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Addressing Economic Inequity with a Whole-of-Government Approach: Recommendations for Aligning Federal Subsidized Employment Investments

CLASP
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Overview

Millions of people in the United States want to work but cannot access employment and quality job opportunities due to many factors rooted in structural inequity. Such challenges disproportionately harm Black, Indigenous, and Latinx individuals, other people of color, women, youth, people with disabilities, and individuals with intersectional identities. Despite economic growth, the Black male unemployment rate remains consistently high.ⁱ In fact, it is about twice as high as white male unemployment, a ratio that has stubbornly persisted for over 50 years.ⁱⁱ Young workers (ages 16 to 24 years old) have also experienced unemployment at extraordinarily high rates, especially during economic downturns.ⁱⁱⁱ Even when the economy is strong, these and other workers with intersectional identities face unrelenting challenges in getting and keeping quality jobs.

Recent shifts in federal guidance and an influx of new federal investments have created opportunities to leverage and coordinate funding streams across the federal government to address racial and racial-gender economic inequality. Subsidized employment and transitional jobs are proven workforce strategies that reduce poverty and inequality – specifically for Black and Hispanic workers. These programs are poised to have significant positive impacts for workers if coordinated and deployed in strategic ways.^{iv}

The Center for Law and Social Policy (CLASP) believes that aligning subsidized employment and transitional jobs programs across the federal government effectively requires that the federal government take a ***whole-of-government approach***. Such an approach can:

1. Ensure that more communities and individuals have access to subsidized employment and transitional jobs programs;
2. Guide implementation toward best and promising practices; and
3. Advance effectiveness with an explicit focus on equity, inclusion, and building programs that work best for people who are economically marginalized.

We also believe that taking this approach is in keeping with the Biden Administration's goals of leveraging comprehensive approaches across the federal government to advance equity for all. That includes people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality.^v

This brief offers perspectives from CLASP on how the Biden Administration can advance a whole-of-government approach to managing and directing these resources.

Background

Since the Great Depression, policymakers have leveraged federal funding at various times to subsidize wage-paying, real work opportunities for people who want to work but cannot access employment. The goals of these investments have been to connect people to work in times of high unemployment, increase income for individuals and families, and support pathways to unsubsidized employment, among others.

These programs have been called *subsidized employment*, *transitional jobs*, and *paid work experience*. They have also been referred to as *publicly funded jobs* or *jobs of last resort*. Currently, smaller uncoordinated pots of federal funding for these programs are housed in the U.S. Departments of Labor; Health and Human Services; Agriculture; Housing and Urban Development and the Department of Justice. Notably, these pots of federal resources are not specifically dedicated to these strategies. Rather, these federal funding streams are used on a discretionary basis to implement subsidized employment, transitional jobs, and wage-paid work, among other uses of funds. Therefore, the whims or political vagaries of the times can limit or derail the use of this funding for these employment strategies. (The table in the Appendix on page 9 lists current funding streams and target populations.)

Subsidized employment and transitional jobs programs have been rigorously evaluated for over 40 years, demonstrating a range of positive impacts for workers, families, communities, and employers.^{vi} These positive effects have included stabilizing and increasing income among workers; reducing

housing instability; supporting transitions from incarceration to community for people returning from incarceration; improving health and wellbeing; bolstering the educational attainment of children whose parents participate in these programs; and reducing gun violence, among others. Wages paid to program participants stimulate local economies and have been shown to improve access to public services.^{vii} Employers routinely articulate the benefits of these programs.

Above all, these programs have a demonstrated ability to directly reduce poverty and economic inequality. Multiple models have shown that subsidized employment and transitional jobs can reduce poverty by double digits—with higher impacts for Black and Hispanic workers.^{viii}

More recently, we anticipate seeing increased implementation of these programs by states and localities and higher likelihood and need for federal coordination. This is in part because of new federal guidance and initiatives, along with new or increased funding.

