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## Evaluation of the Battle Creek Jobs Fund

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## EVALUATION OF THE BATTLE CREEK JOBS FUND

JUNE 30, 2017

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## Executive Summary

This report provides an evaluation of the Battle Creek Jobs Fund, a job-creation initiative created in 2012 by a grant from the W.K. Kellogg Foundation to Battle Creek Unlimited (BCU). The purpose of the \$1,000,000 Fund was to encourage manufacturers, through wage subsidies, to expand jobs for economically disadvantaged individuals in the Battle Creek area and to see whether the greater presence of successful economically disadvantaged individuals in the workplace could improve workplace perceptions and attitudes toward these individuals. The wage subsidies were intended for hires that would add to the total number of workers at a company and ranged from \$2,500 to \$10,000 per new hire. The BCJF also required that participating manufacturers designate an employee of the company to act as an employer champion to help workers hired under the program deal with workplace issues. During its period of operation from 2013 through the first quarter of 2017, five employers participated in the program and hired a total of 60 individuals, who met the criteria of living in households with incomes below 200 percent of the federal poverty guidelines and residing in impoverished neighborhoods in the Battle Creek area. Yet, by the end of the one-year period, only 43 positions remained filled with an eligible worker.

A team of researchers from the W.E. Upjohn Institute for Employment Research conducted an evaluation of the program. The Upjohn Team faced challenges in conducting the evaluation: companies were not forthcoming with appropriate data, participants were non-responsive to repeated requests for interviews and survey responses, and the design of the program changed during its operation. However, through the information available and a detailed understanding of wage subsidies and their effectiveness, the team made the following assessment of the Battle Creek Jobs Fund:

1. *Employment:* Although 43 new positions were created and filled with economically disadvantaged workers, that number is much smaller than expected considering the size of the pool of available eligible workers and employers, and based on evaluations of dozens of previous wage subsidy programs.
2. *Turnover:* The turnover rates of subsidized positions were higher than those of unsubsidized positions created by otherwise comparable employers.
3. *Earnings:* Earnings of subsidized workers were higher after 12 months than those of the comparison group, and the earnings increase of the subsidized workers during the 12-month period was also higher.
4. *Participation Rates:* Participation rates were quite low, with only 60 employees starting out in the subsidized positions and only five employers participating, out of a possible pool of 36,000 workers and nearly 300 manufacturers.
5. *Workplace Culture:* Since so few economically disadvantaged workers were added to the workplace through the wage subsidy, we had little opportunity to explore the possibility that their added presence could improve the perceptions and attitudes of co-workers and

supervisors toward these individuals. Furthermore, most of the entry-level workers, and many supervisors, employed at the company were already from economically disadvantaged households, so the few additional workers did not change the socioeconomic makeup of the workplace. In addition, we found no change in the perception about economically disadvantaged workers among those supervisors and employer champions who completed the “before and after” program assessment survey regarding entry-level workers. Interviews suggested that employer champions were a positive force in the workplace, helping economically disadvantaged workers deal with the challenges of stigma and assimilation into the culture of the workplace, and helping supervisors and co-workers better understand the issues confronting the economically disadvantaged in their place of work. However, its effects may have been mitigated by the negative reactions of some co-workers, who themselves were from economically disadvantaged backgrounds, regarding special treatment received by the program participants.

In light of these findings, the Upjohn Team recommends the following changes to a future program of this type:

1. The organization administering the program should dedicate staff solely to the program so that they can focus on its success by ensuring that any additional costs or impediments to participating companies and individuals will be minimized.
2. The dedicated staff should give more attention to providing and monitoring information necessary to assessing the success of such a program. The consensus of evaluations of wage subsidies is that they have a positive effect on job creation and earnings, but because of the lack of sample size and data, we did not find the BCJF to share these positive findings, particularly with respect to job creation, and better data would allow a deeper inquiry into the reasons for the poor results.
3. The wage subsidy should be designed to provide more of the total amount paid to the employer at the time of hiring to help with defraying hiring and training costs, while preserving some for the end of the year of employment to encourage the employer to retain the participating employees.
4. The employer champion’s time pursuing his or her own work for the company should be reduced so the person in that role can spend more time assisting the subsidized workers. Furthermore, rotating the role of employer champion to other co-workers more frequently would relieve the burden and spread the opportunity for others to be better educated as to the challenges faced by economically disadvantaged individuals and to have first-hand experience in assisting their co-workers.



# 1 Description of the Battle Creek Jobs Fund

The W.K. Kellogg Foundation established the Battle Creek Jobs Fund (BCJF) as an economic development incentive program to provide employment opportunities to individuals from economically disadvantaged households and neighborhoods in the Battle Creek area. The W.K. Kellogg Foundation granted \$1 million to Battle Creek Unlimited (BCU), the area's economic development organization, to administer the program. The program was started in 2013 and was in full operation from 2013 into 2017.

The BCJF had a dual purpose: 1) create additional positions for economically disadvantaged individuals, and 2) ensure a nurturing and bias-free work environment for economically disadvantaged workers to pursue their careers. The program was designed to accomplish the second purpose in two ways. The program required the participating company to provide an employer champion to help individuals navigate potential barriers in the workplace, and to change the perceptions and attitudes of co-workers and supervisors. It was also anticipated that adding a greater presence of economically disadvantaged workers in the workplace would help promote this understanding and reduce bias and prejudice toward these individuals. To create new jobs, the program offered a wage subsidy to employers who added positions and filled them with individuals from low-income families living in economically disadvantaged neighborhoods in the Battle Creek area.

