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TOWARD A COMPREHENSIVE, INCLUSIVE, AND EQUITABLE SUBSIDIZED EMPLOYMENT INITIATIVE IN DETROIT

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INTRODUCTION

Detroit's economy, like that of the rest of the nation, has experienced significant improvement over the course of the last ten years. However, in spite of lower unemployment and rising economic growth in Detroit, many residents of the city remain chronically unemployed and have few opportunities to take part in the city's burgeoning prosperity. Labor force participation in Detroit remains low, and unemployment and poverty remain high relative to the rest of Michigan and other big cities nationally. Moreover, the benefits of Detroit's economic growth are not being shared equitably; economic and employment outcomes are worse for black Detroiters, and better-paying jobs in the city's growth sectors go disproportionately to white and suburban workers.

Clearly, many working-age Detroiters face barriers to employment that prevent them from accessing work even during good economic times—economic growth alone is not enough to raise them out of poverty. Detroit needs policies and programs to assist those residents who are likely to live in poverty and chronic unemployment regardless of the state of the overall economy, so they can participate in a more broadly shared prosperity. If Detroit fails to act, the current trends of increasing economic inequity are likely to continue—and get worse when the next recession comes.

A city-wide subsidized employment initiative focused on employing those Detroiters not currently engaged in the labor market could put large numbers of people to work quickly and set them on a trajectory of employment and earned income. It would also serve to prove to local employers that chronically unemployed Detroiters can and will work, in order to reframe these individuals as valuable members of the Detroit workforce. Finally, it would demonstrate that Detroit is taking concrete steps toward creating a more equitable, inclusive economy.

This paper contains an evidence-based rationale for building a citywide subsidized employment initiative to put chronically unemployed Detroiters to work, recommendations for program goals, structures, policies, and service delivery, as well as guidance for ensuring that the proposed initiative is as equitable and inclusive as possible.

WHY IMPLEMENT SUBSIDIZED EMPLOYMENT IN DETROIT?

Detroit appears to be particularly positioned to benefit from a citywide subsidized employment initiative. Detroit's large, chronically unemployed population desperately needs income but cannot successfully access the region's labor market even in a strong economy. Subsidized employment is one proven way to help these individuals get to work and earn income to support their families.

Many working-age Detroiters are not participating in the labor force. Detroit's official unemployment rate has declined impressively—down to 8% in April from over 25% ten years agoⁱ—and this phenomenon certainly represents a reduction in hardship and suffering for many Detroiters. However, labor force participation in Detroit remains low: as of 2017, less than 54% of working-age Detroit residents were either working or actively looking for work.ⁱⁱ This large group of Detroiters who are not engaged with the workforce represents a huge pool of untapped labor, forfeited productivity, and unrealized potential.

Many Detroit jobseekers face multiple and serious barriers to employment. An analysis of Detroit jobseekers seeking services through the public workforce system under Michigan Works! determined that, particularly during this period of economic recovery, a high proportion of unemployed Detroiters face multiple and significant barriers to employment that inhibit their ability to participate in the city's job growth, such as a criminal record, lack of transportation or childcare, or basic skills needs.ⁱⁱⁱ Since jobseekers engaged with the Michigan Works! system are actively seeking employment services, it is likely that Detroit's population of chronically unemployed working age adults who are not actively engaged in looking for work face even greater and more numerous barriers. It is likely that the Detroiters who would participate in a city-wide subsidized employment initiative would share similar characteristics with participants in Detroit's implementation of Michigan Earn and Learn, among whom 25 percent had never had a job, 32 percent had been out of work for over two years, 44 percent had a high school diploma or less, and over a third had been incarcerated.^{iv} These individuals, who are not working even during a strong labor market, and who cannot easily be accommodated by typical public workforce development services, are exactly the individuals who stand to benefit the most from access to subsidized employment.

Detroit's labor market and economy exhibit problematic inequities. Detroit's recent job growth is not equitably benefitting all Detroiters. In fact, most jobs located within Detroit are held by people who do not live in Detroit, and the workers commuting from outside the city are 58 percent white although the Detroit population is 80% black. In-commuting workers also tend to earn more and work in jobs that require more education and skills.^v Black workers in Detroit are more likely to work in low-quality, low-growth jobs, and, on average, black workers in Detroit earn \$3.20 an hour less than white workers.^{vi} These wage disparities are exacerbated by disparities in overall employment; in Detroit, 59 percent of the racial income gap is attributable to differences in hours worked, compared with 39 percent nationally.^{vii}

These factors—low labor force participation, individuals facing serious barriers to employment, and economic racial inequities—call for a comprehensive response. A citywide subsidized

employment initiative focused on chronically unemployed Detroiters can be an important part of that response, primarily through the demonstrated ability of subsidized employment to quickly connect large numbers of people with employment who would not otherwise be working.

BACKGROUND AND SUPPORTING EVIDENCE FOR SUBSIDIZED EMPLOYMENT

Subsidized employment has been periodically used in the United States as a means to counteract unemployment during economic downturns, most notably through the Works Progress Administration and the Civilian Conservation Corps during the Great Depression.¹ More recently, as part of the American Recovery and Reinvestment Act (ARRA), the TANF Emergency Contingency Fund was leveraged to allow states to fund subsidized employment initiatives to stem job loss and support small businesses during the Great Recession. In addition to the objectives of stimulating the economy and counteracting job loss during recessions, subsidized employment has frequently been used to provide work experience and skill development to people who face challenges in connecting to work even when the economy is strong. Subsidized employment programs specifically designed to develop employment skills among chronically unemployed individuals, often referred to as transitional jobs² programs, combine subsidized employment opportunities with support services and employability training in order to help individuals transition into unsubsidized employment in the competitive labor market.

Subsidized employment models have been extensively and rigorously evaluated, and have demonstrated a number of positive benefits for a range of populations,^{viii} including meeting unmet needs for employment and income, reducing reliance on public benefits, reducing recidivism among returning citizens, and improving measures of family wellbeing and children's academic performance.³ The statewide initiatives implemented under ARRA further

¹ For a comprehensive history and overview of subsidized employment initiatives in the U.S., see Dan Bloom's MDRC paper *Transitional Jobs: Background, Program Models, and Evaluation Evidence*, at https://www.acf.hhs.gov/sites/default/files/opre/tj_09_paper_embed.pdf

² This paper intentionally refers to "subsidized employment" as opposed to "transitional jobs" throughout in order to reflect a broader set of goals and objectives relative to a typical transitional jobs program, as well as in acknowledgement that short-term, time-limited subsidized work is unlikely to address all of the structural and systemic barriers preventing chronically unemployed Detroiters from meaningfully participating in the region's competitive labor market. Our recommendations for longer-term or indefinite wage subsidies for some workers, efforts to change employer behaviors and perceptions, and policy changes to make the structure of Detroit's, Michigan's, and the nation's economy more equitable and inclusive reflect these goals. However, many of the features that distinguish transitional jobs from other types of subsidized employment are present here: robust support services, skill building opportunities, and job development services to connect participants to permanent unsubsidized jobs are all essential to the success of the proposed initiative.