Specifically:

- Federal guidance for Supplemental Nutrition Assistance Program Employment and Training Programs has increased state flexibility^{ix} to use federal dollars for subsidized employment and transitional jobs programs.
- The use of American Rescue Plan and the Department of Justice funding for community violence interventions also includes flexibility for the use of funds in subsidized employment.^x
- Once-in-a-generation federal investments through the Inflation Recovery Act (IRA) and Infrastructure Investment and Jobs Act (IIJA) to create green infrastructure and climate resiliency jobs as well as investments in built infrastructure. This funding provides an opportunity to link subsidized employment and transitional jobs programs with education, training, and quality jobs in communities nationwide.
- President Biden established the Justice40 Initiative^{xi} to ensure that 40 percent of the federal investments for climate and clean energy will benefit communities that have been disadvantaged. This could include funding set-asides, funding prioritization, or providing more general guidance that instructs agencies to maximize benefits for communities or workers in ways that can and should—if properly implemented—complement the Justice40 objectives. This includes prioritization or targeting of resources to communities negatively impacted by decisions to transition from fossil fuels to renewable sources. Interim implementation guidance for the Justice40 Initiative identifies that an “increased percentage of good job training programs within energy communities, such as those that include paid employment and that measure and report participant outcomes” should be considered by agencies when determining the benefits of a covered program.^{xii} Subsidized employment and transitional jobs programs are, by definition, paid employment programs. Therefore, federal and state agencies and communities should consider these interventions in determining the benefits of covered programs in meeting Justice40 goals.

- Finally, in addition to flexibility through federal guidance, federal lawmakers and the public are supportive and eager to find ways to further invest in these strategies.^{xiii} Indeed, 9 in 10 Americans favor a national initiative that creates paid work and job training opportunities.^{xiv}

Whole-of-Government Approach

A whole-of-government approach refers to a set of joint activities performed by diverse public agencies to support a common or aligned solution to issues. CLASP recommends the following elements for applying a whole-of-government approach that leverages subsidized employment and transitional jobs programs to reduce economic inequity and marginalization:

- Common goals and principles across federal funding streams to help guide the design, implementation, and use of program funds over time.
- Common or aligned performance measures across programs whenever possible.
- Appropriate capacity-building resources at the federal, state, and local levels to support implementation that aligns with best and promising practices and equity goals.
- Leadership and coordination across the federal government to support a coordinated communications and public engagement strategy, guide implementation of best and promising practices, and measure effectiveness in advancing equity goals.

Employing a whole-of-government strategy to leverage these resources can support the Biden Administration's economic and racial equity goals. Moreover, this approach can link current investments for workers with new and emerging jobs and economic development investments galvanized through the implementation of IJJA and IRA.

Goals and Principles

Depending on the funding stream and the federal agency jurisdiction, the goals of subsidized employment and transitional jobs programs can differ. When advancing a whole-of-government approach, there is value in identifying a set of primary goals and principles to guide how these programs are designed and implemented across the federal government. A common set of goals and principles can support efforts to blend funding to implement these programs at the state and local levels and focus the goals of stakeholders. This practice can also help measure the effectiveness of these programs in increasing income and advancing more equitable access to employment and quality jobs.

Program goals should inform program design. The following three goals should guide subsidized employment and transitional jobs programs across the federal government. At the same time, not every program or funding stream used for subsidized employment or transitional jobs programs will share each of these goals:

- **Redress economic inequity** by increasing income; ensuring access to the workforce and quality jobs; and improving the short and long-term employment, wage, and earnings outcomes of people who have been economically marginalized. Such communities include youth and young adults; people experiencing homelessness; people impacted by the criminal legal system; people living in poverty; and others who are economically marginalized as a result of race, national origin, sexual orientation, gender identity, or disability.
- **Support economic development** for communities facing historic and current divestment, and build more inclusive economies; and
- **Increase earned income** for individuals and families with low incomes and reduce poverty.

The following principles should constitute the foundation for these programs across the federal government:

- **Target programs to groups and communities that have been economically marginalized.** Research and practice show that these jobs programs are most effective in improving employment and earnings outcomes when targeted to individuals who have been economically marginalized. These programs can and should contribute to racial and racial-gender economic equity goals and anti-racist economic development goals.
- **Center worker and community voice.** Incentivize and hold accountable states and local communities in advancing the goal of authentically engaging people who are economically marginalized. People and communities experiencing economic marginalization should drive the design and implementation of subsidized employment and transitional jobs programs. Provide technical assistance resources to support such engagement. Model authentic engagement at the federal level across federal partners.
- **Do no harm.** Subsidized employment and transitional jobs programs should pay wages to participants that allow them to meet their basic needs. The federal government should provide states and communities the flexibility to protect any existing income supports that participants may already be receiving. Finally, agencies should adopt common protections for ensuring that subsidized employment and transitional jobs workers do not displace current workers.
- **Screen in people for services and promote harm-reduction and therapeutic practices.** Commit to engaging people most likely to benefit from subsidized employment and transitional jobs programs. Incentivize the use of practices and policies that encourage states and partners to use therapeutic and harm-reduction principles.
- **Promote a variety of employer types and hiring models.** Promote job placements across a variety of employer types including private, public, nonprofit, and employment social enterprises. Incentivize subsidized and transitional jobs employment placements within minority and women-owned businesses and worker co-operatives. Incentivize the use of quality job settings and set job quality floors. Black job seekers and other job seekers who experience economic marginalization are often guided toward lower-paying jobs. Monitor, disrupt, and hold accountable any effort to push workers to such jobs.
- **Collect performance data, disaggregate it, and use it to advance equity goals.** Program administrators should recommend or require common or aligned performance data (see below section), depending on the funding stream. They should disaggregate the data by race,

