





# TARGETED EMPLOYMENT:

RECONNECTING APPALACHIA'S DISCONNECTED WORKFORCE



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Relmagine Appalachia was born out of a broad recognition that the economy has not been working for most people and places in the Ohio River Valley. In response, a diverse set of economic, environmental and community leaders, and grassroots organizations, came together to find common ground and build the future we want to see—a 21st century economy that's good for workers, communities, and the environment.



The <u>Keystone Research Center</u> was created to broaden public discussion on strategies to achieve a more prosperous and equitable Pennsylvania economy. As a research and policy development organization, the Keystone Research Center conducts original research, produces reports, promotes public dialogue that addresses important economic and civic problems, and proposes new policies to help resolve those problems.



The <u>Ohio River Valley Institute</u> is a think tank focused on the greater Ohio Valley region. Our team of experts produces substantive research on the region's most pressing issues and delivers them with effective communication strategies. We strive to help the region mark out a path toward shared prosperity, clean energy, and more equitable civic structures.

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#### **OVERVIEW**

Workers are the engine of our economy. Appalachian workers want to do well for themselves and their families, but too many who want to work are not able to find a job. When too many people can't find jobs, it holds back our entire economy. This report seeks to explore opportunities to reconnect discouraged individuals with employment and build an economy that respects all people.

The Appalachian region has long struggled with not having enough good paying jobs. The result has been a long-term structural unemployment problem that has persisted for decades, with too many Appalachian adults unable to secure a decent paying job where they live. This historical lack of opportunity in the region leads many young workers to move away to find opportunities elsewhere. Those who remain, alternatively, often lose hope, become discouraged and then disconnect from the workforce entirely. Even when the unemployment rate is low, as it is now, fewer Appalachian adults are in the workforce than elsewhere in the nation. This report digs into the many barriers to employment these disconnected Appalachian adults face and identifies best practices and solutions for building career pathways into new opportunities for discouraged workers.

A federal subsidized job program and a portion of hiring on federally subsidized climate infrastructure projects could target discouraged workers and be designed to break down their barriers to employment (while we wait for a large-scale subsidized jobs program). These approaches aim to improve the skills, mental health, and experience of potential workers so they can meet current employer demands in their local labor market. Programs that provide paid on-the job training opportunities, transportation, materials needed for success, access to health care and other work support programs – and then connect individuals with a well-paid union job – could not only boost incomes and improve the livelihood of thousands of Appalachians but also give people back their hope, self-esteem, a source of identity, and a feeling of connectedness to their community and the workforce. It could also build wealth and promote shared prosperity in the region.

In this report, we examine the economic conditions of Appalachia with a particular focus on Appalachian counties in four states – Kentucky, Ohio, Pennsylvania, and West Virginia – that comprise the footprint of Relmagine Appalachia and the Appalachian Region Commission counties. We describe how Appalachia has been a "region apart" from the rest of America, including its history of resource extraction and exploitation. The collapse of the steel and coal industries led to a large employment decline in the region, and our lack of economic diversity and redevelopment has led to chronically low rates of employment, declining population, and the loss of hope that fueled the opioid epidemic and hit Appalachia especially hard.

We first outline long-standing and current labor market issues in Appalachia. We then analyze how a subsidized employment program, and a portion of hiring on federally funded infrastructure projects, could target adults currently disconnected from the workforce, those who are underemployed, or those with low-wage jobs. We describe older and more recent subsidized employment programs and proposals. We argue that employing best practices for addressing long-term structural labor force participation issues would have benefits for coal-country Appalachia and the country as a whole.

In the long run, the nation should revive the Civilian Conservation Corps from the New Deal era (with modifications to address race and gender inequities of the past) as one part of a national employment creation and subsidized jobs program. In the short run, federal resources from recently passed legislation such as the Inflation Reduction Act and Bipartisan Infrastructure Law, with the right program design, can provide opportunities to create good-paying employment and training opportunities for Appalachia's disconnected, underemployed, and low-wage workforce.