³ For a comprehensive review and analysis of subsidized employment research, see Indivar Dutta-Gupta, et.al. from the Georgetown Law Center on Poverty and inequality: *Lessons Learned from 40 Years of Subsidized Employment*

demonstrated that subsidized employment initiatives can be quickly implemented and scaled, put large numbers of unemployed individuals to work rapidly and cost-effectively^x, are popular with employers and workers, and are especially beneficial to long-term unemployed individuals and those experiencing barriers to employment.^x

In addition to the benefits realized by subsidized workers and their families, these initiatives, especially when focused on individuals facing barriers to employment, also deliver community economic benefits as new workers contribute to economic productivity, pay taxes, and spend wages with local businesses. Because low-income individuals tend to spend income immediately and locally, the economic multiplier effects of subsidized employment support the overall economic health of communities. An analysis of the economic multiplier effects of a subsidized employment program in Chicago estimated that every dollar of subsidized wages paid in low-income communities resulted in about \$1.78 in local economic activity, resulting in additional employment and community economic benefits beyond the subsidized wages.^{xi} Finally, the infusion of new earned income into low-income households would likely impart many of the same benefits shown by cash transfers, which include increased school attendance, increased use of health services, and increased household savings.^{xii} Moreover, cost-benefit analyses have found positive returns on investment for some subsidized employment programs, largely due to justice system cost savings associated with reduced recidivism.^{xiii}

Perhaps most significantly, subsidized employment programs reliably meet an otherwise-unmet demand for paid employment among large segments of the population who are not accommodated by competitive labor markets. As such, these programs offer large and immediate increases in employment and income among people who would not otherwise be working and face an acute need for income.

The latest research: Recently, new findings have been released from two large-scale, multi-site, random-assignment demonstration projects: The Enhanced Transitional Jobs Demonstration (ETJD) through the U.S. Department of Labor, and the Subsidized Transitional Employment Demonstration (STED), through the U.S. Department of Health and Human Services. These findings can provide additional guidance for program design for a Detroit initiative. First, as have prior studies, these demonstrations consistently found large, rapid increases in employment and earnings as participants accepted and participated in subsidized jobs. This finding further confirms that many people who are not currently participating in the labor force are willing and able to work if barriers to employment are removed. In addition, these effects are greatest in programs that rapidly connect participants with paid work—work participation rates approach 100% in some initiatives that can introduce participants to paid work within a few days.^{xiv}

These studies also further confirmed that the benefits of subsidized employment are concentrated among participants facing the greatest barriers, reinforcing the need to prioritize the intervention for those who need it the most. The findings also offer new evidence on how

Programs, at <http://www.georgetownpoverty.org/wp-content/uploads/2016/07/GCPI-Subsidized-Employment-Paper-20160413.pdf>

program structure matters for individuals facing more barriers and those with less prior work experience. Low-barrier positions with nonprofits and public sector agencies are more accessible to individuals facing more barriers, which means that initiatives focused on serving populations with more barriers, such as in Detroit, should offer an adequate portion of subsidized positions in the public and nonprofit sectors.^{xv}

It is important to also acknowledge the **limits of subsidized employment**. Long-term labor force attachment doesn't always persist beyond the subsidy period, most likely due to structural factors beyond the scope of program-level solutions of any kind to remedy. Subsidized employment initiatives, even large and inclusive ones, are not likely to significantly impact structural labor market factors that affect individuals' ability to access employment, such as employer discrimination and bias, poor job quality and low prevailing wages for entry-level work, spatial mismatches between available jobs and job-seeking populations, or (real or perceived) skills mismatches between employer requirements and jobseekers' skill levels as well as the collateral consequences of a criminal record which often limits or outright bans individuals from entering certain jobs or obtaining occupational licenses. Policy and systems-level solutions are necessary to address many of these structural factors. Moreover, some personal barriers to employment such as substance use disorder or mental illness cannot be appropriately addressed by subsidized employment programming, although evidence shows that many people experiencing those barriers can and do work if provided the appropriate supports. Overall however, no other workforce intervention has the proven ability to rapidly put large numbers of unemployed individuals to work and put earned income into the pockets of those who need it the most.

LESSONS FROM DETROIT'S PEERS

Interviews with representatives from cities that currently support or operate subsidized employment programs—Chicago, Milwaukee, and San Francisco—yielded a number of common themes and some valuable guidance for Detroit:

- All of the city leaders expressed confidence in the value of subsidized employment for the residents of their cities and intended to continue offering subsidized employment programming. Subsidized employment helps cities achieve their goals of economic advancement and self-sufficiency for city residents.
- Some interviewees saw subsidized employment as filling a critical gap for jobseekers who could not be appropriately served through the standard employment services offered through the local public workforce system.
- Interviewees identified the strategic value in using city departments as venues for subsidized employment to take place for workers who could not be placed with private sector employers. Typically, subsidized placements were in the city's public works departments.

RECOMMENDATIONS FOR THE PLANNING AND IMPLEMENTATION OF SUBSIDIZED EMPLOYMENT IN DETROIT

Establish and prioritize project goals:

Subsidized employment initiatives can be designed and structured to achieve a variety of objectives, from counteracting rising unemployment during economic downturns to reducing recidivism among individuals returning to communities from incarceration. In order to determine how a subsidized employment initiative in Detroit should be structured it is important to first clearly establish and prioritize the city's goals for such a project. Based on the current state of Detroit's labor market and the characteristics of Detroit's chronically unemployed residents, the city should consider prioritizing the following objectives:

- **Address racial inequities in Detroit's economy.**

Chronic unemployment and poverty disproportionately affect communities of color in general and black communities specifically, and this phenomenon is especially acute in Detroit. A subsidized employment initiative in Detroit could run the risk of perpetuating racial inequities rather than remedying them unless specific care is taken to prioritize equitable outcomes in every aspect of project design. For example, policies excluding people with criminal records from subsidized employment opportunities would perpetuate the racial inequities of the criminal justice system. Specific program design features to help ensure equitable program access and employment outcomes are described in detail below, and include: creating subsidized employment opportunities that can be accessed and performed by anyone regardless of barriers or skill level; adopting a policy of zero exclusion and not screening out candidates based on "readiness," "motivation," criminal record, or other barriers; providing robust, individualized barrier mitigation services; and creating systems to monitor and evaluate the program's outcomes with regard to equity.