ethnicity, gender and other characteristics to track the effectiveness of these programs for individuals who have been economically marginalized. Programs should use disaggregated data to improve or change programs over time to advance equity goals.

- **Incentivize pipelines to quality jobs.** Ensure that subsidized employment and transitional jobs programs pay adequate wages. In addition, incentivize the use of funds and programs by employers that are upholding commitments to job quality.^{xv} Ensure that programs include seamless connections to quality, inclusive, and equitable pre-apprenticeship programs that pay wages and offer wrap-around services, as well as to registered apprenticeship programs leading to quality jobs.

Many of these principles are reflected in a national framework endorsed by nearly 30 national organizations and are included in recent frameworks by national research and policy organizations.^{xvi xvii}

Common or Aligned Performance Measures

As policymakers conceptualize and design subsidized employment and transitional jobs programs funded by the federal government, they can build common or aligned performance measures into funding opportunities. Incentives can support data collection and monitoring over time to understand the impact of these programs on the above-mentioned goals. In some cases, such as the use of TANF funds, programs are prohibited from collecting data beyond the statutory requirements. However, where federal flexibility exists or new programs are established through competitive grants, common aligned data can and should be collected.

Program evaluators have recommended the following performance measures that may offer a template for federal partners to use. Programs and data should be disaggregated by race, ethnicity, gender, and other participant characteristics, such as:

- The number of people engaged in programming;
- The number of people placed in subsidized employment or transitional jobs;
- Change in total earnings of participants over time in the program;
- The job type that participants are placed in for subsidized employment and the characteristics of that job placement including the employer size, job sector, role or job type, and job quality characteristics—among others;
- The number of people who transition into unsubsidized employment, either at the job where they were placed or another job; and
- Characteristics of the unsubsidized job that a participant transitions to, including employer size, job sector, role or job type, job quality characteristics, and more.

Requiring or recommending that programs collect these data is not enough. The federal government should incentivize the use of these data in tracking program effectiveness and improving programs

over time. Programs should supplement this quantitative data with regular, consistent opportunities for workers and other stakeholders to provide feedback on program structure, design, and effectiveness through qualitative mechanisms. Federal partners should incentivize and support the collection and monitoring of both quantitative and qualitative data. In addition, programs should leverage capacity, technical assistance, and resources to support these goals.

Capacity-Building Resources

It will be critical for stakeholders to identify and leverage resources at all levels of government to support capacity-building efforts that ensure programs are effective and aligned with identified goals. New resources and increased flexibility will allow an increased number of states, cities, intermediaries, and providers to implement subsidized employment programs.

Policymakers should identify and set aside funds to provide technical assistance to support states and communities in leveraging these resources; designing programs; building data capacity; engaging in cross-agency collaboration; educating on best and promising program practices; conducting program monitoring and compliance; implementing communications; and ensuring worker voice is supported, compensated, and incentivized in program development and implementation.

Programs should also dedicate capacity to support cross-learning among subsidized employment and transitional jobs programs nationwide, as well as lift up implementation profiles and examples of quality programs. Moreover, programs should identify federal agency staff to support capacity-building efforts in alignment with the goals stated here.

Federal Leadership and Coordination

To support a whole-of-government approach to these resources, the White House Domestic Policy Council should establish or identify dedicated staff and leadership to promote a vision for these programs and their transformative possibilities. These individuals should share a commitment to building the infrastructure necessary to support this vision for people and communities who have been economically marginalized. Staff should leverage federal leadership across agencies to support program and policy development and alignment and ensure that worker voice is centered in program design.