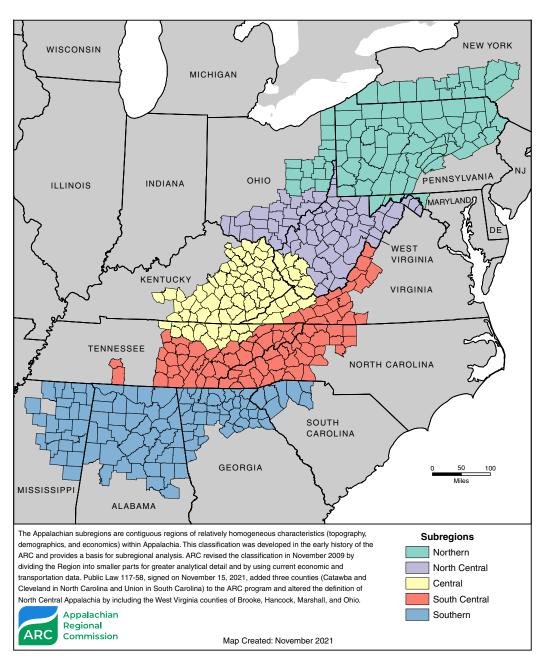
#### **KEY FINDINGS**

- Despite the immense wealth buried in the hills of Appalachia, and the intensive exploitation of coal and other resources by absentee corporations, the region spanning West Virginia and the Appalachian Regional Commission (ARC) counties of Kentucky, Ohio, and Pennsylvania continues to have below average economic growth, high rates of poverty, and low labor force participation.
- Coal country Appalachia has a critical need for more employment.
  - In Appalachian Kentucky, 34 of every 100 prime-age men (aged 25-54) are not employed. In West Virginia (all of it in Appalachia), and in Appalachian Ohio and Pennsylvania, 27, 23, and 19 out of every 100 prime-age men, respectively, are not employed. Nationally, 17 out of every 100 prime-age men are not employed.
  - If prime-age people in the Appalachian parts of these states were employed at the same rate as the nation, an estimated 206,000 more people would be employed, earning over \$6.4 billion more in wages annually.
  - In 16 out of 193 Appalachian counties in these states, less than half of prime-age men are employed.
- Subsidized employment programs in the New Deal employed millions of people performing socially useful work and gaining income and dignity. Rigorous evaluations of subsidized employment programs in the past 40 years, including at the state level, find that these raise employment and earnings.
- Coal-country Appalachia needs Congress to seize the opportunity through a national subsidized employment program to match disconnected workers at scale with an almost unlimited amount of socially useful work. This should include work reducing carbon emissions as part of a new Civilian Conservation Corps.
- In the near term, federal climate and infrastructure legislation will create millions of jobs. A portion of these jobs should be used for targeted hiring of disconnected workers with the help of community-labor partnerships financed by a small fraction of project funds. By deploying best practices in recruiting, screening, pre-apprenticeship training and other social supports, these partnerships can help more targeted workers permanently reconnect to the workforce. They can also learn valuable insights about how to break down barriers to employment that should be incorporated into a national subsidized employment and revitalized CCC equal to the scale of the need for jobs in coal-country Appalachia.

# I. APPALACHIA CONTINUES TO BE A "REGION APART" ECONOMICALLY

The Appalachian region, as defined by the Appalachian Regional Commission (ARC), spans 13 contiguous states, from northern Mississippi to southern New York (Figure 1). It contains 423 counties and is home to 26.1 million residents and five state-recognized Native American Tribal Communities. Within Appalachia, there are five subregions: Northern, North Central, Central, South Central, and Southern Appalachia (Figure 1). The focus of this report is on the 193 Appalachian counties in Kentucky, Ohio, Pennsylvania, and West Virginia, hereafter referred to as "ARC counties." This region includes the Ohio River Valley.

Figure 1: Subregions in Appalachia



Source: Appalachian Regional Commission

The Appalachian Regional Commission was created in 1965, on the heels of a 1964 report published by the President's Appalachian Regional Commission that concluded it was "a region apart – geographically and statistically" suffering from "realities of deprivation" and a "legacy of neglect". In the 1960s, despite some increases in living standards in the New Deal, Appalachia still underperformed the rest of the nation on key socio-economic indicators, including income, unemployment, job and population growth (population was declining in parts of the region), and educational attainment.

Despite the immense wealth buried in the hills of Appalachia, the intensive exploitation of coal and other resources in the region did little to elevate the social and economic position of the population or build a foundation for sustainable economic development. As the President's 1964 report noted:

Where a society depends primarily on the extraction of natural resources for its income and employment – as did the people of Appalachia – it is extremely important that a high portion of wealth created by extraction be reinvested locally in other activities. The relatively low proportion of native capital did not produce such reinvestment in large sections of the region. Much of the wealth produced by coal and timber was seldom seen locally. It went downstream with the great hardwood logs; it rode out on rails with the coal cars; it was mailed between distant cities as royalty checks from nonresident operators to holding companies who had bought rights to the land for 50 cents or a dollar an acre. Even the wages of local miners returned to faraway stockholders via company houses and company stores.

The role of absentee corporate landowners in the region was captured by the Appalachian Land Ownership Task Force that was funded by the ARC in 1978. In its 1983 report, the taskforce concluded that land in six of the Central Appalachian states was concentrated in the hands of several dozen corporate and absentee owners who paid little in taxes, leaving an inadequate tax base to fund education and infrastructure development and leading to higher levels of poverty, social inequality, and a lower quality of life in the region.<sup>3</sup>

The bottom line: Appalachia's rich natural resources – including salt, timber, oil, coal, natural gas, and other minerals – have NOT been used to help build a foundation for sustainable and diverse economic development within the region. Appalachian historian Ron Eller characterized the impact of extractive industries on the region as "short-term growth without development" resulting in "long-term consequences of dependency, inadequate social services, absentee ownership and a colonial economy" that "enriched the modernizing centers in other parts of the country."

In part because of the region's economic vulnerability, deindustrialization in the late 1970s and early 1980s – and the collapse of manufacturing sectors such as steel, glass, and chemicals – hit Appalachia especially hard. Lowpaid service jobs came to dominate local economies, while higher paying service (in financial and business services, IT, etc.) and management occupations remained scarce. Many good-paying jobs that did not require a college degree vanished, accompanied by another out-flow of migration.<sup>4</sup> Since many of the steel mills in northern Appalachia sourced their coal (coke) locally, this also led to new losses of coal jobs.

### II. CENTRAL APPALACHIA, COAL COUNTRY, REMAINS IN A STATE OF ECONOMIC HARDSHIP

Today, an estimated 22 percent of the people in Central Appalachia live in poverty compared to under 13 percent nationally and 14.5 percent for Appalachia as a whole.

