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Designed to Fit the Times: Flexible Design Elements for Subsidized Jobs Programs

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Subsidized employment programs offer job seekers who would otherwise be unemployed a government-funded, temporary paid job that helps them meet their basic needs, gain meaningful work experience, and build skills that will help them succeed in the workplace. These programs play a role in both good and bad economic times. Applying lessons learned from the Great Recession-era Temporary Assistance for Needy Families Emergency Fund (TANF EF),¹ federal lawmakers could use a variety of approaches to design a new federally funded subsidized jobs program that would offer states substantial flexibility while helping disadvantaged workers gain an important toehold in the labor market.

For subsidized employment programs to be most effective, their design needs to be consistent with their key purposes. During recessions, when joblessness is high, subsidized employment's primary purpose is to quickly provide work-based income support to unemployed workers to help them meet basic needs while also stimulating the economy. During good economic times, subsidized employment programs play an important income-supporting role for disadvantaged workers. But, these programs also seek to improve disadvantaged workers' long-term employment and other social outcomes — such as lower rates of recidivism for people leaving prison — through the creation of meaningful employment opportunities where they can gain work experience and learn transferable skills. These latter programs operate on a smaller scale and often provide disadvantaged workers supportive services such as on-the-job training, transportation assistance, intensive case management, and child care that aim to increase their success in the subsidized job and improve their chances of long-term employment success.

Despite evidence spanning four decades showing that subsidized employment programs boost employment and earnings, the U.S. government is not investing in a permanent national subsidized employment program with a dedicated funding stream. (See Box, “Evidence on Subsidized Employment Programs Boost Employment.”) If lawmakers were to consider investing in a

¹ Statutory language refers to the “Emergency Contingency Fund” but, to avoid confusion with the TANF Contingency Fund, which was created in 1996 when the TANF block grant was created, the U.S. Department of Health and Human Services referred to this fund as the Emergency Fund, a convention that we follow.

permanent program, they should consider crafting a program that is flexible enough to expand to meet the needs of many unemployed workers when the economy is weak, and contract, while continuing to provide needed employment support, when labor demand is stronger.

Lessons learned from the TANF EF suggest that a new federally funded subsidized jobs program could offer states substantial flexibility and include an evaluation to explicitly test various design elements.

States Used the TANF Emergency Fund to Reduce Hardship, Create Jobs, and Stimulate the Economy

The 2009 American Recovery and Reinvestment Act authorized the TANF EF — our most recent experience with a national subsidized jobs program — to help states cover the costs of providing assistance to low-income families suffering from the effects of the Great Recession. The TANF EF was a funding stream that operated through September 2010, which states could use to provide subsidized employment as well as ongoing cash assistance and non-recurring emergency assistance to help people weather the economic downturn. Despite having relatively little recent experience operating subsidized jobs programs, states seized this opportunity and placed about 260,000 low-income individuals in subsidized jobs in less than two years.

The TANF EF operated as a federal-state partnership. Federal funds covered nearly all the direct costs of operating the program: states had to contribute 20 percent of the costs of their programs but could use in-kind contributions (such as the cost of supervision and training provided by employers) as all or part of their match. Match requirements can be problematic during economic downturns, when states often face revenue shortfalls, and without this provision on in-kind contributions, fewer states likely would have created subsidized employment programs. The TANF EF left nearly all program design decisions — such as the length of the job placement and subsidy configuration — to the states (though its targeting restrictions were consistent with TANF's purposes).

Subsidized Employment Programs Boost Employment

Nearly every one of the rigorous evaluations of subsidized employment programs in a systematic review spanning 40 years showed that these programs increased employment among participants during the subsidy period, compared to members of a control group who weren't offered subsidized jobs. Programs have also produced large increases in earnings during employment in the subsidized job and some have resulted in net savings to society under a measure known as "social cost-effectiveness."^a For example, programs targeting people returning from prison and non-custodial parents (mostly with no recent work experience) in an ongoing demonstration in seven sites increased workers' earnings by nearly \$1,000 to \$3,000 in the first year, depending on the program. Some of these programs also reduced recidivism and most increased payment of child support.^b

Employment and earnings gains often fade when wage subsidies end, but programs that subsidize wages longer — for more than 14 weeks — appear to be likelier to boost employment and earnings over the longer run, although the effect of program length has not been evaluated as a standalone component of subsidized employment programs.^c For example, the National Supported Work Demonstrations — which provided 12- to 18-month subsidized jobs to disadvantaged workers in the mid-1970s — led to employment and/or earnings gains among most of the participants during the 19- to 36-month post-program period. Workers who participated in the Aid to Families with Dependent Children Homemaker-Home Health Aide Demonstration, which provided up to 12 months of subsidized work and occupational training to women receiving cash assistance in the mid-1980s, on average saw an increase in their hours worked and earnings nearly two years after program entry.^d