## 2 Barriers to Employment and Careers of Low-income Individuals

The BCJF addressed barriers and challenges faced by many economically disadvantaged individuals by expanding their opportunities for a job and a successful career. Like many low-income individuals, residents of the neighborhoods targeted by the BCJF had lower educational attainment, less work experience, and lived in an area of higher concentration of poverty than residents of other neighborhoods in Battle Creek. The wage subsidy offered employers an incentive to hire workers who may not have the credentials or experience to qualify for the position; the employer champion assisted workers in pursuing their careers by helping them navigate around challenges in the workplace. This section describes what is known from the literature about barriers facing economically disadvantaged individuals in finding and retaining a job.

### 2.1 Barriers to Finding Jobs

Research shows that many economically disadvantaged individuals lack a range of skills, behavioral norms, and resources that are important for obtaining employment and pursuing a

successful career. Their lack of sufficient income and other resources places them in a precarious position in which the slightest setback, such as their car breaking down and child care falling through, could cause them to miss work and risk being dismissed. Without the ability to retain a job, a person in this situation may find it nearly impossible to gain a foothold in the workplace to pursue a successful career that can support his or her family and eventually lift them out of poverty.

Even the most basic of skills, such as reading at sufficient levels to function adequately on the job, elude many economically disadvantaged individuals. With up to 60 percent of low-skill jobs requiring the ability to read and write paragraphs or to make arithmetic calculations, lack of these skills prevents many individuals from being hired (Holzer, 1996; Olson, 1996). Even for those that find employment, many find it difficult to hold on to their jobs and climb the career ladder and improve earnings (Holzer & Lalonde, 2000). The literature offers strong evidence that the earnings ability of low-skilled workers is hampered by the lack of training and education (Holzer & Danziger, 1998). Furthermore, as employers require more education and training now than in the past, the gap is only going to widen.

Studies show that if lower-educated workers can find employment in higher wage sectors, such as construction, manufacturing, transportation, or health services, they have a much higher rate of advancement than if they found a job in lower-paying sectors (Holzer, 2005). Moreover, research also shows that experience on the job is the largest single factor in explaining wage gains for low-skilled workers (French, Mazumdar, & Taber, 2005), which emphasizes the importance of finding ways for entry-level workers to remain on the job and to advance in their careers.

In addition to lacking job-ready education/training, many disadvantaged workers are deficient in work-readiness skills, which are the soft skills workers need to effectively perform their jobs and to cope successfully in the workplace. Several studies have found that low-educated workers in some instances have difficulty understanding workplace norms and behaviors, such as the importance of punctuality and the gravity of absenteeism, and are more likely to show contempt for authority and shirk responsibility in the workplace (Berg, Olson, & Conrad, 1991; Hershey & Pavetti, 1997).

On the other hand, what could pass for lack of punctuality or dedication to work is simply the consequence of little to no financial cushion to weather even the smaller setbacks. A car breaks down or child care falls through can cause significant disruptions in one's ability to come to work that day or to get there on time, which could lead to dismissal. Alternative transportation, such as convenient and timely bus lines, may not be available, particularly in small cities such as Battle Creek. Child care, transportation problems, and physical health issues are the most frequent sources of absenteeism (Holzer, 2001), and research shows a strong positive relationship between access to automobiles, employment, and job retention (Ong, 1996).

## 2.2 Barriers to Retaining Jobs

Even after successfully finding a job, many low-skilled workers struggle to keep it. One of the major issues is their unfamiliarity with the culture and politics of the workplace and lack of adeptness in navigating around the pitfalls. Workers may also face various forms of discrimination, which can range from subtle to blatant, but all of which creates a less than hospitable environment within which to work.

Economically disadvantaged workers, and workers of color more specifically, face multiple barriers in finding a job and within the workplace. Prospective employees who are African American or Latino are less likely to receive job offers than white applicants with comparable credentials (Turner, Fix, & Stryk, 1991). In an interview with 185 firms concerning applicants with low-skilled jobs, Kirschenman and Neckerman (1991) found that employers had negative perceptions regarding the work skills and attitudes of African Americans and inner-city residents. Kennelly (1999) found employers viewed Black women and single mothers as unreliable. In a survey of employees, Bobo, Zubrinsky, Johnson, and Oliver (1995) found that almost half of all African Americans reported various forms of workplace discrimination, such as the use of racial slurs or slower pay raises or promotions compared to less than one in six White employees. It should be noted that the most recent studies are 20 years old, and employers' perceptions may have improved since then.

Many economically disadvantaged individuals work for small firms, but smaller firms typically do not have the resources for training and attention to workplace assimilation. Acs and Nichols (2007) found that firms with fewer than 10 workers employ 42 percent of low-educated workers. They are pay lower wages, offer fewer benefits, provide less training, and devote fewer resources to workplace training. In addition, jobs for low-educated workers, especially in small firms, tend to have higher turnover rates, lower starting wages, and fewer benefits (Holzer & Danzinger, 1998). Large firms generally offer more on-the-job training, as well as opportunities for promotion. Large firms, unionized firms, and firms paying higher wages tend to have lower levels of employee turnover (Holzer, Stoll, & Wissoker, 2004). Workers in lower-skilled jobs that are also part time and/or have nonstandard shifts are more likely to leave their positions, leading to high employee turnover (Blank, 1993). Firms offering health insurance and opportunities for future promotion for low-skilled workers experience less absenteeism than firms that do not (Holzer, 2001).