Poverty Rate, All Ages **Poverty Rate** Kentucky (Appalachia) by Subregion West Virginia Ohio (Appalachia) Appalachia **United States** 16.2% Pennsylvania (Appalachia) 14.7% 13.5%

Figure 2: Poverty Remains Relatively High in Central and North-Central Appalachia

Source: Pollard et al, "The Appalachian Region: A Data Overview from the 2017-2021 American Community Survey Chartbook," ARC and PRB, June 2023

Figure 3: Economic Growth in Appalachia Lagging Nation

Figure 3 shows that the Appalachian counties of Kentucky, Ohio, Pennsylvania, and West Virginia have become a smaller part of the nation's economy and have had lower rates of economic growth in the past half century. These Appalachian counties comprised between 4 and 5 percent of the nation's population,

income, and jobs in the early 1970s compared to roughly 3 percent by 2021.

Appalachian Share of United States Income, Jobs, and Population, 1969-2021 Income -Jobs Population 6% 5% 4%

3% Appalachia = Kentucky (54 counties) 2% Ohio (32 counties) Pennsylvania (52 counties)

Source: US Bureau of Economic Analysis data

West Virginia (55 counties)

1%

0%

Central Appalachia and Appalachian counties in Kentucky, Ohio, Pennsylvania, and West Virginia remain a region apart when it comes to the share of working age people in the formal workforce. According to the Appalachian Regional Commission, 78 percent of people ages 25 to 64 in the United States are in the labor force compared to just 60 percent in Central Appalachia (Figure 4). If Central Appalachia's labor force participation rate matched the national rate for those between ages 25 and 64, an additional 172,700 people would be in the labor force. If these additional people were counted as unemployed, the unemployment rate in Central Appalachia would jump from 6.2 percent to 27.8 percent – or four and half times what the official statistic implies. This is why the unemployment rate is not a good barometer of labor market health in places like Central Appalachia where so many people are disconnected from the workforce entirely—the unemployment rate excludes people who are not looking for jobs.

Long-term unemployment can produce a vicious cycle: workers' skills erode and social ties to employed workers with good jobs deteriorate, causing many to slip into poverty and become hard to employ, leading to poorer health, worse outcomes for their kids, and subsequently low participation in the labor force.<sup>6</sup>

A prerequisite for improving economic and social outcomes is to ensure more people can enter the workforce and find meaningful employment. Increasing employment in Appalachia can increase incomes, improve health, build a stronger tax base, and create stronger economic growth.<sup>7</sup>

80.0% 78.3% 75.0% 77.1% 73.8% 70.0% 72.0% 68.2% 65.0% 60.0% 60.7% 60.3% 55.0% 50.0% **United States** Central Ohio Pennsylvania Kentucky West Virginia Appalachia (Appalachia) (Appalachia) Appalachia (Appalachia)

Figure 4: Labor Force Participation Rate, Ages 25-64, Appalachia and the US, 2017-2021

**Source:** Pollard et al, "The Appalachian Region: A Data Overview from the 2017-2021 American Community Survey Chartbook," ARC and PRB, June 2023

#### III. THE CASE FOR EXPANDING EMPLOYMENT IN APPALACHIA

The geographic concentration of discouraged workers makes Appalachia a prime candidate for a subsidized employment program. In subsidized employment – discussed in detail below – the government temporarily or permanently covers all or a portion of wages for job seekers by placing them in jobs that provide a bridge to unsubsidized employment and improve their long-term job prospects.

To evaluate the need for subsidized employment creation, we analyze the employment-to-population ratio (hereafter referred to as "employment rate") of the ARC region within Kentucky, Ohio, Pennsylvania, and West Virginia. The employment rate is perhaps the gold standard for evaluating the labor force health of a region. Unlike the unemployment rate, the employment rate captures individuals who have become entirely disconnected from the labor force and are no longer actively looking for work. When data are available, we center individuals aged 25-54, referred to as "prime-age" individuals. Comparing prime-age individuals also reduces the possibility of observing a misleadingly low employment rate because an area has large shares of (younger) people in college or older people who are retired. Prime-age men's labor force participation rate has been declining nationally and especially in coal-country Appalachia since the late 1960s. Disconnection from the labor force during prime age has severe consequences for an individual's job and earnings prospects, as well as for individual and family well-being.

#### State-Level Differences in Prime-Age Employment Rates

As Figure 5 shows, ARC counties in our four states have prime-age employment rates that are all lower than the national rate, with Pennsylvania having a prime-age employment rate slightly lower than the national average, Ohio 5 percentage points lower, Kentucky over 15 percentage points lower, and West Virginia being nearly 9 percentage points lower than the national rate.

