stronger Economy. While workers' struggles remain top of mind, the economy is struggling too. The labor market is resuscitated, yet **still weaker than it appears**. Worse still, many of the job losses resulting from the COVID-19 pandemic **are likely permanent**. For those displaced workers who do reconnect, they are returning to a work environment **forever changed** by pandemic-driven digitalization that will leave millions struggling to catch up. As we all adapt to a post-pandemic labor market, policy can intervene to set the economy on a path to equitable recovery. Federal investments in subsidized employment in fast-growing sectors like the green economy and infrastructure can give workers and businesses the tools necessary to innovate and prosper. Similar investments in subsidized employment in the care economy can ensure everyone receives the wages, quality of care, and dignity they deserve.

Support Businesses and Community Reinvestment. Still struggling under the weight of the pandemic and recession, many small businesses and local economies face a long road to recovery. To jumpstart this process, policymakers can look to lessons learned from the Great Recession of 2008 and Temporary Assistance for Needy Families (TANF) Emergency Fund dollars deployed to bolster local economies in the wake of that economic downturn. By effectively shifting most of the cost and risk associated with hiring new employees to the public sector, a federal subsidized jobs program can **support small businesses** and help local economies recover. **Investments in human capital** like subsidized employment not only boost worker and family economic security with higher wages, but also **keep local economies moving** with increased spending power, benefiting businesses and the broader community.

Help Employers Succeed. Subsidized employment programs' benefits also extend to employers. In addition to wage subsidies, which defray costs, participating employers **stand to gain much** from subsidized jobs programs. In one evaluation of a Chicago-based program, participating employers noted increased productivity; quality of work; number of customers or clients they were able to serve; customer or client satisfaction; and workforce satisfaction with workload. As such, post-program surveys indicate broad support among employers. For example, 85.1 percent of employers said they would participate in another program if it was offered, and 44.6 percent noted they were now more likely to hire parents with low incomes and youth than before participating in the program.

Prioritize a Moral Imperative. Transforming our economy into one that values and centers all workers requires a shift in national priorities. Last year's uprising against racial injustice has made plain the public

demand for policies with an equity focus, particularly for people with historically marginalized identities who could benefit the most. Now is the time for policymakers to reciprocate. A national subsidized jobs program can serve as a model for activating quality employment opportunities for people and communities who have been systemically underserved, excluded, and disinvested in for generations. Coming off the worst economic recession in nearly 100 years, where BIPOC again bore the heaviest burden, this opportunity to begin remedying historical economic disparities through subsidized jobs carries the force of moral necessity.

Conclusion

Now more than ever before, **the United States needs bold, large-scale, and transformative jobs solutions**. America can move beyond the COVID-19 pandemic and recession into a genuinely equitable economy, one that values the contributions and experiences of communities that have been economically marginalized. But the policy interventions that serve them best require policymakers to depart from what we all knew as “normal” before the pandemic.

Just as “normal” has never meant “good” for communities pushed to the economic sidelines, we have never had a better time to intentionally redress longstanding inequities through policy. Over 20 million workers need the opportunity a subsidized job provides. An equity-centered national subsidized employment program can support a COVID-19 economic recovery and open doors to economic opportunity for all jobseekers. It must be a part of any recovery legislation.