4 WAYS that communities can begin to apply a race equity lens to systems change solutions:

1. Disaggregate data by race and ethnicity and analyze it
2. Understand disparities and learn why they exist
3. Look at and understand community-based challenges from a root cause and structural standpoint
4. Name race explicitly when talking about problems and solutions.

- **Reduce poverty and support economic wellbeing in communities.** Detroit's poverty rate remains among the highest of US cities, at 37.9% according to the latest Census figures.^{xvi} A subsidized employment initiative could help reduce poverty in Detroit in a number of ways. First, most Detroit residents living in poverty need to increase their earned income in order to have a chance at escaping poverty, and subsidized jobs offer

a nearly immediate, large-scale increase in earned income. Subsidized employment also offers individuals and families living in poverty access to the Earned Income Tax Credit, which is one of the largest and most efficient federal antipoverty programs, but requires that recipients work in order to benefit from it. In addition, as noted above, the infusion of earned income into communities experiencing poverty can have positive impacts beyond those experienced by the worker, as the economic ripple effect boosts local economies and strengthens family relationships.

- **Stem benefit loss due to work requirements.** Subsidized employment may be used to help protect Detroit residents from losing public benefits as a result of Michigan’s current and forthcoming work requirements attached to SNAP and Medicaid. Although there is clear evidence that tying public benefits to work requirements does not reduce poverty or improve employment outcomes,^{xvii} based on the current political realities in Michigan this may be a critical function of Detroit’s initiative. The availability of accessible, low-barrier subsidized employment opportunities may be used to help protect vulnerable Detroiters from losing essential nutrition and health benefits. This may necessitate support services to assist program participants with verification and reporting requirements related to work requirement compliance.
- **Increase labor force participation among chronically unemployed Detroit residents.** Subsidized employment can be a particularly effective strategy for rapidly employing people who would not otherwise be working, which makes it a good choice for increasing Detroit’s stubbornly low labor force participation rate. The chronically unemployed residents of Detroit represent a large, untapped pool of prospective workers, most of whom almost certainly want to work and would work if provided the right opportunity and supports. A subsidized employment initiative can provide tangible evidence of the productive potential of this population and set individuals on a course of stronger labor force attachment.
- **Change local employers’ perceptions and practices.** Survey research of employer partners in ARRA-funded subsidized employment initiatives suggests that subsidized employment programs can help positively change employers’ perceptions of populations facing barriers to employment.^{xviii} More broadly, a successful Detroit subsidized employment initiative may influence the perceptions of employers even if they don’t partner or act as worksites. If a high percentage of chronically unemployed Detroiters take up subsidized employment positions, local employers may come to see those participants as representing a viable, untapped labor pool—demonstrated by their ability and willingness to work in subsidized employment. Ideally, a subsidized employment initiative in Detroit could be used to “nudge” employers toward hiring policies that are more accommodating for chronically unemployed Detroiters, allowing them to participate more in Detroit’s growth industries and access higher quality jobs. Also, an employment initiative framed in terms of racial equity goals may inspire employers to get involved as part of the solution to Detroit’s structural labor market

problems, help them achieve their internal goals relative to inclusion, diversity, and equity, and demonstrate a commitment to corporate social responsibility.

- **Reduce justice involvement.** An estimated 101,668 African-American Detroiters have felony records,^{xix} and about 2,700 people return home to Detroit every year from incarceration.^{xx} Like all large American cities, Detroit bears disproportionate costs related to reentry and recidivism, and subsidized employment has been shown in rigorous evaluations to significantly reduce recidivism among returning citizens.^{xxi} These reductions in recidivism and related criminal justice system costs have delivered positive returns on public investment according to multiple analyses.^{xxii}

LEVERAGING SUBSIDIZED EMPLOYMENT TO HELP REDUCE GUN VIOLENCE: LESSONS FROM READI CHICAGO

[READI Chicago](#) (Rapid Employment And Development Initiative) is an innovative program that combines transitional jobs (TJ) and cognitive-behavioral therapy (CBT) to address Chicago's gun violence crisis. TJ has been shown to impact justice involvement, and CBT is an evidence-based intervention for supporting a wide range of behavior change including violence prevention. Integrating TJ and CBT shows particular promise for reducing violence involvement among very high-risk individuals. Currently READI Chicago has enrolled over 500 very-high-risk individuals in employment and CBT in three Chicago neighborhoods experiencing the highest rates of gun violence.

Design features that make READI Chicago innovative include:

- Highly specific population focus: the program is only available to those Chicagoans at extremely high risk of engaging in gun violence
- Relentless outreach engagement: Candidates for programming are engaged in their communities for up to six months by outreach workers
- Extended program engagement: Once participants are enrolled, they can receive up to 18 months of TJ and six additional months of retention follow-up services.
- Multiple reengagements: If participants quit or get fired, they are reengaged and offered pathways back into programming and employment, often multiple times.
- Staged advancement: All READI Chicago participants begin work in a very low-barrier position on a work crew cleaning sidewalks and vacant lots, and can advance based on work performance and attendance into a range of work opportunities in city departments and private-sector employer partners.

READI Chicago is being evaluated in a random-assignment study by the University of Chicago Urban Labs. Although impact findings from the research study will not be available for some time, there are important lessons from the implementation that are relevant to a prospective project in Detroit:

- An offer of immediate, low-barrier subsidized employment can effectively engage high-risk individuals who are not seeking services and who would not otherwise be engaged.
- Subsidized employment can help stabilize individuals so they can receive services they would not otherwise receive, such as mental health interventions.
- Subsidized employment can be structured to provide work opportunities with very low barriers to entry in order to provide immediate employment to individuals who would not otherwise be working.

Recommendations for program planning and implementation:

Ensure the initiative is reaching those Detroiters most in need of subsidized employment.

Research evidence consistently shows that the individuals experiencing the most barriers to employment receive the greatest benefit from subsidized employment.^{xxiii} It is likely that many of the Detroiters who would benefit most from access to subsidized employment are discouraged regarding their ability to access work and disconnected from mainstream pathways into the labor market. These chronically unemployed individuals often do not seek out services on their own and may be distrustful of the kinds of institutions and organizations operating the subsidized employment initiative. Assertive, targeted outreach will be necessary to reach and engage many of these potential workers, such as partnering with community-based organizations to market the initiative to their service populations, hiring community outreach workers to canvas neighborhoods, or supporting a media campaign to publicize the initiative.

Include people with lived experience in planning and design. In order to ensure that program suits the needs and desires of the chronically unemployed Detroiters it intends to serve, the initiative should provide multiple venues and methods for individuals with lived experience of chronic unemployment and poverty to provide input on program design and implementation. Methods for gathering input could include focus groups, surveys, dedicated seats on planning committees with decision-making authority, and participant advisory groups. Experience indicates that these feedback mechanisms should be a core feature of the program design and be ongoing throughout implementation of the program to ensure that the program is meeting the needs of Detroiters in real time.