There is still much to learn about how to design subsidized employment programs to maximize their effect on employment, earnings, and other positive outcomes. The U.S. Department of Health and Human Services (HHS) and U.S. Department of Labor (DOL) are conducting multisite evaluations of the "next generation" of subsidized employment programs that may provide evidence on effective design elements. Launched in 2010, these projects are evaluating 13 subsidized employment programs in ten locations, with the goal of further building evidence on what works to improve participants' long-term success in the labor market. The HHS project, the Subsidized and Transitional Employment Demonstration (STED), targeted Temporary Assistance for Needy Families (TANF) recipients and disadvantaged youth and adults. It is testing some programs that were created or expanded under the TANF Emergency Fund but continued after it expired. The DOL project, the Enhanced Transitional Jobs Demonstration (ETJD), provided \$40 million in competitive grants to seven programs to serve individuals returning from prison or low-income non-custodial parents (usually fathers).^e Final evaluations on economic well-being are scheduled for 2018.

^a Indivar Dutta-Gupta *et al.*, "Lessons Learned from 40 Years of Subsidized Employment Programs: A Framework, Review of Models, and Recommendations for Helping Disadvantaged Workers," Georgetown Center on Poverty and Inequality, Spring 2016, <https://www.law.georgetown.edu/academics/centers-institutes/poverty-inequality/current-projects/upload/GCPI-Subsidized-Employment-Paper-20160413.pdf>.

^b Cindy Redcross, Bret Barden, and Dan Bloom, "The Enhanced Transitional Jobs Demonstration: Implementation and Early Impacts of the Next Generation of Subsidized Employment Programs," MDRC, OPRE, and U.S. Department of Labor, November 2016, https://wdr.doleta.gov/research/FullText_Documents/ETAOP-2016-07_The%20Enhanced%20Transitional%20Jobs%20Demonstration%20Implementation%20and%20Early%20Impacts%20of%20the%20Next%20Generation%20of%20Subsidized%20Employment%20Programs.pdf.

^c Dutta-Gupta *et al.* (2016).

^d *Ibid*; "Supported Work: End of the Era of Social Experiments," Institute for Research and Policy, University of Wisconsin-Madison, *IRP Focus*, Vol. 5, No. 3 (1982), <http://www.irp.wisc.edu/publications/focus/pdfs/foc53a.pdf>; Stephen Bell and Larry L. Orr, "Is Subsidized Employment Cost Effective for Welfare Recipients? Experimental Evidence from Seven State Demonstrations," *Journal of Human Resources*, Vol. 29, No. 1 (1994).

^e Dan Bloom, "Testing the Next Generation of Subsidized Employment Programs: An Introduction to the Subsidized and Transitional Employment Demonstration and the Enhanced Transitional Jobs Demonstration, OPRE Report 2015-58," MDRC, May 2015, https://www.acf.hhs.gov/sites/default/files/opre/es_etjd_sted_shortreport_2015.pdf.

The TANF EF demonstrated that, with adequate funding, states can quickly launch and operate large-scale subsidized employment programs. In all, 39 states, the District of Columbia, Puerto Rico, the Virgin Islands, and eight Tribal TANF programs received approval to use \$1.3 billion from the fund to create new subsidized employment programs or expand existing ones. States used the TANF EF funds to operate programs for both adults and youth. Of those 39 states, a total of 33 states operated programs targeted to adults, and 24 states and the District of Columbia operated programs targeted to youth. The 260,000 subsidized job placements were split almost equally between year-round programs that served mostly adults and summer and year-round programs that served youth (up to age 24).² States took full advantage of the flexibility the TANF EF afforded them. The programs differed on a number of dimensions, including the target population, how they were administered, the type of employment placements offered, and the amount and duration of the subsidy.