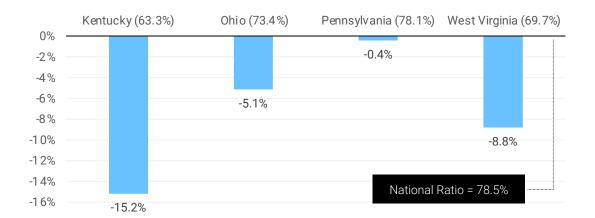
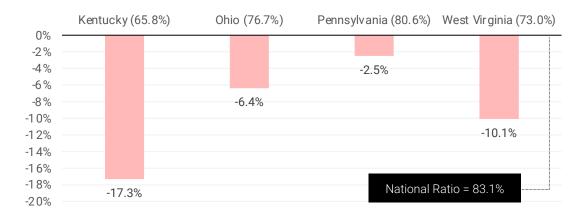


Figure 5: Prime-Age Employment Rate for ARC Counties

Source: 5 Year American Community Survey Data, 2021

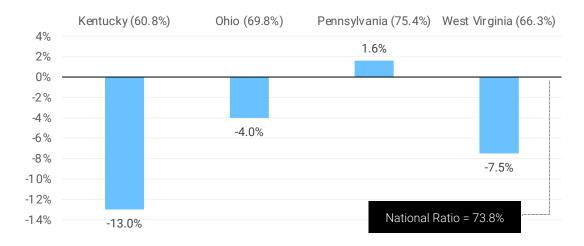
The gender breakdown of prime-age employment rate shows a similar pattern (Figures 6 and 7). Nationally and in the ARC counties in these four states, women have a lower prime-age employment rate than men. Women's prime-age labor force participation has historically been lower than men's due to many factors, including shouldering more unpaid caregiving and childrearing work.

Figure 6: Male Prime-Age Employment Rate for ARC Counties



Source: 5 Year American Community Survey Data, 2021

Figure 7: Female Prime-Age Employment Rate for ARC Counties

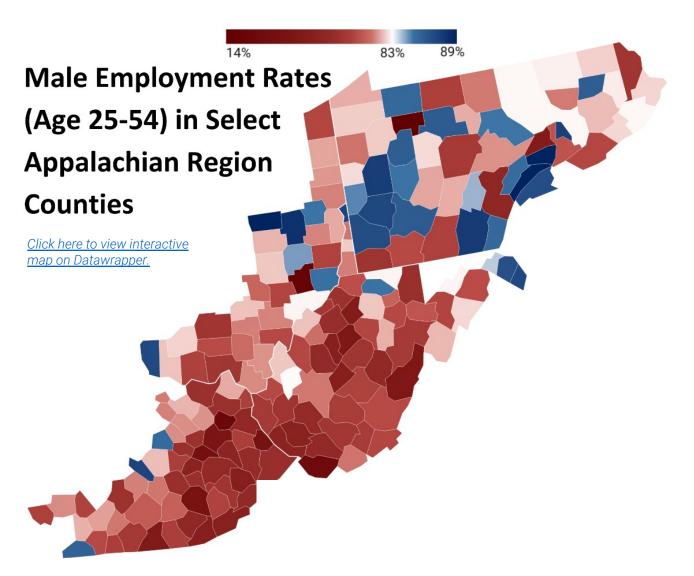


Source: 5 Year American Community Survey Data, 2021

#### County-Level Differences: Prime-Age Male Employment Rate

Prime-age male employment rates by county reveal even starker variation and pressing need for employment creation in some counties (Figure 8). Among prime-age men, the employment rate falls under 50 percent in 16 ARC counties (the darkest red counties in Figure 8). Twenty-one additional ARC counties have 50-60 percent employment rates for prime-age males. In all, 160 out of the 193 ARC counties we compared have a prime-age male employment rate lower than the national average, with 51 counties seeing prime-age male employment rates more than 20 percentage points below the national rate.

Figure 8: Map of Male Prime-Age Employment Rate, ARC Counties



**Source:** Keystone Research Center estimation using US Census Bureau 5 Year American Community Survey Data, 2021. Created with Datawrapper.

The light pink and light blue counties in Figure 8 have prime-age male employment rates close to the national rate of 83.1 percent. Darker blue counties have higher rates of prime-age male employment.

**Figure 9:** Appalachia Experiences Poorer Health Outcomes than the US Average

Appalachian Mortality Rates Compared to National Averages				
Heart Disease	Ğ	+17%		
Cancer		+10%		
Chronic Obstructive Pulmonary Disease		+27%		
Injury	•	+33%		
Stroke	CHANGE OF THE PARTY OF THE PART	+14%		
Diabetes	NRAUN T	+11%		

Source: Health Disparities in Appalachia, 2017

The rate of employment among disabled individuals is highest in the teal-colored Northern Appalachian subregion. One possible explanation is that the nature of disabilities differ geographically and that, in coal counties in the heart of Central Appalachia, more of the disabled have conditions that impede reemployment.

Even so, in 70 percent of the four-state ARC counties, at least one out of every four people who reported a disability is employed. While it won't be possible for all individuals with disabilities to work, significant scope exists to make the disabled population a focus of a portion of a national employment creation program.

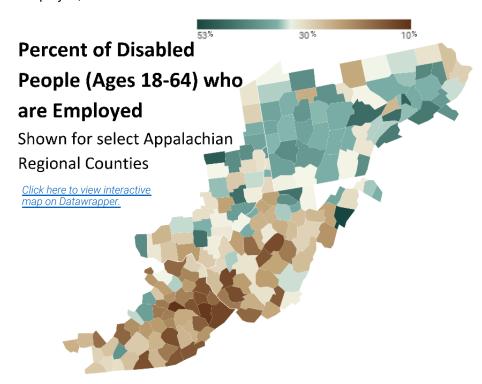
#### County-Level Differences: Employed Workers with Disabilities

Part of the reason for Appalachia's low employment rates is that the area has a high percentage of workers with disabilities. In the Ohio and Pennsylvania ARC counties, 13 percent of people ages 18-64 report having a disability. In the West Virginia and Kentucky group of counties, nearly 19 percent of people report having a disability. A wealth of prior research shows that disability experience is not random. Disability and poor health outcomes are both associated with "structural" factors – i.e., environmental, social, and economic variables.