## 3 Targeted Wage Subsidy Programs

Wage subsidies have been used extensively to expand the job opportunities and employment of disadvantaged workers. Bartik (2001) devotes an entire chapter to wage subsidies in his book *Jobs for the Poor*, and concludes "...that if properly designed, employer wage subsidies for hiring the disadvantaged can be effective in increasing the employment and earnings of the disadvantaged" (p. 246-7). The BCJF wage subsidy is similar to many of the prior programs in several ways: It is targeted at a specific group of economically disadvantaged individuals, it

pays a portion of a worker's wages if that worker holds a new job for at least a year, and it pays the company in cash but only at the end of the first 12 months of employment of the subsidized worker. The rationale behind the BCJF program and previous wage subsidy programs is to compensate employers for the additional training costs they may incur by hiring individuals with fewer qualifications, or at least the perception of lower qualifications. It is also seen as compensation to an employer for taking greater risk in hiring the economically disadvantaged worker as manifested in higher turnover rates or more education. The efficacy of wage subsidy programs for expanding employment opportunities for disadvantaged workers depends on several factors, which are listed as six criteria for assessing the effectiveness of the BCJF wage subsidy component:

1. *Employment*: Did employers hire more new workers from the targeted population group with the subsidy than they would have without the subsidy? Did the subsidized workers retain their jobs longer than the non-subsidized workers?
2. *Earnings*: Were the earnings received by the newly hired subsidized worker the same or higher than the earnings received by a comparable unsubsidized worker?
3. *Displacement*: Did the subsidized new hires crowd out or displace comparable unsubsidized workers from getting a job?
4. *Deadweight Loss*: Would firms have hired subsidized workers if they were not subsidized?
5. *Participation*: Did firms find the amount of the subsidy adequate to be compensated for the additional costs of hiring a subsidized worker (e.g., higher training costs or higher turnover rates) and incentivize them to hire additional workers?
6. *Stigma*: Are subsidized workers treated the same as unsubsidized workers by their supervisors, managers, and co-workers?

### 3.1 Findings of Previous Wage Subsidy Programs

Evaluations of wage subsidy programs generally show modest gains in employment and labor force participation of participants relative to a comparison group. Bartik (2001) reports that the net effects range from 3 to 9 percentage point increases in employment compared with their counterfactuals. For those evaluations that consider earnings effects, none found a decline in earnings associated with the employment gains, which suggests that participants are not sacrificing earnings for a gain in the prospect of finding employment. Only a few studies extended the scope of their evaluations to estimate deadweight loss and participation rates, and those that did found deadweight loss to be greater than 50 percent, suggesting that at least and probably more than half the money spent on subsidies goes to companies that have hired workers that they would have hired without the program. Participation rates were low, with evaluations showing less than 10 percent of eligible hires typically claimed by employers.

These positive employment effects are shared by various subgroups of participants: disadvantaged youth, particularly white females; disadvantaged adults, particularly lone mothers and hard-to-place individuals; the disabled; dislocated workers; and indigenous populations. For

example, Katz (1996) evaluated the Targeted Job Tax Credit (TJTC) program, which focused on disadvantaged youth, and found a 7 percentage-point increase in employment relative to the comparison group. Hamersma (2008) found a 5.9 percentage point increase for welfare recipients in the Work Opportunity Tax Credit (WOTC) program.

Although Bartik (2001) offered a favorable assessment of wage subsidy programs targeted at disadvantaged populations, he highlights three forms of inefficiencies in the program—deadweight loss, low participation rates, and large stigma effects—which can mitigate the positive effects. The deadweight loss of wage subsidy programs, according to Bartik (2001), is somewhere within the range of 50 to 92 percent, with a midpoint of around 70 percent. This means that \$7 out of every \$10 spent on subsidies go to subsidize hires that would have occurred anyway. If the deadweight loss is in the 70 percent range, then the wastage could inflate the per-participant cost beyond the amount of the wage subsidy.

Wage subsidy programs are notorious for low take-up rates of employers, which Bartik finds as the greatest limitation of this job creation tool. Evaluations show that less than 10 percent of hires eligible for subsidies are typically claimed by employers for those subsidies. According to Bartik, employers complained of high compliance costs, even when much of the paperwork was handled by consultants. Some evaluations surmised that employers did not want to be encumbered by government regulation and oversight, and the benefits of the subsidies did not exceed the perceived costs of such intrusion. However, even when the required paperwork associated with the programs was handled by other organizations, firms were still reluctant to participate. It is not clear whether larger subsidies, to cover the fixed cost of compliance, would make a difference.

The third inefficiency is the stigma placed on program participants. Through poor information or stereotyping, employers may attach the stigma of low productivity to job seekers who are considered disadvantaged. A wage subsidy provides a monetary incentive to the employer to hire that job applicant, but it also reveals to the employer that the individual is a member of the disadvantaged group at which the wage subsidy program is targeted. If the stigma effect is strong enough, it may outweigh the monetary incentive to hire that person; if the person is hired and knowledge is shared among managers, supervisors, and co-workers that the person is part of the program, then they may be treated differently, even discriminated against, in the workplace.

### 3.2 Addressing Stigma and Prejudice in the Workplace

Clearly from the various evaluations of wage subsidies, stigma is a significant issue. In evaluating the Targeted Jobs Tax Credit program, Burtless (1985) found that workers in a wage subsidy program who had made it known to their employer that they were part of that program did much worse in finding and retaining employment than comparable workers who were not covered by a wage subsidy. Burtless attributes the results to stigma: “employers may have used the vouchers to screen out job applicants known to be public assistance recipients” (Burtless 1985, 112-13). Since Burtless published his findings, designers and operators of wage subsidy programs have been cognizant of the high likelihood of the program stigmatizing participants. However, Bartik (2001), in reviewing the literature on stigma, concludes that the problem can be

managed. The experiment that Burtless analyzed and from which he drew his conclusions, was, according to Bartik (2001), poorly designed and run. Bartik’s solution is to “carefully consider what type of information the program conveys to prospective employers” (p. 224), implicitly saying that the less the employer associates a worker with a wage subsidy the less chance that person will be stigmatized.