Earlier large-scale national subsidized employment programs — such as the one created under the New Deal in the 1930s — were far larger than the TANF EF. For example, at its peak, the Depression-era Works Progress Administration provided jobs for 3.3 million unemployed Americans, about 6 percent of the workforce.³ The next national subsidized jobs program of substantial size was the Public Sector Employment component of the Comprehensive Employment and Training Act, created about 30 years later, in 1973. At its peak, it employed more than 700,000 individuals in state and local government positions.⁴

How Program Purpose Influences Design Elements

A subsidized employment program's core purpose should be reflected in its key design elements. These elements include the target population, work placement strategy, subsidy structure, and funding structure. A key feature of the TANF EF was its flexibility: states decided how best to use the funds to serve families in need. States were required to use the funds to provide subsidized jobs to needy parents or youth (including young adults), but they could otherwise decide how to design and administer their programs to meet their communities' needs. This made it possible for states to operate large statewide countercyclical programs, as well as smaller programs targeted to population groups or geographical areas that faced particular labor market challenges, such as non-custodial parents and rural communities with especially high rates of unemployment. The flexibility also increased political support for the Emergency Fund within states.

In contrast, several legislative proposals for subsidized jobs that have been proposed in recent years were more prescriptive than the TANF EF guidelines, and in some cases, were designed with a more narrowly defined purpose. For example, some proposals limited the length of time that an

² The remaining \$3.7 billion in the TANF EF covered increased costs associated with providing basic assistance and nonrecurrent, short-term benefits, such as assistance to avoid eviction and potential homelessness. LaDonna Pavetti, Liz Schott, and Elizabeth Lower-Basch, "Creating Subsidized Employment Opportunities for Low-Income Parents: The Legacy of the TANF Emergency Fund," Center on Budget and Policy Priorities and CLASP, February 2011, <https://www.cbpp.org/sites/default/files/atoms/files/2-16-11tanf.pdf>.

³ Clifford Johnson, "Shattering the Myth of Failure: Promising Findings from Ten Public Job Creation Initiatives," Center on Budget and Policy Priorities, December 22, 1997, <http://www.cbpp.org/cms/index.cfm?fa=archivePage&id=1222jobcr.htm>.

⁴ *Ibid.*

individual can be placed in a subsidized job, established a precise subsidy structure, and/or targeted a specific group, such as youth.

The subsidized employment program's purpose should influence its core design elements in the following ways:

- **Target population.** During an economic downturn, subsidized employment's primary purpose is to provide income support to unemployed workers, helping them meet basic needs, while also helping businesses weather low demand and stabilize non-profits when their funding shrinks. The goal is to dedicate the resources towards wages for as many unemployed people as possible to act as a quick economic stimulus and to cushion the impact of high unemployment on families. Due to high rates of joblessness and limited funding, large-scale countercyclical subsidized employment programs target low-income unemployed workers, many of whom have recent employment experience and simply need a way to earn money until the economy recovers.

Smaller, more targeted programs provide paid work opportunities to individuals who need extra help to secure stable employment in both good and bad economic times — such as those with limited education and work experience, young people making the transition to adulthood, individuals with disabilities, and justice-involved individuals. These programs are often referred to as transitional jobs (TJ) programs and tend to serve a specific group of individuals. Some TJ programs seek to improve participants' employability by providing them with paid work experience that will help build work skills that will increase their chances of successfully finding unsubsidized employment when the program ends. Other TJ programs have the goal of providing income support to people who need long-term subsidies, such as some workers with behavioral health challenges or limiting physical disabilities.

- **Work placement strategy.** Subsidized employment programs can vary substantially by which employers and sectors they target, what they require of employers, and which entity pays the employee's wages (known as the employer of record). Programs can target employers in the public, non-profit, or private sectors; some programs limit jobs to a certain sector, such as private or public employers only. While subsidized jobs are intended to be temporary, some programs encourage employers to consider their subsidized employees for permanent positions that become available during their tenure. Further, in some programs, employers are responsible for hiring, supervising, and paying wages and are then reimbursed for all or part of their costs. In others, an intermediary acts as the employer of record and is responsible for recruiting participants, developing placements, and paying participants' wages.

If the purpose of the subsidized employment program is to place a large number of participants quickly — such as during an economic downturn — intermediaries with the ability to handle payroll for large numbers of individuals and with strong connections to private sector employers and non-profit agencies can better facilitate the job placement process and reduce the employers' administrative burden, as TANF EF programs in Illinois and Los Angeles demonstrated.⁵ Programs also may need to publicize widely and to identify employers that can accept multiple workers. Public and private employers are often best suited to such instances, but large non-profits also have a role to play. (The private sector is

⁵ Pavetti, Schott, and Lower-Basch.

especially well-suited as it has the most jobs and as a result, loses the bulk of the jobs in a recession.) Also, more employers may be willing to participate if the program imposes minimal expectations on them regarding participants' continued employment after the subsidy ends and minimizes the paperwork burden.