Including the voices of people with lived experience is not yet a common practice in the field of workforce development, however there are important lessons to be learned from other fields that have more deliberately included the voices of lived experience in program planning and policy, notably the fields of homeless services, services for opportunity youth, and the disability community. Guided by the tenet “nothing about us without us,” these fields have all made significant progress toward ensuring that the individuals most affected by programming and policy play a meaningful role in decision making processes. Key considerations for meaningfully including people with lived experience include recognizing lived experience as expertise, ensuring that people with lived experience are in positions to influence actual decision-making, compensating people with lived experience for their time and expertise, and employing people with lived experience at all organizational levels.^{xxiv}

Adopt “zero exclusion” policies for program participation. As noted above, individuals facing the most barriers to employment are likely to benefit the most from subsidized employment opportunities. However, employment programs too often end up excluding the very people who would benefit the most from accessing employment. Assessments or multiple orientation sessions used to assess for “work readiness” or “motivation,” basic skills requirements, excessive paperwork, and complex eligibility criteria can all function to exclude individuals with barriers to employment from accessing much-needed programming, whether or not that is the

intention of the service provider. In particular, prohibitions against jobseekers with criminal records, or a particular type of conviction history, frequently exclude those individuals who would most benefit from the opportunity. Moreover, this kind of exclusion often has highly inequitable impacts, as these screening mechanisms tend to exclude individuals facing more structural barriers to employment who disproportionately come from economically excluded communities of color.

Adopting a policy of zero exclusion can strengthen the program's commitment to equitable outcomes, ensure good stewardship of resources by directing services to those who would most benefit, and help maximize the benefit of high work participation rates achievable through subsidized employment. Specific steps Detroit stakeholders can take to plan and implement a zero-exclusion subsidized employment initiative include:

- Establish a strengths-based culture for the initiative by beginning the design process with the assumption that candidates will be motivated and able to work
- Carefully examine any proposed program policy or design feature with a focus on whether or not it could exclude potential workers, including prohibitions on criminal records, drug testing policies, eligibility criteria, skills testing requirements, and consequences for minor rule violations such as tardiness.
- Select and administer assessments for the purpose of understanding and meeting participants' needs, not to screen out candidates.
- Offer ample work opportunities with low barriers to entry, such as public service employment performed by work crews, in order to accommodate workers with limited skills or work experience. As noted below, the city government is uniquely positioned to support low-barrier work opportunities.
- Provide the support services necessary for individuals facing barriers to work. Effectively mitigating barriers to employment is a key factor for inclusive employment programming. Inadequate transportation, child care, housing stability, and health care, among other factors, can effectively exclude individuals who could otherwise successfully work. See additional recommendations around support services below.

The principle of zero exclusion in employment services has been put into practice in a variety of ways. The concept was pioneered within the Individualized Placement and Support model (IPS, also known as Supported Employment), an evidence-based employment model used most often with people with mental illness. IPS includes zero exclusion as one of its eight central components, and describes it as an approach in which "People are not excluded on the basis of readiness, diagnoses, symptoms, substance use history, psychiatric hospitalizations, homelessness, level of disability, or legal system involvement"^{xxv} and individuals receive wrap-around supports from a multidisciplinary team concurrently with their employment experience. IPS has been shown in at least 26 random-assignment studies to improve employment

outcomes for people with mental illness.^{xxvi} Another example of how to operationalize a zero exclusion policy is Greyston Bakery of Yonkers, NY, which practices “open hiring,” a model in which anyone who wants to work is hired, no questions asked, in the order in which they apply. Workers are provided support and training concurrent with work once they have been hired. Greyston has found their staffing model to be profitable, and operate the Center for Open Hiring to promote it.^{xxvii}

Make explicit and binding commitments to equitable outcomes. Beginning with the planning phase, project leadership and all partner agencies should ensure that equity and inclusion are central considerations in the development of all program features, policy choices, committee formation, contracting and procurement decisions, and other decision making that may have an impact on project design, operations, and outcomes. In addition, any evaluation of the project’s success should include specific measures of racially equitable outcomes in domains such as access to subsidized employment, access to unsubsidized employment, employment within local growth sectors, increases in wages, opportunities for advancement, access to employer-provided benefits, and other measures of access to programming, access to employment, and job quality. Finally, the initiative should have mechanisms in place to continuously monitor for inequitable outcomes, prevent discrimination and bias in program access and hiring, and quickly correct any programmatic issues related to equity.

Provide subsidized employment opportunities in public, private, and nonprofit sector placements. Partnerships between subsidized employment initiatives and private-sector employers are critical for exposing subsidized workers to career pathways in sectors with local demand for workers, connecting workers to permanent unsubsidized work opportunities, and building buy-in and commitment from employers to amend their hiring policies. Research evidence suggests that subsidized workers placed in private sector businesses may be more likely to be hired permanently in those positions.^{xxviii} However, the evidence also indicates that many candidates facing more barriers and who have less prior work experience are unable to access subsidized positions in the private sector. As noted above, recent studies have confirmed that jobseekers facing more serious or numerous barriers to employment are far more likely to access work through subsidized jobs in the public or nonprofit sectors compared with subsidized placements with private sector employers.^{xxix}

Experience and research evidence demonstrates that it is likely that the private-sector, for-profit labor market will not accommodate many chronically unemployed Detroiters facing barriers to employment, even when offered the incentive of a fully subsidized worker. Because a significant portion of Detroit’s unemployed population faces multiple or serious barriers to employment,^{xxx} it is important to offer an adequate number of subsidized positions with city departments and other government agencies, as well as with community-based organizations. Among nonprofit sector worksites, Detroit should look to leverage its existing employment-focused social enterprises, which are businesses that typically operate within nonprofit organizations, for the purpose of offering low-barrier work opportunities while generating revenue to cover the cost of wages and other operating costs.

In order to offer subsidized work opportunities with very low barriers to entry for individuals facing the greatest challenges, Detroit should consider leveraging public works projects such as infrastructure development and neighborhood revitalization projects that can employ crews of subsidized workers with a range of skill levels and experience.⁴ Offering subsidized employment opportunities with very low barriers to entry is critical for ensuring that the initiative is as inclusive and equitable as possible, and the public sector is equipped to deliver those opportunities in ways the private sector, and even the nonprofit sector, cannot. Further guidance for designing, funding, and implementing public sector subsidized employment can be found in the administrative recommendations below; also see the sidebar “What Mayors can do” for a detailed look at the different levers Mayors’ offices can use to support quality subsidized employment initiatives.