The BCJF addressed the possibility of stigma in two ways. The first is consistent with Bartik’s approach of not necessarily sharing the identity of subsidized workers with co-workers and supervisors. This approach may have worked well. In interviewing supervisors, we found that few supervisors knew which workers were in the program. Furthermore, the EDGE program, which targeted the same socioeconomic groups as the BCJF, was taking place in the same companies at the same time, and some supervisors mistakenly thought the wage subsidy participants were instead involved with the EDGE program. However, being mistakenly identified with the EDGE program may have increased the possibility of stigma, since both programs—EDGE and BCJF—were targeted at the disadvantaged. If supervisors did not know a worker was associated with one program, as in the case of BCJF, they may have identified with the other program, as was reported in several instances. Because of this association, the person may have been subject to bias and prejudice regarding their suitability in the workplace and qualifications for the position they filled.

The second way the program attempted to reduce the bias and prejudice resulting from the stigma of being supported by a wage subsidy was to require the employer to provide an employer champion. The role of the employer champion was to help the worker confront this stigma and navigate through the culture and politics of the workplace, which, because of the worker’s background, may be different from what that person was accustomed. The employer champion helped to bridge the different backgrounds. The employer champion, as a bridge between two cultures—workplace and family/neighborhood--facilitated a two-way understanding. One direction was to help the workers from the disadvantaged family and neighborhoods assimilate into the culture of the workplace. The other direction educated co-workers and supervisors as to the issues and challenges workers from such a background may face.

The approach of embedding a coach, intermediary, or ombudsman in the workplace has been tried before with measured success. In 2008, The W.K. Kellogg Foundation funded BC CAREERS, which provided “success coaches” in companies in the Battle Creek area. The coaches were a Department of Human Services (DHS) case worker in residence and a private case worker for those individuals who did not qualify for DHS services, so that any issues that workers might have with formal income support and other social service concerns could be quickly and easily resolved to the benefit of both employers. Unfortunately, the take-up rate was very low, probably due to the economic downturn, and the program lasted for only a year or two because of financial uncertainty. Nevertheless, the responses regarding the effectiveness of the case workers were positive.

The approach of reducing differences in values and norms associated with different backgrounds has raised debate in the literature as to whether that is the best approach for reducing prejudice and bias. What has been called the “contact hypothesis” suggests a different tact. It

hypothesizes that allowing people of a different background (e.g., gender, race, or socioeconomic status) to keep their identity (through hair style, clothing preference, etc.) will reduce prejudice more than if they were forced to adopt the styles of the dominant culture. Two basic reasons are cited for this position: “(1) the difficulty in generalizing attitude and stereotype change from purely interpersonal contact and (2) the potential for increased hostility resulting from attempts to eliminate or eclipse socially salient identity categories, like race or gender” (Green, 2008, p. 401). An early pioneer of this approach, Gordon Allport, defines the benefit more succinctly: “Prejudice (unless deeply rooted in the character structure of the individual) may be reduced by equal status contact between majority and minority groups in the pursuit of common goals” (Allport, 1954, p. 281). Pettigrew and Tropp (2006) conducted an extensive meta-analysis of studies of the contact hypothesis and concluded that intergroup contact does reduce prejudice. Furthermore, the workplace provides the proper setting for inter-group contact to be effective in reducing prejudice, at least according to Allport’s prerequisite of pursuing a common goal.

The role of the employer champion was framed around an approach advocated by Goodwill Industries called *Bridges Out of Poverty*. While it is beyond the scope of this evaluation to delve into the efficacy of different approaches toward reducing workplace bias and prejudice, it is clear from the literature on this topic that there is not universal agreement on the correct approach to take. In fact, it could be argued that the third approach taken by BCJF to create a more accepting and comfortable environment for disadvantaged workers subscribes to the contact hypothesis. This approach is to introduce more disadvantaged workers into the workplace through filling the new positions created by the wage subsidy with disadvantaged workers. One argument for this approach could be that by increasing the number of disadvantaged workers in a workplace, the “group,” to use Allport’s term, is enlarged and becomes more formidable and acquires more equal status between the minority and majority groups in the workplace. According to Pettigrew and Tropp’s (2006) analysis of the host of studies on this topic, this too could reduce workplace prejudice. Unfortunately, the evaluation of BCJF was unable to assess this approach of reducing prejudice because the number of disadvantaged workers added to the workplace under BCJF was too small, particularly relative to the large number of workers from economically disadvantaged households that already held entry-level positions, as well as some supervisory positions in the participating companies.

## 4 Description of Components of the Battle Creek Jobs Fund

### 4.1 Wage Subsidy

The BCJF paid a wage subsidy in cash to employers for creating additional positions and hiring eligible disadvantaged individuals into those positions. Since the purpose of the wage subsidy was to expand employment opportunities to economically disadvantaged individuals, the subsidies could not be used to replace a worker in an existing position. Initially, the wage

subsidy was intended to range from \$10,000 to \$20,000 for each job created, but as the program progressed the subsidy varied, and as little as \$2,500 and no more than \$10,000 was offered per new hire. The amount of the subsidy was not based on the wage rate of the subsidized worker nor was it set as reimbursement for specific expenses associated with the hiring low-income workers. Rather, it was determined before the commencement of the program as sufficient to incentivize employers to create new positions for the economically disadvantaged.

The wage subsidy was for a period of employment of 12 months. A company participating in the BCJF received the wage subsidy after it presented evidence that a job was filled by a qualified individual and that person retained the job for 12 months. Therefore, the employer did not receive the subsidy until 12 months after making the new hire. In the situation where an individual was terminated or quit, the employer would still receive the wage subsidy if it filled the job within 30 days with another eligible individual and he/she retained the job for the remainder of the 12-month period. In addition to paying a wage subsidy, the BCJF reimbursed an employer for providing soft skills and technical skills training to the subsidized worker.