If the strategy is to increase the workers' chances of employment after the subsidy ends — more common during a non-recessionary period — programs can target placements to employers that can reasonably expect to hire participants when the subsidy ends, and ask for a commitment to do so (taking performance into account, of course). Programs should also target placements within growing industries, and those where participants are not in direct competition with large numbers of workers who have more experience. To have the best matches between workers and employers, programs need to invest up front in job development and placement. For workers with the greatest needs, finding employers that understand their circumstances and are more flexible in their expectations is crucial. Non-profits often provide the best initial placements for people with the greatest needs, but some programs have also had success working with private sector employers while others have successfully used work crews with dedicated supervisors working under government contracts. These steps require more resources than programs that aim to place many workers quickly, meaning the tradeoff is that these programs will place a smaller number of participants in jobs and do so less quickly, making them less suited to programs designed to provide employment to large numbers of people during an economic downturn.

- **Subsidy structure.** There are numerous ways to configure the wage subsidy. A program can subsidize all or part of the worker's wage with government funds, with the option of using a graduated approach in which the subsidy declines over time. Full wage subsidies may be needed to encourage employers to provide employment opportunities to individuals who do not yet have the skills they require of their regular employees or to provide employment opportunities when demand for their product or service is weaker.

Programs can also set a maximum wage subsidy — which can be the prevailing wage or a flat amount (often the minimum wage) — and they decide how long the wage subsidy will be available to the worker and employer (typically several months to more than one year) as well as the number of hours the subsidy covers per week.⁶ How to set the wage is more complicated in programs operating during a recession, as program participants are likely to have a broad range of skill levels. But, paying higher wages means programs can serve fewer people and may reduce the incentive for participants to take unsubsidized jobs that become available. Programs also determine which expenses, if any, beyond wages the subsidy will cover, such as payroll taxes, on-the-job training, supervision, and overhead expenses.

Programs can configure the subsidy to contain costs or attract employers. If the goal is to reduce costs — either to serve more people or provide supportive services, for example — the program can limit the maximum wage subsidy and/or its duration, and it can ask employers to pay a share of the program costs. To reduce costs while also targeting employers that are more invested in workers and able to keep them at the end of the subsidy period, programs can partially offset wages or phase out the subsidy over time. If the program is

⁶ There are some exceptions. In the case of programs funding by the TANF EF, many states did not set an explicit maximum number of months for the subsidy because they only planned to operate their programs through the end of September 2010, when the program was scheduled to end.

countercyclical and the goal is to serve many participants, it could pay a larger share of the costs to quickly attract more employers. Employers may also be attracted to longer-lasting subsidies, which could deserve consideration during both good and bad times due to hard-to-employ workers' special needs and the low demand for workers, respectively.

- **Training and supervision.** While some subsidized employment programs may offer only a temporary job, others may provide skills training and work site supervision to improve an individual's connections and employability in future jobs. A program may offer the worker pre-employment job readiness training, on-the-job training, or classroom-based training. Programs may also offer services to help workers who have limited work experience to develop the soft and life skills that they need to be successful — such as financial literacy and business etiquette — but target them to the most disadvantaged workers to maximize use of the funds available. If adequate funding is available, programs may seek to identify ways to leverage the subsidized job experience to provide credentials, references, and work-readiness certificates. For workers with little work experience, programs may offer on-the-job coaching and require closer employer supervision, both of which would raise program expenses and reduce the program's reach. These additional supports and services are most needed when programs target individuals with limited work experience and aim to increase participants' skills and employability.
- **Work supports and services.** Programs that target populations with substantial barriers to employment often have the dual goal of providing income support *and* improving long-term employment after the subsidized job ends. To achieve the latter goal, in addition to the training outlined above, programs can provide disadvantaged, low-wage workers supports that make it easier to stay on the job. These services and supports may include child care, transportation assistance, case management, and social services such as mental health, among others. Programs decide whether these services are tailored on a case-by-case basis or available to all participants. To help individuals that need additional assistance after a subsidy ends, some programs offer job search help and retention services.

Service delivery can vary by program as well. Some programs have referral processes in place to connect workers with government and/or non-profit programs that provide these supports and services. In other programs, the intermediaries directly provide the supportive services to the participants. During an economic downturn, however, there may be fewer resources to provide costly work supports and services — even though many workers would need them — because states may decide to put the bulk of their resources towards the primary goal of providing employment opportunities.