Leaders selected to steward these resources should also possess the authority and ability to:

- Leverage the full power and position of the White House to ensure the fidelity of implementation to congressional and presidential intent; amplify the historic moment for

these investments to reduce hardship for people; and raise the opportunity for states and communities to develop programs, blend funding, and engage in these efforts;

- Support federal agencies and leadership toward these goals for subsidized employment and transitional jobs, as well as link these investments with other critical goals of the administration, including climate resilience, infrastructure development, and job creation;
- Establish implementation goals in partnership with federal agencies and to communicate progress and success;
- Engage across the administration to track and measure the effectiveness of these programs in advancing equity goals; and
- Partner with national and local experts and leaders to support program development, technical assistance, or capacity-building needs, along with supporting local and state engagement and communications efforts.

Conclusion

Regardless of the business cycle, far too many people face chronic unemployment and poverty. Federal leaders can help people most in need—and advance economic and racial equity goals—by seizing this extraordinary moment. That is, policymakers can leverage a whole-of-government approach for supporting and managing current and future investments and new federal flexibility for subsidized employment.

Using this comprehensive strategy can ensure that these investments have maximum positive impact for individuals, families, and entire communities.

Appendix: Current Federal Funding to Support Subsidized Employment and Transitional Jobs Programs

Federal Agency	Program Name	Target Population	Allowable Funding Among Flexible Uses
Department of Labor	Workforce Innovation and Opportunity Act (WIOA) Title I Adult Training Funds	<p>Adults</p> <p>Priority is given to adult veterans, spouses of veterans, and people with barriers to employment as defined by WIOA. This includes public assistance recipients, other people with low incomes, and individuals who are deficient in basic skills.</p>	Up to 10% of training funds can be dedicated to these strategies (at the local level) among a range of flexible uses.
Department of Labor	Workforce Innovation and Opportunity Act (WIOA) Title I Youth Funds	<p>Youth and Young Adults</p> <p>To be eligible, a young person must be: age 16 to 24 and not attend school; age 16 to 24 and have low income; or age 14 to 21, attend school, and either be deficient in basic literacy skills, a school dropout, homeless, a runaway, a foster child, pregnant, a parent, subject to the juvenile/adult justice system, or require additional assistance to complete an education program or to secure and hold employment.</p> <p>At least 75% of formula funds must be allocated for out-of-school youth.</p>	Paid work experiences, as well as summer and year-round subsidized employment are allowable uses of funds, among other uses.
Department of Labor	Reentry Employment Opportunities Program (REO)	People returning from incarceration	Transitional jobs are an allowable use of funds, among many uses.
Department of Labor	Senior Community Service Employment Program (SCSEP)	<p>Adults who are 55 and older and have incomes of no more than 125% of the federal poverty level.</p> <p>Eligible individuals are given priority for SCSEP program services if they are 65 years of age or</p>	Subsidized employment is an allowable use of funds, among many uses.

		older and have a disability, limited English proficiency, or low literacy skills; reside in a rural area; are veterans; have low employment prospects; failed to find employment after utilizing services provided under Title I of WIOA; or are homeless or at risk of homelessness.	
Department of Health and Human Services	Temporary Assistance for Needy Families (TANF)	Families with low income (as defined by the state) who have children.	Subsidized employment is an allowable use of funds, among many uses.
Department of Health and Human Services	Health Professions Opportunity Grants	People enrolled in TANF and other individuals with low income.	Wage subsidies are an allowable use of funds, among many uses.
Department of Health and Human Services	Community Services Block Grant (CSBG)	Individuals and families with low incomes; states may opt to raise income limit to 125% of the federal poverty level.	Subsidized employment is an allowable use of funds, among many uses
Department of Agriculture	Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T)	Any SNAP recipient who does not receive ongoing cash assistance from TANF. Recipients are eligible to participate in E&T services only during the months when they are receiving SNAP benefits.	Subsidized employment is an allowable use of funds, among many uses.
Department of Housing and Urban Development	Community Development Block Grant Funding (CDBG)	Programs should benefit primarily “low- and moderate-income” individuals, defined as having family income under 80% of the family median income for that area.	Subsidized employment is an allowable use of funds, among many uses.

ⁱ U.S. Bureau of Labor Statistics, *Databases, Tables, and Calculators by Subject*, 2022, <https://data.bls.gov/timeseries/LNS1400006>.