As Figure 9 shows, Appalachia has much poorer health than the United States as a whole. 12 If we extracted data just for coal-country Appalachia, health outcomes would likely be even worse.

While poor health and high disability rates help explain low employment rates, having disabilities does not always preclude employment. In fact, employment creation efforts should aim to increase the share of the disabled population that works. Figure 10 shows the share of people ages 18-64 with disabilities who are employed in the ARC counties in our four-state region.<sup>13</sup>

**Figure 10:** Map of Percent of Disabled People (Ages 18-64) Who Are Employed, ARC Counties



**Source:** Annual Disability Statistics Compendium, 5 Year American Community Survey Data. Created with Datawrapper.

## IV. THE ECONOMIC, JOB, AND WAGE PAYOFF TO EMPLOYMENT CREATION

The economic impact of an effective subsidized employment program or policy that moves Appalachia toward real full employment cannot be overstated. If the four-state ARC county area had a prime-age employment rate that matched the national level (78.5 percent, up from 74.1 percent), an additional 206,000 individuals would be employed. Achieving the national average in each of 193 counties in the region would raise the prime-age employment rate in 85 counties by 10 percentage points or more. Twenty-seven ARC counties would see their prime-age employment rate increase more than 25 percentage points or more, with Forest County in Pennsylvania, Elliott and Wolfe counties in Kentucky, McDowell County in West Virginia, and Noble County in Ohio seeing the largest prime-age employment rate increases.

The 206,000 prime-age workers brought back into the labor force would receive wages totaling over \$6.4 billion (assuming a 40 hour workweek, 52 weeks per year, and \$15 per hour wage). Even with program uptake of 20-50 percent (consistent with some experts' expectations), the boost to wages would equal \$1.28 billion to \$3.2 billion. This boost to buying power would have a widespread impact in the regional economy and would support additional job growth and wage growth far beyond the subsidized wage cost. Higher employment rates would also benefit families and communities by lowering substance abuse and crime rates, strengthening families, increasing child and skill development, improving state and local fiscal conditions, and improving public services. The substance is a substance of the substan

#### V. EMPLOYMENT STRATEGIES FOR APPALACHIA

In this section we explore two avenues to increasing the number of jobs in Appalachia available for discouraged and disconnected workers. One approach is for the government to provide subsidized employment for hard-to-employ populations (this employment could be a public or a private job). For individuals, this provides income in exchange for work. For employers, it reduces the risk and cost to employers for hiring the workers. With the second approach, targeted hiring on federally subsidized infrastructure and climate projects, employers benefit by getting the increased business and hiring some of the targeted workers is a condition of gaining a contract or subcontract on the project.

#### **Subsidized Jobs Programs**

A job subsidy program is typically not a one-size-fits-all program. The program design should reflect the target population, such as workers with large barriers to work and little work experience that may need longer-lasting subsidies and wrap-around services compared to participants that have more experience and may just need help connecting to an employer. Other participants may need classroom-based and/or paid on-the-job training experience (OJT) to improve their skills to make them more attractive to employers.

For decades, nonprofits and governments have used subsidized employment to improve employment, earnings, and other outcomes. The most famous was the Works Progress Administration (WPA), which operated from 1935 to 1943 during the New Deal era and employed about 8.5 million people. This included 246,000 "man-years of employment" in West Virginia, 1.2 million in Pennsylvania, 937,000 in Ohio, and 304,000 in Kentucky. Inspired by the success of the WPA, Congress established the Public Employment Program and subsequently the Public Service Employment (PSE) program under the Comprehensive Employment and Training Act of 1974 (CETA). At its height in 1979, the PSE program provided jobs to over 700,000 people through a revenue sharing program with state and local governments based on a locale's unemployment rate. 19

Today, programs like Jobs Corps and the Senior Community Service Employment Program (SCSEP) have subsidized employment programs serving around 60,000 youth in Job Corps and 65,000 seniors in SCSEP. Although the federal Civilian Conservation Corps (CCC) dissolved more than 70 years ago, there are still two small conservation-related federal programs – the Youth Civilian Conservation Corps and the Public Lands Corps – and efforts to reestablish the CCC and expand AmeriCorps to reach older and targeted populations.<sup>20</sup>

There have also been successful job subsidy programs at the state and local level. From 1983 to 1989, Minnesota provided six months of subsidized employment and retraining for workers that were unemployed or ineligible for unemployment insurance.<sup>21</sup> At its peak, the Minnesota Emergency Employment Development (MEED) program placed over 20,000 people in subsidized jobs.<sup>22</sup>

During the Great Recession, Congress allocated \$1.3 billion from the TANF (Temporary Assistance for Needy Families) Emergency Fund as part of the American Recovery and Reinvestment Act (ARRA) to place more than 260,000 low-income adults and youth in jobs in the private and public sector. Pennsylvania used funds to establish Way to Work, a jobs subsidy program that paid \$13 per hour that placed 20,000 unemployed workers in public, non-profit, and private-sector jobs. Altogether, 39 states and the District of Columbia launched a job subsidy program using TANF Emergency Funds. An evaluation found that these programs led to significant increases in employment and earnings and helped improve the chances of participants finding long-term unsubsidized jobs when the program ended.<sup>23</sup>