- **Funding.** There are multiple options for funding subsidized employment programs. Some recent programs have been funded as competitive grant programs, often targeted to specific populations such as justice-involved individuals. State-funded programs have tended to be more broadly targeted to unemployed or underemployed individuals, although some have been targeted to select groups, such as TANF recipients. The TANF EF provides an example of a broader approach: all states were eligible to receive funds, which they could then decide how to target.

An additional issue for federal programs is how much states are required to contribute. Competitive programs usually require some matching contribution, although the amount and the extent to which in-kind contributions from program operators and employers can be

considered varies. Funding considerations are especially important during economic downturns when states face significant financial pressures.

Strategies for Creating a Flexible Subsidized Employment Program to Better Meet Changing Need

Subsidized employment programs have a long history in the United States, but we lack a federal infrastructure that would allow these programs to become a standard feature of the way the government assists unemployed individuals. There would be several advantages to creating this permanent infrastructure. First, such an initiative would, on an ongoing basis, develop employment strategies for individuals who have the hardest time finding paid employment. Second, an ongoing program would provide a ready-made platform that could be scaled up quickly to act as an automatic stabilizer during economic downturns. Finally, such an initiative would provide a platform for continuing to develop evidence on the most effective strategies for helping unemployed workers and reducing poverty.

Without solid evidence that one program design is better than another, lawmakers can consider multiple models for a new, permanent federally funded subsidized jobs program. Federal policymakers face three overarching decision points: how much flexibility in program design elements (such as target populations, length of subsidized jobs, and subsidy levels) they give states versus which of these elements they set nationally; the amount, if any, that states must contribute towards program costs; and how the program's funding and basic design will change during downturns. Because there is much still to learn about how to design subsidized employment programs to maximize their impact, a new initiative should set aside funding for evaluation efforts.

Setting Design Guardrails While Providing States Flexibility to Tailor Approaches

When creating a permanent national subsidized employment program, federal policymakers must determine the extent to which they will set basic program design elements and what they will allow states to decide. Lawmakers can set minimum guardrails but grant states broad flexibility in program design — similar to TANF EF — or they can restrict state options by being more prescriptive, establishing many of the parameters for design elements in statute.

It is reasonable for Congress to set parameters for target populations and eligibility criteria to ensure that the subsidized jobs programs serve individuals who are indeed struggling in the labor market. When the economy is strong, these parameters should ensure that the programs target groups that have labor market challenges even when overall unemployment is low. The parameters should loosen targeting requirements during downturns, when a broader set of workers are out of work. But given differences in local labor markets and demographics — and a lack of evidence that subsidized jobs should always be prioritized in a particular manner — there are strong reasons to give states and communities flexibility to prioritize target groups based on local needs.

Similarly, Congress may want to set acceptable ranges for design choices in other areas — such as the subsidized wage rate, a minimum placement length, or minimum supportive services that must be provided to workers — to ensure that the programs are robust enough to meet jobless workers' needs. For example, a program that is too short or does not provide a large enough wage subsidy is unlikely to be effective for workers with the most significant barriers to employment, so setting minimum standards in these areas along with targeting requirements can help ensure that these

groups are served. Any permanent program should include an evaluation to explicitly test various design elements.

The TANF EF experience demonstrated that states made different — and reasonable — choices when provided flexibility within certain parameters. States and localities operated and designed the programs to fit their target populations’ circumstances and in ways suited to their communities’ resources and administrative structures.⁷ For example, in West Virginia, which had lower wages and higher poverty than most states, only individuals living at or below 100 percent of the federal poverty level were eligible, and the state targeted areas of high unemployment. The subsidies paid 100 percent of the prevailing wage, covered no payroll taxes or worker’s compensation, and required a minimum of 30 hours of work per week. In Illinois — a state that had higher wages and lower poverty than West Virginia — individuals living at or below 200 percent of the federal poverty level were eligible. The subsidies paid 100 percent of the wage up to \$10 per hour, covered some payroll costs, and covered up to 40 hours of work per week. While some of the state subsidized programs shared common design elements such as subsidy configuration, no two were exactly alike.⁸

States also made different decisions about which state agency operated the program. For example, many states operated their programs in collaboration with the state workforce investment agencies and local boards, while others delivered services through their existing TANF employment services infrastructure. A few states and counties used a third-party intermediary to run the entire subsidized employment program, including acting as the employer of record. In a permanent program, however, the federal government may want to be more prescriptive about collaboration among state agencies operating certain federal programs.