ⁱⁱ Valerie Wilson, “Racism and the Economy, Focus on Employment,” *Economic Policy Institute*, 2020, <https://www.epi.org/blog/racism-and-the-economy-fed/>.

ⁱⁱⁱ Elise Gould, Melat Kassa, *Young Workers hit hard by the COVID-19 economy*, Economic Policy Institute, 2020, <https://www.epi.org/publication/young-workers-covid-recession/>.

^{iv} Kye Lippold, *Reducing Poverty in the United States: Results of a Microsimulation Analysis of the Community Advocates Public Policy Institute Policy Package*, table B-3, Urban Institute, March 2015, <https://www.urban.org/sites/default/files/publication/48586/2000151-reducing-poverty-in-the-united-states.pdf>.

^v Executive Order On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, White House, Presidential Actions, 2021, <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/>.

^{vi} Indivar Dutta-Gupta, Kali Grant, Matthew Eckel, and Peter Edelman, *Lesson Learned from 40 Years of Subsidized Employment Programs*, Georgetown Center on Poverty and Inequality, Georgetown Center on Poverty and Inequality, 2016, <https://www.georgetownpoverty.org/issues/employment/lessons-learned-from-40-years-of-subsidized-employment-programs/>.

^{vii} Jonah Kushner, *Chicago Neighborhood JobStart evaluation report: A transitional jobs response to the great recession*, Chicago: Social IMPACT Research Center, 2012, https://peerta.acf.hhs.gov/sites/default/files/public/uploaded_files/Chicago%20Evaluation_LK.pdf.

^{viii} Kye Lippold, *Reducing Poverty in the United States: Results of a Microsimulation Analysis of the Community Advocates Public Policy Institute Policy Package*, table B-3, Urban Institute, March 2015, <https://www.urban.org/sites/default/files/publication/48586/2000151-reducing-poverty-in-the-united-states.pdf>.

^{ix} Elizabeth Lower-Basch, Melissa Young, *Subsidized Employment: A Strategy to Address Equity and Inclusion in SNAP E&T Programs*, Center for Law and Social Policy, 2022, <https://www.clasp.org/publications/report/brief/subsidized-employment-strategy-address-equity-and-inclusion-snap-et/>.

^x Melissa Young, Nia West-Bey, *Designing Equitable Community Violence Intervention Strategies with Employment and Workforce Supports*, Center for Law and Social Policy, 2022, <https://www.clasp.org/publications/report/brief/designing-equitable-community-violence-intervention-strategies-with-employment-and-workforce-supports/>.

^{xi} *FACT SHEET: President Biden Takes Executive Actions to Tackle the Climate Crisis at Home and Abroad, Create Jobs, and Restore Scientific Integrity Across Federal Government*, The White House, 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/01/27/fact-sheet-president-biden-takes-executive-actions-to-tackle-the->

[climate-crisis-at-home-and-abroad-create-jobs-and-restore-scientific-integrity-across-federal-government/](#).

^{xii} Office of Management and Budget, *Interim Implementation Guidance for the Justice40 Initiative*, July 20, 2021, <https://www.whitehouse.gov/wp-content/uploads/2021/07/M-21-28.pdf>.

^{xiii} Maxine Joselow, Vanessa Montalbano, “The Climate 202: The Civilian Climate Corps was dropped from the climate bill. Now What?” *Washington Post*, September 8, 2022, <https://www.washingtonpost.com/politics/2022/09/08/civilian-climate-corps-was-dropped-climate-bill-now-what/>.

^{xiv} *Back to Work: Listening to Americans*, Gallup and Carnegie Corporation of New York, 2021, <https://www.gallup.com/analytics/329573/back-to-work-listening-to-americans.aspx>.

^{xv} Sapna Mehta, Emily Andrews, *Updating WIOA to Empower Workers and Create Shared Prosperity*, Center for Law and Social Policy, 2022, <https://www.clasp.org/publications/report/brief/updating-wioa-to-empower-workers-and-create-shared-prosperity/>.

^{xvi} Caitlin C. Schnur, Chris Warland, Melissa Young, *Framework for an Equity Centered National Subsidized Employment Program*, Heartland Alliance, 2021, <https://nationalinitiatives.issuelab.org/resources/37934/37934.pdf>.

^{xvii} Algernon Austin, Annabel Utz, *Toward Black Full Employment: A Subsidized Employment Proposal*, Center for Economy and Policy Research, September 2022, <https://cepr.net/report/toward-black-full-employment-a-subsidized-employment-proposal/>.