A 2016 review of subsidized employment programs over the last 40 years conducted by the Georgetown Center on Poverty and Inequality discovered a wide range of experiences with subsidized employment (see Box 1). The Georgetown Center researchers found that subsidized employment can have a wide range of benefits, including boosting incomes and employment, decreasing public welfare expenditures, reducing longer-term poverty, lowering criminal justice system involvement, improving school outcomes for children of workers, and enhancing psychological well-being. A 2020 evaluation of 13 subsidized employment programs using randomized control trials found that participants in 12 of the programs had higher incomes than those not participating in the programs. In one program in San Francisco, STEP Forward, MDRC evaluators found that wages rose by over \$3,700 in the first year alone. Over the long term, the program resulted in greater levels of employment, higher average earnings, and a higher chance to be employed in higher-quality jobs.

#### **Box 1:** Groups Targeted by Previous US Subsidized Employment Programs

The US has wide experience with subsidized employment that it can draw on in scaling a new national program large enough to reconnect a significant number of disconnected workers to the job market. For example, the Georgetown Center on Poverty and Inequality 2016 review of subsidized employment over the last 40 years analyzed programs targeting each of the following groups.<sup>26</sup>

- Disconnected youth
- · People with work-limiting disabilities
- Single mothers and non-custodial parents
- People with criminal records
- Older workers who were pushed out of the labor market due to economic dislocation
- Disadvantaged immigrants, especially refugees and asylum seekers
- Long-term unemployed workers
- · People in areas of particularly high unemployment
- People experiencing homelessness

Compared to other industrialized countries, the United States has historically spent very little on "active labor market policies," or programs that promote participation in the labor force that help workers match employment opportunities. <sup>27</sup> This includes employment services, job search assistance, job training, and employment subsidies. This lack of public investment, along with decline in private sector employer-based training and the decline in demand for workers with less education or job-based skills, have contributed to the decline in labor force participation among prime-age men. A 2019 meta-analysis of randomized control trials by Harvard University research found subsidized employment the most effective among active labor market strategies. <sup>28</sup>

#### **National Subsidized Employment Program Proposals**

Several job subsidy proposals have been introduced over the past 15 years. In 2010, US Senator Al Franken introduced the Strengthening Our Economy Through Employment and Development Act, or SEED Act, that was based on the MEED program in Minnesota mentioned previously. The SEED Act proposed using \$5 billion for a 50 percent wage subsidy (up to \$12 per hour) for small businesses (with less than 500 employees) for 12 months.

More recently, in 2018, US Representative Ro Khanna introduced the Job Opportunities for All Act that would pay employers to hire people 18 and older who have spent at least 90 days without a job or have earnings less than the federal poverty line. An economic analysis of the Jobs Opportunities for All Act found that the \$50 billion program would reduce poverty for 3.5 million people and reduce poverty by half for those enrolled in the program.<sup>29</sup> During the pandemic, there were several bills to enact a jobs subsidy program to assist workers who were unemployed or underemployed due to COVID-19, including the Workforce Promotion and Access Act profiled in Table 1.<sup>30</sup>

Table 1 on the following page demonstrates program components of various job subsidy program bills previously considered or proposed by members of Congress

**Table 1:** Congressional Proposals for Adult Subsidized Programs

Legislation & Proposals	Funding Level & Allocation	Administration & Program Design	Approved Activities	Wages & Benefits
Federal Jobs Guarantee Development Act of 2019  Senate (Booker): S.2457  House (Coleman): H.R. 4278	Formula-based; Funding unspecified	Pilot Program: 15 communities w/ low unemployment  Administration: Eligibility: 18+, Unemployment rate 150% + of US rate  Duration: 3 years	Support services, workplace learning advisor, adult education + literacy, activities for justice involved individuals, 8-weeks training for those with certain barriers to employment.  Limitations: Can't replace existing employees, disrupt collective bargaining agreements, and perform public sector functions or other prohibited activities  Evaluation	\$15/hour or prevailing wage, health insurance, and paid family and sick leave Expansion of Work Opportunity Credit for participating employers
Workforce Promotion and Access Act (WPA Act: 2021)  House (Coleman): H.R. 1388	Formula-based; 0.1% financial transaction tax (CBO says about \$75 billion avg annual revenue)	Administration: US DOL, grants to state/local govts + tribes  Eligibility: 18+, areas w/ unemployment greater than 10% or double US unemployment rate  Duration: 3 years	Support services, workplace learning advisor, adult education + literacy, activities for justice involved individuals, 8-weeks training for those with certain barriers to employment.  Limitations: Can't replace existing employees, disrupt collective bargaining agreements, and perform public sector functions or other prohibited activities  Evaluation	\$15/hour, prevailing wage or applicable wage under collective bargaining agreement; paid family and sick leave
Job Opportunities for All Act (2018)  House: (Khanna): H.R. 6485	State: Formula-based grants based on Federal Medical Assistance Percentage (FMAP) up to 75% of cost; states can count welfare benefits as matching funds  Local: Competitive Grants: Grant is 120% of wages or 150% of wages if covered by collective bargaining agreement.  Estimated Cost: §48.6 billion (Does not include Pilot Program)	Administration: US DOL provides state block grants; public, private, nonprofit, and labor union employers can apply for competitive grants  Eligibility: 18 +, below poverty for 6 months, and out-of-work for more than 90 days.  Duration: 18-month period w/ 12-month extension for those w/ significant barriers to work.  Participants limited to 3 separate periods of employment w/ different employers.  Pilot Jobs Guarantee Program: 5 entities, 18+; areas w acute economic challenges.	Additional funds for in-demand industry sectors for career/technical education. Minimal wraparound services limited to individuals' w/ barriers to work. Local pilot programs include providing GEDs, post-secondary diplomas, and paid apprenticeships.  Limitations: Can't replace unsubsidized employees or those laid off or have reduced hours or displace public employees; employers must get consent from labor union if under collective bargaining agreement	Federal Subsidized Employment Program: Employers would receive subsidies of 120% of wage cost (150% for union jobs) to offset wages, training, and overhead costs. Minimum wage.  Pilot Program: \$15/hour or prevailing wage, health insurance, and paid family and sick leave