As noted above, subsidized placements with private sector employer partners function as a critical component of many subsidized employment programs. In order to help ensure that private-sector partnerships benefit jobseekers with more barriers, a Detroit subsidized employment initiative should take steps to carefully select employer partners, craft worksite agreements that prioritize transitions to unsubsidized employment, guide employers to support skill development opportunities, and amend management practices to accommodate workers who are returning to the workforce after experiencing chronic unemployment and poverty. For further guidance, see Heartland Alliance’s paper “[Ensuring that the Transitional Job is a Developmental Experience.](#)”

Design the employment experience to accommodate workers facing barriers to employment.

Chronically unemployed Detroiters who have not successfully attached to work even during periods of low unemployment will likely need workplace accommodations beyond what is typically offered in the competitive labor market, in order to build skills, develop successful workplace behaviors, and benefit from barrier mitigation services.

- **Offer subsidized employment for a flexible (and sometimes indefinite) period of time.** Short-term transitional jobs programs typically offer subsidized employment to participants for three to nine months, after which individuals either secure unsubsidized work or return to unemployment. In many cases, this is not enough to result in long-term attachment to the labor force even though subsidized workers typically do well in maintaining subsidized employment. Because each individual has different skills, experience, barriers, and service needs, some will be able to transition to unsubsidized work quickly, while others will need significantly longer. In addition, as noted above, in the short run subsidized employment will do little to change the structural barriers in the labor market that these workers face when the subsidy ends, including the inequities and imbalances in Detroit’s labor market. For these reasons, the ideal subsidized employment initiative in Detroit would allow for a flexible rather than fixed subsidy period, without hard and fast limits to how long a particular worker can remain in their subsidized job.

⁴ See the sidebar on READI Chicago for an example of very low-barrier work-crew type subsidized employment.

- **Offer pathways back into programming and employment for workers who quit or get fired.** Success in work requires understanding and navigating a fairly complex set of often unwritten and unspoken rules that may seem opaque to individuals with no or little prior work experience. Workplace norms, employer expectations, and successful behaviors can take time and effort to learn and internalize. It can be expected that new workers will make mistakes, so subsidized employment programs should anticipate and plan for failure, and offer structured pathways back into programming and employment for workers who get terminated or resign in frustration because they have not yet mastered all of the necessary skills.
- **Apply [trauma-informed principles](#) to work experience and service delivery.** Trauma and poverty are inextricably linked; people experiencing poverty typically live in areas of concentrated deprivation and experience disproportionately high rates of community violence.^{xxxix} Moreover, poverty itself can be a form of chronic trauma, as can racial discrimination.^{xxxix} Individuals who have experienced trauma face particular challenges in accessing and maintaining work, and experience worse employment outcomes compared to people who have not experienced trauma.^{xxxix} Common responses to having experienced trauma include moodiness, oversensitivity, anger, disinterest, and withdrawal, all of which can appear to an employer or service provider as merely bad behavior or a lack of “motivation” to work. For this reason, it is important that employment service providers as well as employer partners in Detroit’s subsidized employment initiative understand the signs of trauma and are equipped to respond appropriately. The principles of trauma-informed care were developed for use in social service programming as a way to acknowledge the effects of trauma and avoid retraumatizing program participants, and may provide useful guidance for employment programs serving populations with high rates of traumatization: 1) safety, 2) trustworthiness and transparency, 3) peer support, 4) collaboration and mutuality, 5) empowerment, and 6) cultural and identity issues.^{xxxix}
- **Consider harm reduction approaches to substance use.** The use of drug screenings or the establishment of rigid prohibitions against substance use as conditions of participating in subsidized employment would likely function to exclude many of those individuals who would benefit most from accessing work. Such conditions would also make it difficult to recruit and enroll participants in the initiative; this was a challenge in the implementation of Michigan Earn and Learn and would likely be an even bigger challenge in the wake of recreational cannabis legalization in Michigan. A Detroit subsidized employment initiative should avoid requiring drug screening except when absolutely necessary for safety, offer treatment options for program participants with substance use issues, and offer pathways to reemployment for participants who are terminated for reasons related to substance use.

Focus on rapidly connecting participants to paid employment. Detroit’s program design should provide participants with rapid attachment to paid employment, as opposed to requiring days or weeks of preparation, training, assessments, or interviews prior to connecting people to work. Rapid attachment is key to realizing the high rates of work participation achievable through subsidized employment. Evidence from the recent Enhanced Transitional Jobs Demonstration revealed a clear inverse relationship between the length of time before participants’ first paycheck and overall work participation—rapidly connecting candidates with work resulted in close to 100% participation rates, while an average delay of 119 days resulted in only 39% of participants accessing subsidized work.^{xxxv} Rapid attachment to work is critical for jobseekers experiencing poverty, who have an acute need for immediate income in order to meet basic needs. Moreover, these individuals are often not stable enough at current income levels to successfully attend and complete pre-employment preparation and training, so preparation, training, and barrier mitigation services should be offered concurrently with subsidized employment rather than beforehand. Rapid attachment to employment is easier to achieve through nonprofit and public sector placements. It is possible, however, to quickly connect subsidized workers to private sector worksites as well, particularly with the use of a third-party employer of record to minimize worksite partners’ risk.

Prioritize job quality and family-sustaining wages. The living wage in Wayne County for one adult and one child is \$23.79 per hour,^{xxxvi} far above Michigan’s minimum wage of \$9.45. Employment alone is often not enough to lift individuals and families out of poverty, and the objectives of a subsidized employment initiative in Detroit should go beyond merely introducing participants to the ranks of the working poor. Although any subsidized employment initiative will be limited in its ability to influence Detroit’s entry-level labor market, there are some ways in which the initiative can seek to improve quality and wages for the city’s low-income workers. Ideally, subsidized employment should offer job quality and wages that compare favorably with the lowest-quality and lowest-paid positions in the competitive labor market. Doing so can maximize participation among Detroit’s discouraged working-age residents and nudge low-quality employers toward improving their offerings. The initiative could also limit its worksite partnership opportunities to higher quality employers and allow them to supplement wages beyond the subsidy amount to match their prevailing pay rates. Finally, by offering pathways to basic skill-building and occupational training opportunities as described below, the initiative can help prepare participants for better-paying skilled positions in Detroit’s growth industries.

Provide robust, individualized, employment-oriented support services and coaching. Offering adequate, effective barrier mitigation and support services for subsidized employment participants is a critical factor in making an initiative truly inclusive. Failing to remove or mitigate structural barriers will effectively exclude many prospective workers. For example, offering subsidized employment without simultaneously connecting participants to childcare would exclude most low-income parents from accepting the opportunity. Support services should be adequately funded in the initiative’s budget—it is not feasible or sustainable to expect that local service providers can take referrals from the initiative without compensation. Support services should be focused on supporting employment success and individualized to

meet the needs of each worker. The most common supports required by low-income individuals in order to participate in work include transportation, childcare, clothing or equipment, housing assistance, and chemical, behavioral, and physical health care. Funding for support services can come from a variety of sources; see the section below on funding streams cities can use.

