Workers across the United States are suffering. The labor market is much weaker than it appears, and adults and youth of color—especially women—are hurting the most. To promote an inclusive economic recovery, we need bold, large-scale, and transformative jobs solutions that can quickly get people back to work and intentionally reach those most harmed by the recession. Congress must enact an equity-centered national subsidized employment program in any recovery legislation.

What is Subsidized Employment?

Subsidized employment means the government partially or fully pays for workers’ wages, which encourages hiring of all kinds of workers and helps redress deep-seated economic inequities. 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. During the Great Recession, federal investments in subsidized employment connected more than a quarter-million jobseekers with low incomes to work.

Why Now?

Workers of color, women, young people, and other economically marginalized people have borne the brunt of COVID’s economic devastation. The official unemployment rate is just part of the story. In total, over 22 million workers have been economically harmed by the COVID-19 recession.

The United States has a shortfall of 11 million jobs. This deficit, if left unchecked, could take more than a year to reverse. Many of the job losses resulting from the COVID-19 pandemic are likely permanent.

More than 9 in 10 Americans (93%) favor a national initiative that creates paid work and job training opportunities as part of recovery efforts. Moreover, 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.

An equity-centered and permanent national subsidized employment program can support an inclusive COVID-19 economic recovery, increase job quality, expand access to green-economy jobs, bolster investments in traditional and caregiving infrastructure, and lay the groundwork for a more fair, just, and prosperous economy.
Over 20 million workers need the opportunity a subsidized job provides. An investment of $45 billion in federally subsidized employment would serve as a down payment on that need and begin to redress longstanding inequities.

A PROVEN RECOVERY STRATEGY

Through wide implementation and rigorous evaluation, we know that subsidized jobs programs work because they:

- Rapidly connect discouraged workers and chronically unemployed people to jobs;
- Significantly raise individual and family earnings;
- Help families pay for the basics like food and rent;
- Improve the lives of children;
- Contribute to reducing further criminal legal system involvement among people with records;
- Benefit business - and especially small business - by improving growth, productivity, financial health, and customer satisfaction;
- Have positive economic ripple effects in communities; and
- Are cost-effective in a variety of contexts.

SUCCESS STORIES

An evaluation of Michigan’s Earn and Learn program found that the program increased participant earnings by nearly 300% and led to greater rates of employment after completion.

For every $1 spent by employment social enterprises offering subsidized jobs to economically marginalized workers, society sees a return of $2.23.

Center for Economic Opportunity’s Young Adult Internship Program targets opportunity youth, offering 10-12 weeks of subsidized employment at 20 hours per week, more than doubling participants’ earnings.

Safer Foundation offers a subsidized employment program connecting Illinoisans impacted by the criminal legal system to career pathways and wages, even during the pandemic.

The United States needs bold, large-scale, and transformative jobs solutions. An equity-centered national subsidized employment program can support a COVID-19 economic recovery, open doors to economic opportunity for all jobseekers, and must be a part of any recovery legislation.