#### **Targeted Hiring on Federally Funded Infrastructure and Climate Projects**

An alternative approach to reconnecting some of Appalachia's disconnected workforce is to expand targeted hiring on government-funded climate and infrastructure projects. Here the job is not directly subsidized. Employers pay the employees' wages and benefits. The government subsidy – and leverage to induce employers to hire targeted groups of workers – comes in the form of the government payment for, or subsidy of, the project. Employers commit to hiring some of the targeted groups of workers because it is a condition of winning the federal funding for the project.

Over the past two decades, targeted hiring on publicly subsidized projects has become widespread thanks to the spread of "community benefit agreements" (see Box 2). The targeted groups have included workers from low-income neighborhoods near project locations, people of color, women, and people coming out of the criminal justice system.

#### Box 2: Examples of Targeted Hiring on Construction and Permanent (End-Use) Jobs

Thanks largely to the Revive Oakland Coalition, the conversion of the decommissioned Oakland Army Base for the Port of Oakland included a Community Benefit Agreement that required targeted hiring for a portion of a projected 2,800 construction jobs and 2,000 permanent positions within a warehouse and logistics center.<sup>31</sup> Employers were required to notify a jobs center designated by the city of available openings and "make best efforts" to hire at least 50% local residents and 25% disadvantaged workers and to pay damages of \$5,000 per job short of these thresholds.

In another example, a 2001 community benefits agreement on a billion-dollar Los Angeles Sports and Entertainment District – that included restaurants and retail businesses, a 7,000 person theater, a convention center extension, a hotel, and a permanent high rise housing complex – made nearby low-income individuals priorities for hiring. <sup>32</sup> Usually referred to as the "Staples" CBA because the projected included construction of the Staples Center Sports Area, this agreement set out an aggressive goal of 50% hire of the targeted population (although without penalties for failure to achieve this goal if employer made good faith efforts).

Many of the other features of high-quality subsidized employment programs also characterize effective targeted hiring on climate and infrastructure projects. Prior to placement and starting a job, targeted workers need assistance that addresses some of the barriers to their employment. These could include the lack of a drivers' license and transportation, the lack of a high-school diploma or GED, not having the cash required to buy tools or work boots, or a need for enhanced basic skills and for employability skills. In a growing number of examples on construction projects, pre-employment training comes in the form of "pre-apprenticeship programs" that can lead to placement of successful participants in a unionized construction job and sometimes an apprenticeship (see Box 3).

#### Box 3: Pre-Apprenticeship Examples from Pennsylvania, Ohio, and Kentucky

In the 20th century Ohio River Valley, the unionized building and construction trades were overwhelmingly white and male. Over the last decade, however, a growing number of "apprenticeship readiness" programs in the region have created opportunities for male workers of color and for women in unionized construction firms. Expanding apprenticeship readiness programs in conjunction with strong labor and local hire requirements on federal climate infrastructure investments can ensure significant "community benefits" wherever infrastructure projects take place, including expanding opportunities for disconnected and discouraged workers.

In Pittsburgh, the Builders Guild, a labor-management partnership, operates a preapprenticeship program called "Introduction to the Construction Trades." This preapprenticeship program includes a proprietary screening system to select participants with the best chance of success and pre-employment training for about six weeks, adapted from an apprenticeship readiness curriculum developed by the national building trades called the Multi-Craft Core Curriculum (or "MC3"). On the back end, the Builders Guild's strong relationships with construction contractors and unions guarantees successful graduates an interview. From 2018 to 2021, the project had 162 participants, 80 percent of them Black, and 76 percent were placed in unsubsidized employment. These outcomes are consistent with similar apprenticeship readiness programs across the United States.

The Building Futures Program is a pre-apprenticeship program run as a partnership between Franklin County, Ohio, the Columbus/Central Ohio Building and Construction Trades Council, and the Columbus Urban League. The program runs for 12 weeks and helps individuals from low-income backgrounds overcome barriers of access to achieving middle-class careers in construction. The program recruits, screens, and pre-tests women, minorities, and other targeted disadvantaged populations. It includes credit and non-credit classroom programming that includes basic skills, life skills, and employability skills, as well as supplemental services such as access to transportation, childcare, emergency housing, and work clothing or uniforms. The program delivers trade-specific paid internships. Upon completion of the program, participants can join an affiliated trade, including bricklaying, carpentry, cement masonry, drywall finishing, electricians, glaziers, and others.