**Employer qualifications.** The employer accepting the subsidy had to create a new job and fill that position with a job seeker from the targeted population. Qualified job openings had to be the result of a major expansion of an existing employer or the opening of a major operation by a new employer. The Fund could not be used for subsidizing the replacement of a worker in an existing position. The newly created job had to pay at least 150 percent of the federal minimum wage (\$10.88 per hour) plus benefits.

**Job Seeker/Employee Qualifications.** An individual was eligible for the program if he or she lived in a household earning less than 200 percent of the federal poverty level (\$49,200 for a family of four in 2017) and resided in one of the following zip codes: 49014, 49015, 49017, 49033, 49037, or 49051, which had been identified as low-income neighborhoods. Map 1 shows the zip code areas where workers were eligible for the program.

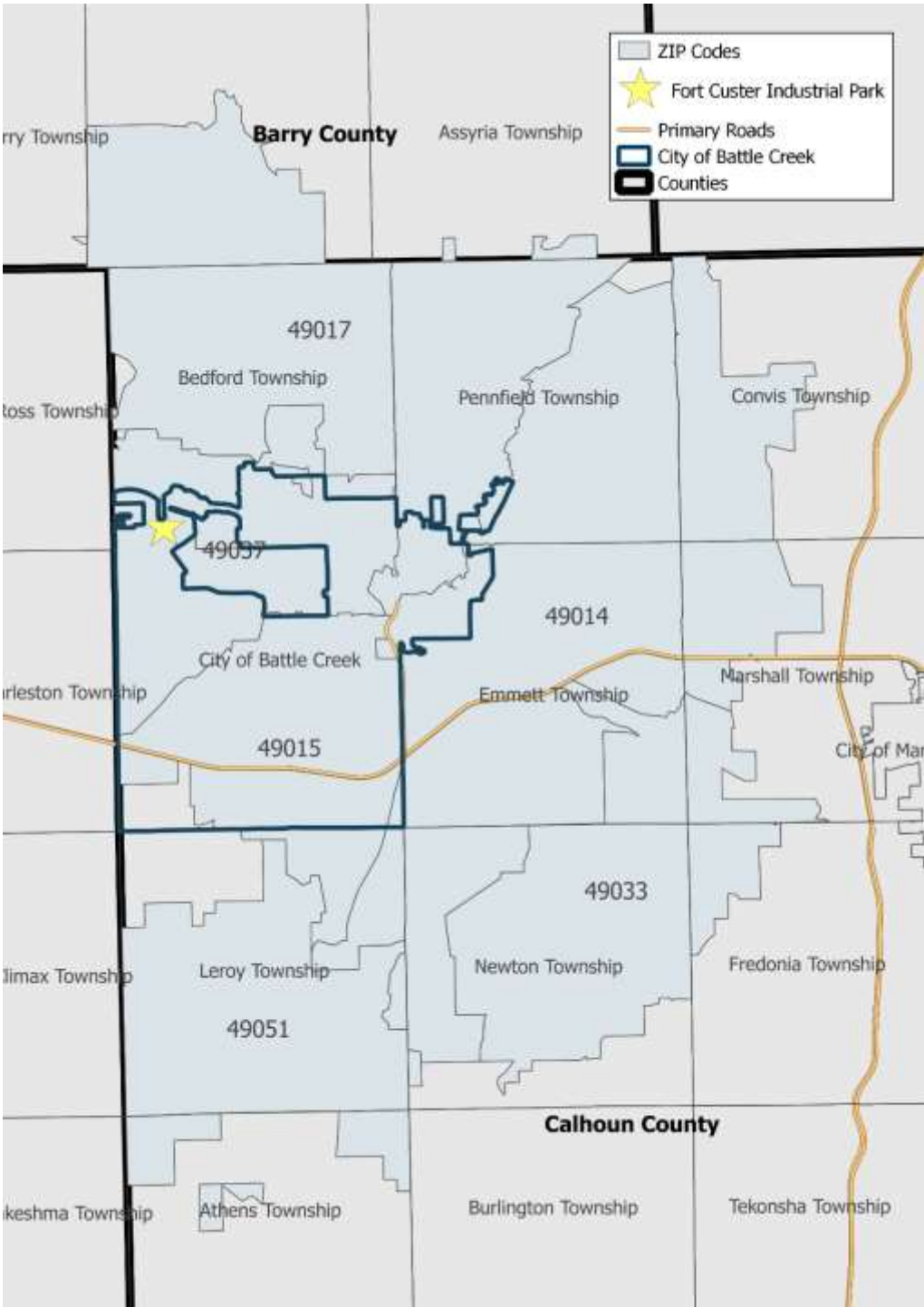
## 4.2 Employer Champion

The program asked employers who received wage subsidies from the BCJF to provide an “employer champion,” who would help subsidized workers navigate the workplace and assist them with issues related to possible stigma associated with coming from a low-income background, and other workplace challenges. The employer champion was expected to attend the 16-hour *Bridges Out of Poverty* program presented by Goodwill Industries of Central Michigan. The *Bridges Out of Poverty* program/workshop offered a comprehensive approach to understanding how poverty can impact social interaction and perceptions. Moreover, it provided hands-on tools and strategies to help alleviate poverty. The BCJF grant covered the cost of attending the program, but the Fund did not pay the employer champion nor compensate the employer for the employer champion’s time.

Participating companies were also encouraged to work in collaboration with the Essential Skills Demanded by Great Employers (EDGE) Program and its partners—Michigan Works!, Kellogg Community College, Goodwill Industries, and Battle Creek Unlimited. EDGE (see the box



**Map 1: Eligible Neighborhoods for the Battle Creek Jobs Fund Program**



below) was an eight-week program that provided soft skills and company-specific training. Although EDGE received financial support from the Kellogg Foundation, it was a separate activity from the BCJF.