In addition to coordinating barrier mitigation services, it will be critical to offer coaching support to Detroit's subsidized workers. Individuals with little or no prior work history may experience anxiety or ambivalence about beginning work, feel a lack of confidence about their ability to succeed in the workplace, and need guidance navigating a range of new experiences from learning how to call in sick to understanding payroll deductions. Coaches should be trained in relevant evidence-based techniques for helping to resolve these types of issues with participants, notably:

- Motivational Interviewing, which is an evidence-based method for helping jobseekers resolve ambivalence and lack of confidence regarding work^{xxxvii};
- Cognitive-behavioral interventions, which can help address anxiety and depression as well as improve positive decision-making regarding work^{xxxviii}; and
- Trauma-informed care.

Finally, the initiative should support intensive, individualized job development services to help participants transition to unsubsidized work and robust retention services to help workers remain in unsubsidized work. Evidence suggests that frequent follow-up contact and monetary retention incentives are the most effective means of supporting unsubsidized employment retention.^{xxxix}

Create on-ramps to sector training in demand/growth sectors. Subsidized employment on its own is unlikely to address one of the defining features of Detroit's labor market: jobs in growing sectors located in the city typically require more education and training than unemployed Detroit residents possess. In order for more Detroit residents to access the jobs that are disproportionately held by workers commuting from outside the city, better access to sector-based training will be necessary. Effective sector training is designed in close partnership with employers in local growth sectors with anticipated hiring needs, and leads to credentials that are recognized by employers. Sector training that is designed specifically for low-income workers has been shown to increase earnings, employment in the designated sector, and access to employer-provided benefits.^{xi} However, even sector training designed for low-income workers is inaccessible for many individuals facing barriers to employment due to basic skills testing requirements and other screening criteria.^{xi} In order to ensure that chronically unemployed Detroiters have access to effective sector skills training it will be important to connect subsidized employment participants with adult basic skills education as well in order to increase eligibility for training programs. The experience of Michigan Earn and Learn demonstrated that offering subsidized employment concurrently with basic skills education and sector training can be logistically challenging; however, in order to help Detroit

residents access the new, higher-quality jobs being created in Detroit, making sector training more accessible will be essential.

Employ subsidized workers directly or through a third-party employer of record. The experiences of recent demonstration projects have shown that even with the presence of a full wage subsidy, employers are reluctant to participate in subsidized employment initiatives if they are expected to take subsidized workers onto their regular payrolls. Under this kind of wage-reimbursement structure, employer partners typically require interviewing candidates for subsidized positions and choose not to hire those candidates facing more barriers or who have less prior work experience. For example, the San Francisco implementation of the Subsidized Transitional Employment Demonstration (STED), in which employers hired candidates up-front and received reimbursements for their wages, required that candidates interview for subsidized positions in the private sector. Although this structure worked well for many participating jobseekers, those facing more barriers were often unable to access employment; over one third of participants never interviewed for a position, and only 25 percent ended up being hired into a subsidized job. Among those hired, it took about three and a half months on average from the point of random assignment to begin working.^{xlii}

Although it is feasible and common for a public or nonprofit entity to employ subsidized workers directly, using a third-party employer of record can help lead agencies of subsidized employment initiatives manage the administrative burdens of payroll processing and mitigate the risks and obligations inherent in the employer-employee relationship, such as workers' compensation and unemployment insurance. Subsidized employment programs often contract with temporary staffing agencies to provide employer of record services, however it is important to ensure that potential staffing agency practices—such as aggressively challenging insurance claims—are consistent with the values and goals of the initiative.

Budget for technical assistance and support. Planning and implementing a large-scale, city-driven subsidized employment initiative is a complex undertaking, but it has been done many times before and the expertise exists to help Detroit capitalize on lessons learned and avoid pitfalls. Peer-learning relationships with other cities as well as expert consultation and facilitation support can help minimize delays, conflicts, and unforeseen consequences.

Recommendations for administration and policy:

Administrative Recommendations

Operationalizing a municipal subsidized employment initiative requires thoughtfulness about the strengths and roles within the eco-system of government, nonprofit, and private sector stakeholders. Regardless of the roles of stakeholders within the system, attention should be paid by the project design and implementation teams to increasing the capacity across all of these stakeholder groups to plan and effectively deliver a municipal subsidized employment initiative. In Detroit, we would recommend that the following stakeholder groups be considered as part of the eco-system of stakeholders for this initiative. Below are a few considerations and recommendations in thinking about the role of these stakeholder groups as this initiative continues to advance.

Leverage the influence of city government. City governments play an important role in municipal subsidized employment initiatives. From a leadership standpoint, the city has the ability to garner attention for the initiative and ensure that resources and attention are pointed at the initiative by stakeholders across the eco-system. Moreover, often the city government can play a role in leveraging city-specific resources to support the initiative, hold contracts with various stakeholders to implement the program, and leverage relationships with the business community.

Finally, the city has the potential to serve as a convener of stakeholders to support planning and implementation. Care should be taken in this context to create space for leaders from throughout the eco-system to contribute and for there to be authentic feedback loops from individuals who might directly benefit from the program and the community back to planning and implementation bodies.

Integrate the initiative with the transformation of the public workforce system. Public workforce systems are structured differently across the country and decentralize program services across geographic locations differently depending on local context. As Detroit's public workforce system undergoes a system transformation, a subsidized employment initiative should be considered part of how the workforce system seeks to operationalize key aspects of the system transformation to ensure that every Detroiters who wants to work has access to employment opportunities.

In addition, planners of the initiative should be mindful of where public workforce system operations are physically located and alignment with the target populations for the subsidized employment initiative. If there is overlap, the public workforce system could be supportive in administering the program. The public workforce system has the ability to leverage funding for education and training supports from across public funding streams. As planners seek to integrate other recommendations from this paper into the overall framework of the initiative, the public workforce system can be an important partner. Finally, the public workforce system often holds important relationships with the business community which can be leveraged for this initiative.

Coordinate with public benefits systems. The public benefits or safety-net systems in Detroit should be engaged in planning and implementation of a subsidized employment initiative on a number of important fronts. First, program funding under these systems can be leveraged to provide critical work supports like work appropriate clothing, child care, transportation resources and other supports that other systems may not be able to access. Second, the income from a subsidized employment initiative has the potential to interact with person's eligibility for certain benefits such as access to cash assistance, child care, nutrition assistance, and other supports. In order to maximize the potential gains of any municipal subsidized employment initiative, care should be taken by program designers and implementers to

minimize the likelihood that a person becomes ineligible to receive benefits due to participation in a subsidized employment program.