Determining Federal and State Investment Levels

Federal policymakers will need to decide how much to spend on subsidized jobs during good economic times, whether to require states to match the federal funds, the type of funding stream, and how both federal and state funding should adjust during downturns.

- **Capped vs. open-ended funding.** Congress can establish a fixed pot of funding or can allow states to draw down funds on an “open-ended” basis, meaning that there is not a fixed federal cap on the amount any particular state can spend on its subsidized jobs program, though costs can be constrained by limiting the target populations or requiring states to match federal funding. Generally open-ended programs that are run by states require a state match. SNAP (formerly food stamps) is an exception; the cost of SNAP is limited by federal eligibility requirements and benefit levels that define the eligible population and the amount of benefits they can receive. Without a state match, an open-ended federal program likely would need to be more prescriptive in terms of the target population and cost per slot.
- **State funding requirements.** Both capped and open-ended programs can have a state matching requirement, which means that states must contribute state funds in order to qualify for some or all of the federal funds. State match requirements increase the program’s overall size by adding state funds to the federal commitment, but can make it less likely that states will

⁷ Pavetti, Schott, and Lower-Basch.

⁸ See Tables A-2 and A-3 of Pavetti, Schott, and Lower-Basch to learn how each participating state set up its various design elements.

choose to participate. Offering a higher match rate to lower-income states can make it more likely that poorer states participate. This is how Medicaid's match rate works.

- **Type of funding stream.** Congress can distribute federal funding through a funding formula, competitive grants, or both. Under a formula funding stream, every state could access federal dollars to use as a base to build off and invest in their subsidized jobs program. Under a competitive grant structure, Congress could direct federal dollars to specific states and localities to test bold ideas, assess areas of greater need, or implement programs with high standards. Or, Congress could establish two or more separate but synchronized funding streams.
- **Funding during downturns.** During a recession, the need for subsidized jobs will rise significantly while state revenues will fall, making it harder for states to match federal funds. Thus, to be an effective countercyclical program, federal funding should increase automatically when economic conditions in the state worsen (measured by, for example, changes in the unemployment rate) and decline back to base levels once conditions improve. During recessions, state match requirements should either fall or be eliminated.

Responding to Changing Economic Circumstances

Beyond the funding mechanism, federal policymakers could include a built-in trigger that automatically grants states additional flexibility in how their program is designed in the event of an economic recession. This would allow states to quickly broaden the scope of their program beyond the target groups established in the base program to fit local needs, without seeking waivers or permission from the federal government, within reasonable boundaries to ensure that the funds are used to provide jobs to people who need them. Once economic conditions were clearly improving, the additional flexibility would be triggered off and the program would return to its original structure.

Los Angeles County, California, offers an example of a locality that used the TANF EF (and its flexibility) to expand its subsidized employment program, modify the design elements, and then reduce the scale of the program as the economy strengthened. Beginning in 2003, the program served about 500 TANF recipients per year, placing them in non-profit and public-sector jobs while providing supportive services. When the program expanded in the aftermath of the Great Recession, it expanded job opportunities to the private sector and offered more generous wage subsidies, serving nearly 11,000 individuals between April 2009 and September 2010.⁹ After the TANF EF ended, the county continued to operate a smaller program with a mix of its allocation of TANF block grant funding and state funding. While the program continued to partner with private employers, it shifted its focus from short-term economic stimulus to helping hard-to-employ individuals and reduced the subsidy duration from six to 12 months to four months. It also reduced the wage level from \$10 per hour to \$8 per hour.¹⁰

⁹ Anne Roder and Mark Elliot, "Stimulating Opportunity: An Evaluation of ARRA-Funded Subsidized Employment Programs," Economic Mobility Corporation, September 2013, <https://economicmobilitycorp.org/wp-content/uploads/2018/01/Stimulating-Opportunity-Report.pdf>.

¹⁰ See Figure 2.2 of Roder and Elliot.

Looking Ahead

Although the TANF EF has expired, the need for policies that can improve disadvantaged workers' skills and job prospects — and their families' economic security — remains. And, the need for such policies will drastically increase during the next recession, and strong and swift federal and state intervention will be required to keep jobless individuals and families afloat. The TANF EF's legacy should be used to create innovative subsidized employment programs that help people earn income, gain work experience, and build skills. These programs should be tested, and because there is still much to learn about how to design these programs in a way that maximizes their impact, the demonstration projects by the Health and Human Services and Labor Departments should be the beginning, not the end, of a new commitment to build subsidized employment programs into our safety net for unemployed adults.