**Box 1: Essential Skills Demanded by Great Employers (EDGE) Program.**

While the Battle Creek Jobs Fund (BCJF) and the Essential Skills Demanded by Great Employers (EDGE) were funded by the W.K. Kellogg Foundation at approximately the same time and often involved the same individuals and employers, the programs were separate. Nevertheless, because several employers that participated in BCJF also participated in EDGE, the impact of BCJF is confounded by the effects of EDGE. In fact, the limited data collected from BCJF participants suggest that EDGE had a positive impact on job retention.

In 2013, the W.K. Kellogg Foundation met with Kellogg Community College (KCC), Battle Creek Unlimited (BCU), Goodwill Industries of Central Michigan, and the Barry/Branch/Calhoun Michigan Works! to discuss possible poverty reduction initiatives. The lack of basic workplace and job readiness skills were identified as the key barrier facing economically disadvantaged residents in the Battle Creek area. The outcome of this partnership was the Essential Skills Demanded by Great Employers program or EDGE.

EDGE was an eight-week program that offered both soft and technical skills training, work experience, financial literacy, supportive services, and job coaching. Michigan Works! screened all potential candidates for the program, and participating companies interviewed and selected from the candidate pool the individuals they wanted to attend the training. The first four weeks of training, which was held at KCC, was co-designed by employers and included training on the lean manufacturing approaches, blueprint reading, kaizen models, and shop math and becoming a certified nurses aide (can). The participants received a weekly stipend during this time. The training program was customized to the individual needs of the employers. In addition, the program offered soft skills training (i.e., following directions, communication and emotional intelligence, personal financial management). Goodwill's Financial Opportunity Center also provided financial literacy training to start addressing debt, wage garnishment, and credit scores throughout the entire program. During the final four weeks of the program, Goodwill provided hands-on technical training and expanded soft skills training at its manufacturing plant and or retail stores. During this phase of the program, participants received the state minimum wage of \$8.90 per hour. At the end of the eight-week program, participants and their families attended a formal graduation ceremony, and reported for work at the sponsoring employer the following Monday.

The EDGE program had a job coach who monitored the program's graduates for the following year and a financial literacy specialist who kept in touch with the graduates for two years. The EDGE success/job coach, a Michigan Works! staff member, retained a presence on site at the sponsoring companies where he/she met with EDGE graduates and continued to work with them on communicating with supervisors, scheduling for day care, transportation, housing issue, and personal financial management. The financial literacy coach met with the worker monthly.

## 5 Characteristics of Eligible Neighborhoods

Table 1 displays the characteristics of persons living in the six zip code areas from which the program drew participants. About 36,000 residents between the ages of 18 and 64 from all six zip code areas have income below 200 percent of the poverty level, which is roughly 55 percent of all residents in that age group. About 55 percent of working-age residents are employed, which is lower than the national rate of around 60 percent. The median household income of three of the six areas is higher than the county’s, and a population weighted average of the median household income suggests an aggregate median income a few thousand dollars below the county’s median household income. The percentage of individuals below the poverty level in the six-zip code area is 16.2 percent, whereas the poverty rate for Calhoun County is 17.5 percent and for Michigan it is 16.7 percent.

Two of the six zip code areas (49014 and 49037) have poverty rates considerably higher than that of the county. These two neighborhoods also have the lowest household income and the lowest educational attainment. Zip Code area 49037 stands out as the most impoverished. The median household income is \$30,000 and nearly 24 percent of the households are below the poverty level. The high school dropout rate is high with nearly 15 percent of the population 25 years of age and older without a high school diploma. Only 8 percent have a BA degree or higher, which is considerably lower than the county’s (20.1 percent) and the state’s (26.9 percent).

**Table 1 Characteristics of the Eligible Neighborhoods**

	Zip Code Areas						Total
	49014	49015	49017	49033	49037	49051	
<b>Demographic</b>							
Population	21307	26715	21486	1758	21707	2872	95845
White	91.2%	84.3%	78.5%	97.5%	60.1%	96.6%	79.7%
Black	8.8%	10.1%	11.8%	0.0%	24.7%	0.0%	13.0%
Hispanic	5.4%	4.8%	4.2%	0.3%	6.9%	1.7%	5.1%
<b>Education</b>							
Less than High School	10.4%	8.2%	9.8%	6.4%	14.6%	7.0%	10.5%
High School grad	35.2%	34.7%	34.8%	35.1%	42.2%	34.2%	36.6%
Some college	35.9%	32.6%	26.6%	24.0%	24.8%	19.6%	29.5%
BA or higher	18.5%	24.6%	10.8%	9.4%	8.3%	24.1%	15.7%
<b>Labor Force</b>							
Population 16 and older	17036	26469	17180	1410	16940	2119	81154
Labor force	57.1%	64.1%	57.4%	59.3%	59.2%	65.6%	60.1%
Employed/population	52.2%	60.9%	51.7%	57.5%	47.9%	63.1%	54.4%
Unemployed	8.6%	6.7%	9.8%	3.0%	18.3%	3.8%	9.9%
Median Household Income	\$39,661	\$50,031	\$43,699	\$70,125	\$30,417	\$65,731	\$42,703
Households below poverty	19.8%	12.2%	12.1%	10.2%	23.5%	4.2%	16.2%

SOURCE: U.S. Bureau of the Census, American Community Survey, 2011–2015, most recent data available.