Tap the expertise of nonprofit service providers and help build capacity. Nonprofit service providers in communities can play important roles in engaging and recruiting subsidized employment participants, structuring and delivering services, supporting participant success, in some cases acting as the employer of record, and engaging with employer partners. Often, nonprofit service providers are trusted partners in communities with longstanding relationships with community leaders and residents which are critical to supporting the success of a municipal subsidized employment initiative.

In Detroit, the eco-system of non-profit workforce service providers is rich, albeit potentially not as familiar running large scale municipal subsidized employment initiatives for the target populations that would most benefit under this proposal. To that end, stakeholders from this system should be engaged early in the planning process to assess feasibility of planned proposals, scaling, and capacity building supports needed.

Engage the business community in crafting solutions. Detroit is home to a growing number of businesses. Data suggest, however, that the majority of positions filled in the downtown metro area are by people that live in the surrounding suburbs of Detroit. For any municipal subsidized employment program to be successful, the business community should be engaged early and with attention to how the business community will serve as a partner in opening doors of opportunity for subsidized employment participants and pathways to good jobs.

Equally important, city leaders and planners of a municipal subsidized employment initiative should leverage the opportunity to work with the business community to apply business, management, and disciplinary practices that support success in employment opportunities for individuals engaged in the initiative.

Proactively partner with public sector unions. City-led subsidized employment initiatives can broaden their accessibility and impact by leveraging city departments and functions to offer subsidized placements. However, the practice of employing low-income subsidized workers in unionized city departments is certain to raise concerns about displacement, unfair wage discrepancies, and contract violations.

- Include union leadership early in the project design process. Union leaders are likely to be sympathetic to the objectives of subsidized employment but are also likely to be concerned about the ways in which subsidized employment may be implemented using public sector placements. City leaders can build buy-in and assuage concerns by inviting unions to participate meaningfully in the planning and design phases of the initiative.

- Establish clear and enforceable non-displacement policies. By far the greatest concern public sector unions will have regarding subsidized workers in city government positions is the possibility that subsidized workers will displace incumbent or future union workers. Project leaders should negotiate policies and enforcement mechanisms to prevent subsidized workers from being used to perform unauthorized tasks usually performed by union workers, delay or avert the hiring of new union workers, or suppress or interfere with the union’s leverage in bargaining or enforcing contracts.
- Create grievance mechanisms specific to displacement concerns. In order for anti-displacement policies to be effective and ease the concerns of unions, union workers should have a simple, dedicated process for submitting grievances if they suspect that subsidized workers are being used to displace union workers.
- Carve out tasks and functions not covered by any existing union contract. There are probably many functions and tasks that could benefit the city if there were workers to perform them, but that are not included in any union contract. For example, in Chicago it was not feasible for subsidized workers to paint viaducts because that task is included in a union contract, but it was possible to assign them to clear sidewalks and city-owned vacant lots without infringing on official unionized tasks.
- Build pathways for subsidized workers to access union positions. Some cities that employ subsidized workers in city departments have partnered with unions to create pathways for those workers to transition to unsubsidized union jobs with the city after the subsidy period ends. This practice can help build buy-in from unions and ease concerns about undermining union workers as well as offer participants a clear path toward high-quality, family-sustaining work.

What Mayors can do to advance subsidized employment initiatives

The leadership of Mayors and Mayors’ offices can drive and support commitment and action to advancing municipal subsidized employment initiatives. Here are eight specific recommendations from cities across the country aimed at describing the ways that Mayors’ offices can support the development and implementation of subsidized employment initiatives.

Leverage the Mayoral leadership position to support program success:

- **Use the Mayoral platform to combat stereotypes and cultivate shared ownership in subsidized employment initiatives.** Individuals facing barriers to employment want to work, can work, and do work if given the opportunity through subsidized employment. Mayors can help combat any existing negative stereotypes about people and their interest or willingness to work through their public positions and communications campaigns that lift up the role of subsidized employment as a commitment to supporting all jobseekers in the city. Moreover, Mayors can cultivate shared leadership

and ownership across city-led departments, employer partners, and others through their support of the initiative and delegation to city departments and leaders.

- **Cultivate quality employer partners and leverage municipal job opportunities to provide access to subsidized and unsubsidized employment opportunities.** Mayors' offices can use their position as an employer to provide subsidized or unsubsidized employment opportunities and assess if there are barriers within city hiring practices that would preclude people from getting access to city jobs. Moreover, Mayors can use their leadership and relationships with employers to recruit private sector employer partners to participate as subsidized or unsubsidized employers.

Commit resources to implement comprehensive and effective subsidized employment programs.

- **Invest in system and provider capacity.** In order to effectively implement subsidized employment programs, communities must dedicate staff and resources to planning and designing systems and supporting stakeholders to operationalize programs. Mayors' offices are critical to supporting these processes, allocating resources to this end, and providing leadership.
- **Leverage subsidized employment initiatives as an opportunity to align and commit resources and attention to developing workforce development and support service interventions that meet the needs of people who are chronically unemployed and face barriers to employment.** Subsidized employment initiatives can be the impetus in local communities to align existing resources and commit additional resources as necessary to meet the interests and needs of people experiencing chronic unemployment and poverty in an ongoing way. Toward these ends, Mayors' offices should leverage the development and implementation of these initiatives to shift systems over time to meet the needs of jobseekers facing barriers to employment as well as sustain subsidized employment initiatives over time.

Lead program development and implementation with an equity lens and attention to policy change over time.

- **Require and support ongoing and meaningful engagement with people with lived experience of chronic unemployment and poverty.** Mayors' offices should actively support and require meaningful engagement with people with lived experience of poverty and chronic unemployment in designing, planning, and operationalizing subsidized employment initiatives. These constituents should be an equal partner at the table and public systems should establish and support feedback loops that allow for people with lived experience to continue to inform challenges and solutions.
- **Recognize and work to address root causes of unemployment through policy change.** Mass incarceration and over policing mean that many people, disproportionately

people of color, face barriers to employment that can only be eliminated through multi-agency efforts and significant policy reform. Encourage employers, including local government, to revisit job descriptions and hiring processes to eliminate unnecessary screening factors. Support and take an active role in addressing policies that criminalize individuals living in poverty and address the collateral consequences of having a criminal record. Additionally, city-level leadership should be attuned to other barriers to successful implementation of subsidized employment initiatives and opportunities to shift policies such as child care and transportation.