In Kentucky, the Louisville Urban League runs Louisville's Kentuckiana Builds pre-apprenticeship program. The program has helped over 350 diverse residents access good construction jobs, including apprenticeships with the International Brotherhood of Electrical Workers (IBEW) and the Carpenters Unions. Across the country, the North American Building Trades Unions (NABTU) have helped establish more than 190 apprenticeship readiness programs.

Targeted hiring on government-funded climate and infrastructure projects is currently being scaled up by the Biden Administration's implementation of the Bipartisan Infrastructure Law (BIL) and the Inflation Reduction Act (IRA). With these laws, implementation of community benefits agreements and local hiring of targeted groups count for a significant portion of scoring of proposals for competitive grant funding.

Since this targeted hiring approach requires a match between the skills and capacities of workers and the requirements of the job, many disconnected workers - such as those with significant physical disabilities - cannot be reconnected with this approach. But some disconnected workers can be. Moreover, the share of disconnected workers that could perform climate infrastructure work would expand if policymakers funded such work deliberately to achieve both climate progress and to reconnect disconnected workers. For example, we could massively expand tree planting and design other moderateto-low-skill outdoor jobs that boost climate resilience, creating jobs within reach of most disconnected workers without physical disabilities. This approach, of course, takes us back to the idea of subsidized employment, to public jobs, and to the idea of modern-day Civilian Conservation Corps - and beyond the scale of employment creation possible through targeted hiring on currently funded climate infrastructure projects. While advocacy builds for a new CCC and a broader national subsidized employment program, targeted hiring on current climate infrastructure offers a proving ground for experimenting with and scaling barrier removal and placement. A particular target of opportunity among those disconnected from the job market is the returning citizen population (Box 4). Targeted hiring can make some progress towards driving up employment rates in Appalachia and provide a body of experience that informs future federal investments in both climate action and subsidized job creation.

#### Box 4: Reentry Support Linked with Targeted Hiring of Returning Citizens

There are an estimated five million people in the United States who were formerly incarcerated in prisons. Returning citizens – formerly incarcerated individuals – face significant barriers as they reintegrate into their communities, particularly when it comes to employment. The Prison Policy Institute found that the unemployment rate for already returned citizens is 27 percent. Many states bar people with criminal records from working in a wide range of jobs. Employers may also discriminate against people with records during the hiring process. These challenges increase the likelihood of recidivism, imposing costs on society as well as individuals reincarcerated and their families.

Targeted hiring on federal climate infrastructure projects funds can create real opportunity for returning citizens.<sup>37</sup> The federal government could expand these opportunities by setting aside ½ of 1 percent of project funds (as on a model Missouri Community Benefits Agreement linked with a transportation project) to support establishment and expansion of pre-apprenticeship and other programs that place returning citizens. States that receive infrastructure funds could also be required to reform occupational licensing to eliminate unnecessary exclusion of returning citizens from certain fields.

#### VI. BOOSTING EMPLOYMENT IN APPALACHIA

The findings in this report show the need to address the region's longstanding low labor force participation and underemployment, especially among people of prime working age. While there are national job subsidy programs for youth and the senior population, there is no large-scale job subsidy program for prime-age workers, who are the largest share of the working population. The persistent underemployment and economic distress of the region is apparent even when official unemployment is low because so many people are disconnected from the workforce. The underdevelopment of the region, coupled with the lack of infrastructure, and boom-bust economy associated with natural resource extraction have resulted in pockets of persistent poverty and an enduring lack of jobs.

A well targeted job subsidy program geared toward addressing long-term structural unemployment that follows best practices, utilizing current government resources and programs and building new ones, could help bring Appalachia more in line with the national employment rate while boosting incomes, employment, and the quality of life of thousands of families.<sup>38</sup>

As a result of federal climate and infrastructure legislation, opportunities exist to target a portion of hiring on funded projects to disconnected workers. Carefully designed pre-apprenticeship programs and other barrier removal supports can enable some disconnected workers to enter registered apprenticeship and careers in unionized construction. A small portion of project funds can be set aside to support community-labor training partnerships that could scale pre-apprenticeships and complementary supports that enable various target populations to succeed.

The Job Opportunities Act for All (JOAA) is well-designed to address Appalachia's low-labor force participation and get more people connected to employers and ultimately jobs because eligibility is based on being out of work and in poverty.

By targeting places with high unemployment and low employment rates – such as coal-country Appalachia – JOAA also alleviates concerns regarding inflation. This type of national job subsidy program has proved highly successful in European countries.<sup>39</sup>

A more robust public option that makes government the "employer of last resort" within a permanent state-owned enterprise carrying out work that the market ignores could make faster and deeper progress to raise employment rates. In particular, a revitalized Civilian Conservation Corps targeted at people with multiple barriers to work could provide enormous benefits to the nation and Appalachia. The logic behind the matchmaking of a new CCC is both simple and compelling. We have tens of millions of people of prime age who need income, a sense of purpose, a chance to make a contribution and to be seen to make a contribution, people who need hope. We have an almost unlimited amount of socially useful work that could contribute to reducing emissions – planting trees, for example. Can we not connect millions of these people who need dignified work – not all, to be sure, but many – to the work that needs to be done? Is that not something that should have overwhelming bipartisan support, including from Republicans who lionize the dignity of work? It is time to stop pretending our vast army of the disconnected does not exist and to creatively and supportively make it possible for them to become essential workers of climate response. 40

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