## 6 Local Market Conditions

The effectiveness of a wage subsidy program to incentivize businesses to hire low-income workers may depend upon the tightness of the local labor markets. In a slack labor market, when firms have a large pool of qualified workers from which to hire, wage subsidies may have a larger incentive effect than during a period of robust hiring when firms are clamoring to fill positions. During the period between 2013 and 2016, when the program was fully operating, the Battle Creek labor market showed increasing strength. In 2013, the area's unemployment rate, as shown in Table 2, was 8.0 percent, down from 11.7 percent during the depths of the recession four years earlier. By 2016, the unemployment rate was reduced by nearly half to 4.6 percent, reflecting a reduction of 2,200 unemployed. During that same period, 3,400 jobs were added by local companies, about half from manufacturing.

The strong improvement in the county's employment situation, especially in its manufacturing sector, caused many of its employers to broaden and intensify their hiring efforts overall. It is possible that tight local labor market conditions affected the targeted population. Employers may have had to reduce the threshold of qualifications for some positions, including those positions that they would typically have filled with individuals with lower credentials and experience. This could be beneficial for low-income job seekers, even without the incentive of a wage subsidy, but it would increase the inefficiencies of the program by paying firms to hire individuals they would have hired anyway.

**Table 2 Employment Conditions in Calhoun County**

Year	Change in Total Employment	Change in Manufacturing Employment	Unemployment Rate	Change in the Number Unemployed
<b>2008</b>	-900	-400	7.4	200
<b>2009</b>	-2,700	-1,600	11.8	3,000
<b>2010</b>	100	-200	11.7	-500
<b>2011</b>	300	100	9	-1,400
<b>2012</b>	400	200	8.4	-1,000
<b>2013</b>	1,000	100	8.0	-200
<b>2014</b>	1,200	500	6.4	-900
<b>2015</b>	600	700	5.1	-800
<b>2016</b>	600	400	4.6	-300
<b>Change from 2013 to 2016</b>	2,400	1,600		-2,000
<b>Percent Change 2013 to 2016</b>	4.3%	14.0%		-41%

SOURCE: Bureau of Labor Statistics, County Statistics, selected years.

## 7 Evaluation

The evaluation of the BCJF is divided into two parts. The first part evaluates the wage subsidy component by examining, where possible, the various outcomes of the participants relative to a comparison group constructed of similar workers. The second part examines the use of employer champions in the workplace and, through in-depth interviews and surveys, assesses their effectiveness in helping subsidized workers confront possible challenges related to the stigma of being a low-income worker supported by the program and other issues related to workplace culture.

### 7.1 Methodology

The evaluation was conducted over a one-year period for each participating company, with the initial date of hire of the BCJF workers serving as the start date for the one-year period. Our methodology was based upon data obtained from the Human Resources Departments of participating businesses and from interviews with and surveys of employer champions and supervisors. Because of the small number of businesses (5) and participants (60) in the program, evaluation of the wage subsidy component of the program was limited. Without a larger number of participating businesses, we were not able to determine whether the program increased the creation of jobs for low-income persons, except through anecdotal statements from the various staff of participating companies. We did compare earnings and turnover of the participants with members of a comparison group, constructed from personnel information supplied by four of the five companies in the program.

Evaluation of employer champions was based on interviews and surveys, the collection of which adhered to the following timeline:

- Institute staff interviewed the company's employer champion prior to the company hiring the BCJF workers, then quarterly, and finally at the one-year anniversary of the initial hire date. In this way, we established a baseline before the program began and then by asking the same questions in each subsequent survey and interview, we were able to track any changes in responses and perceptions.
- In-person interviews were conducted with those supervising the BCJF workers prior to the company hiring these workers and after the one-year anniversary of the hire date.
- The participating employer distributed online surveys to those supervising the BCJF workers at the first, second, and third quarters of the employment of the BCJF workers. Those supervising BCJF workers were not asked to participate in quarterly in-person interviews, but instead were asked to complete an online quarterly survey.
- Institute staff conducted in-person interviews with any new supervisor assigned to supervise the BCJF workers – those who were not supervisors at the beginning of their employment but began supervising during the second, third, or fourth quarters of the year. The change in supervisors was due to the hiring of another BCJF participant, the

promotion and/or transfer of BCJF workers to another job position or another supervisor, a change in supervisor of the BCJF worker by the company, or other various reasons.

The interview survey instruments used in the evaluation are provided in Appendix A. Institute staff compiled the responses from the interviews and surveys to provide a narrative of the opinions expressed by respondents with respect to the effectiveness of employer champions. The Upjohn Institute and members of its project team maintained the confidentiality of all information collected through interviews and surveys. The data collected were used for this evaluation and specific responses were not shared with Battle Creek Unlimited, the Kellogg Foundation, or any person or entity other than the members of the Upjohn project team.

The evaluation shadowed the operations of the program, starting with interviews prior to the time the first company hired its first participant in September 2013 and when the one-year tenure of the last person hired had expired in February 2017. Table 3 shows the evaluation start dates and end dates for the participating companies.

**Table 3 Evaluation Period and Wage Subsidy Amounts for Companies Participating in the Battle Creek Jobs Fund**

Company	Evaluation Start Date	Evaluation End Date	# Starting Participating Workers	Initial Subsidy Offered per hire
A	9/3/2013	9/3/2014	11	\$10,000
B-1	6/9/2014	6/9/2015	12	\$10,000
B-2	3/23/2015	3/23/2016	7	\$2,500
C	4/15/2014	4/15/2015	6	\$10,000
D	11/17/2014	11/17/2015	6	\$2,500
E	2/8/2016	2/8/2017	18	\$10,000

SOURCE: Data collected by evaluators from program records.

## 7.2 Challenges with Conducting the Evaluation

The Upjohn staff faced four challenges in conducting the evaluation, which hampered the staff’s ability to provide a rigorous evaluation of the program.