Policy Recommendations

Any municipal subsidized employment initiative, regardless of how well it is designed and implemented, is unlikely to mitigate structural barriers to employment faced by many jobseekers in Detroit. To that end, we highly recommend that the City of Detroit and stakeholders consider their role in advancing city and state policy reforms that address systemic barriers to employment.

Address Collateral Consequences of a Criminal Record. As noted above, over 100,000 Detroiters have criminal records. There are nearly 800 laws or regulations in Michigan code that prevent access to housing, employment, occupational licensing, and education for people who have returned from incarceration.^{xliii} This complicated web of “collateral consequences” often traps people in a cycle of poverty. While a municipal subsidized employment initiative has the potential to support large swaths of individuals with a criminal record in entering into the labor market, opportunities for entry into some occupations or advancement may be limited without addressing these restrictions or bans. In order to open doors to opportunity for all and to meet business needs, attention must be paid by advocates and system leaders to addressing collateral consequences—particularly those related to access to employment, occupational licensing, education, and housing.

Maintain Access to Public Benefits. Every effort should be made to ensure that participants of the subsidized employment initiative have access to and keep benefits over time. From a policy standpoint, this may mean exploring the implementation of an earned income disregard for subsidized employment wages in order to reduce the “cliff effect” that results when people living in poverty earn income that may reduce the likelihood that they will be eligible for public benefits. In addition, as noted above, consider the ways in which offering subsidized employment may be used to shield vulnerable Detroiters from loss of benefits in the face of new work requirements.

Maximize Child Care Flexibility. States have flexibility in how they prioritize families for child care resources. In particular, states can prioritize homeless families under the Child Care Development Block Grant, which may be an important consideration in order to support the participation of parents with children in a municipal subsidized employment initiative. The

definition of homelessness in the Child Care Development Block Grant reflects a broader federal definition of homelessness that includes families who are living doubled up, which may include many Detroit residents. The Child Care Development Block Grant also allows for “phase out” periods for families that are in job training which means that people who are in job training in conjunction with a subsidized employment program could still be eligible and receiving child care resources. This resource and flexibility could create unique opportunities for the city to maximize child care benefits for families with children participating in the program.

How cities pay for subsidized employment programs

As noted above, leaders in other cities that operate or fund subsidized employment initiatives find the strategy to be worth the investment. Although subsidized employment is not an inexpensive response to chronic unemployment and poverty, it has been shown to be cost effective and deliver a positive return on public investment. It is also important to remember that the majority of funds expended on subsidized employment initiatives go directly to low-income households and neighborhoods, where their economic impact is multiplied through increased economic activity. Because cities find subsidized employment to be a worthwhile investment, they tend to draw from relatively competitive, unrestricted funding sources to pay for it. The most common sources include:

Community Development Block Grants (CDBG). Chicago and Milwaukee both use CDBG funds to support subsidized employment. CDBG is unique in that it is the only federal funding stream that may be used as match funds for Employment and Training dollars through the Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps). **SNAP Employment & Training (E&T)** can provide a 50% match for non-federal funds used toward support services for SNAP recipients in employment programming.

General revenue. San Francisco and Milwaukee both use general revenue to support their subsidized employment initiatives, in addition to other sources. Until recently, Chicago used its corporate fund to support its initiative, which includes revenue from certain fees and leasing revenue.

Dedicated revenue. There is at least one example of a city using dedicated revenue stream to support subsidized employment programming. From 2009 until 2015, Newark, NJ, used revenue from its 5% airport rental car tax to support subsidized jobs for returning citizens.

State-level funding streams. A number of state governments also fund subsidized employment programs using a variety of funding streams. For example, the states of Washington and Wisconsin both use their TANF block grants to fund statewide subsidized employment programs. The state of Colorado funds a statewide initiative from general revenue; this funding was recently extended by the state legislature for an additional five years.

Private philanthropy: In some cases private philanthropic foundations have supported pilot programs or demonstration projects to serve as a proof of concept and spur public investment

in subsidized employment. Notably, READI Chicago (see sidebar) was launched and operated exclusively with private dollars, through a consortium of foundations that wished to support a coordinated, innovative programmatic response to gun violence in Chicago. READI Chicago will seek public funding for sustainability as it demonstrates efficacy and impacts.

For further information on how city and state governments fund subsidized employment including through federal funds such as the Workforce Innovation and Opportunity Act, Temporary Assistance to Needy Families, or Supplemental Nutrition Assistance Program funds see [Heartland Alliance's joint paper with the Center for Law and Social Policy](#).

Next Steps for Detroit

A city-wide subsidized employment initiative, focused on equity and designed for individuals facing chronic unemployment and poverty, has the potential to significantly impact Detroit's challenges around poverty, chronic unemployment, and labor market inequities. As Detroit's stakeholders consider beginning this journey, here are some next steps to consider:

Convene stakeholders to build support and momentum. A diverse and inclusive planning body, with the authority to take action, will be essential to move forward. Be sure to include Detroiters with lived experience of chronic unemployment and poverty, representatives from large and small community-based nonprofits, employers, and policy makers.

Build consensus regarding the initiative's goals. Subsidized employment initiatives can be designed to accomplish a range of goals, and can even perpetuate structural inequities if decision makers are not clear about the objectives of the project. Competing interests are bound to emerge. At this phase it will be critical to maintain a focus on the needs of those who stand to benefit the most from such an investment: chronically unemployed Detroiters facing multiple barriers to employment.

Don't lose sight of program quality. In the planning and implementation of any initiative, trade-offs and compromises are inevitable. For example, at any given level of resources, it can be attractive to serve a larger number of people with less-intensive programming. However, in order to effectively serve a population facing multiple barriers—and begin the process of affecting meaningful systems change—it is important to maintain the elements of a robust and comprehensive intervention. In order to create and maintain a high-quality, impactful initiative, it may be necessary to start small as a proof-of-concept for intensive, highly inclusive subsidized employment and then seek or allocate additional funds and capacity once the value and efficacy has been demonstrated.

In many ways Detroit is a city at a crossroads. Decades of economic challenges, job loss, and population decline are reversing, new industries and residents are moving in, and signs of renewal are everywhere. However, without deliberate efforts, Detroit's emerging prosperity risks following the path of so many other U.S. cities—toward economic polarization, increasing inequality, persistent inequities, and a significant number of residents who are excluded from taking part in the growing economy. Although subsidized employment on its own is not a panacea for these challenges, it has a proven track record of making a difference in the

employment and earnings of people living in poverty and experiencing chronic unemployment. By implementing a comprehensive, equitable, and inclusive subsidized employment initiative for chronically unemployed Detroiters, the city of Detroit can ease the poverty of its poorest households and communities with earned income, create opportunity for Detroiters who are disengaged from the workforce, and take a significant step toward a more equitable Detroit.

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