First, the limited number of participants in the program, for both employers and employees, diminished the ability to provide a credible quantitative evaluation of the effects of the wage subsidy. Typically, evaluations of wage subsidies include several hundred firms in the treatment group (those who received wage subsidies for their new hires) and another several hundred firms in the comparison group. In this program, only five companies participated, and they hired only 60 employees under the program. Another 71 individuals not in the program, but with characteristics similar to the participants, were included in the study as an attempt to construct a comparison group. Employment and wage data were collected for these participants. Therefore, we could not use the acceptable method of propensity score matching to construct a comparison

nor was it even possible to estimate meaningful standard errors of the differences between treatment and comparison effects, since the numbers were too small.

Second, the amount of the subsidy varied over the length of the program, which confounded the effects of the subsidies on employment outcomes. While variation in the “treatment” would have been welcomed in a much larger sample, variation in a small sample only added to the imprecision of the estimates since the sample size for those receiving the same subsidy amount was even smaller than the total of five employer participants. As shown in Table 3, BCU, the organization administering the program, initially granted \$10,000 wage subsidies per hire, but later lowered the offer to as little as \$2,500 per hire. Furthermore, the subsidies were lowered toward the end of the program, reportedly to extend the life of the program, but at a time when the labor market was strengthening. This weakened the effect of the incentive even more and added to the inefficiencies of the program. From the perspective of maintaining a strong incentive to hire, the wage subsidy should have been increased as the labor market tightened.

Third, the Upjohn team faced difficulties in arranging timely interviews with company supervisors and human resources personnel. At several of the participating companies, human resources personnel were stretched to their limits and supervisors were working long hours. In addition, much of the data collection, especially from supervisory personnel, required them to complete on-line questionnaires on their own time, which lowered the response rate. In total, 124 one-on-one interviews were conducted across the five companies – 30 interviews with employer champions and 94 with supervisors/team leaders. However, of the 94 supervisors, only 23 filled out the follow-up survey at least once. Without the follow-up surveys, it was impossible to monitor their experiences over the 12-month period.

Fourth, four of the five participating companies took advantage of the training/screening services offered through the EDGE program. While the EDGE program offered worthwhile services, its availability made it difficult for the evaluation to separate the impact of the employer champions from the EDGE program’s success/job coaches, whose roles were nearly identical. Moreover, the EDGE’s success/job coaches had more time to work with the EDGE graduates.

### 7.3 Direct Effects of Wage Subsidies

As outlined in the previous section on wage subsidies, evaluations typically look at six possible effects: employment, earnings, displacement, deadweight loss, participation, and stigma. Two are considered direct effects—employment and earnings—while the other four are considered indirect effects. The small sample size permits us to use quantitative methods only to assess the effects on earnings and turnover (as part of employment effects). Yet, even then, the sample size is too small for the calculation of credible standard errors, so we cannot determine whether the differences are statistically significant and must conclude that there is no difference in outcomes between the two groups. The extent of indirect effects related to displacement, deadweight loss, and participation can be surmised only from anecdotal evidence and what could have been the case if the effects of the BCJF fell within the range of effects of the dozens of other wage subsidy programs that have been rigorously evaluated. Effects related to stigma are covered in

the assessment of employment champions, who were assigned to assist subsidized workers with workplace issues.

**Employment.** We did not have sufficient sample size nor information about other comparable employers to evaluate the effect of wage subsidies in any rigorous manner. However, as discussed in other sections of the evaluation, the relatively small number of employers participating in the program and the few jobs created and filled using the wage subsidy leads to the conclusion that the wage subsidy program, as designed and administered in this case, was not successful in creating jobs. Evaluations of previous wage subsidy programs show a 3 to 9 percentage point higher increase in new jobs created by a wage subsidy compared with the comparison groups that did not receive a wage subsidy. Since we do not know the baseline employment of the participating employers, it is impossible to make any comparable estimates for this program. We did hear from one company that it hired more than 500 workers in 2014, which was during the time it participated in the BCJF, but these hires were not part of the wage subsidy program. In fact, the company probably could have hired more workers, as a large portion of its production workers were reportedly working 12 hours per day, seven days per week. Further, the company was facing serious turnover issues. And with this tight labor market and the need for additional employees, the hiring of only 60 economically disadvantaged workers under the wage subsidy program appears to be quite low.

For the BCJF wage subsidy to create jobs within the 3 to 9 percentage point range reported by other wage subsidy programs, employers in the comparison group would have had to lay off workers during the period of the program. However, the data, as reported in Table 2, show that employers in Calhoun County added 2,400 net new jobs, or a 4.3 percent increase, during the life of the BCJF program, and manufacturers in the county added 1,600, or a 14.0 percent increase. One of the employers participating in the program alone hired a third of the additional 1,600 manufacturing jobs (if they all were new hires and not replacements). Therefore, it seems highly unlikely, if not impossible, for employers in the comparison group, if constructed properly, would, on net, have lost employment, and thus the 60 workers hired under the wage subsidy would not have fallen within the consensus range of employment gains reported in the literature. Given the size of the employment gains during this period, the 60-job increase was miniscule. However, we have no way of knowing how many economically disadvantaged workers were hired among the total 2,400 new hires reported for the county, and the additional 1,600 reported for manufacturing. It could be the case that the additional 60 added significantly to employment among that population group, if that group was ignored in the hiring boom that took place during that time. However, without knowing the characteristics of all the other workers hired during that time, we cannot offer any conclusion to that effect.

**Earnings.** For the four companies that offered data to construct a comparison group, we found no difference in starting wages of program participants and members of the comparison group. A closer look at the data, as shown in Table 4, reveals that differences in starting wages between treatment and comparison group members were positive for two of the four companies and negative for the other two. Due to the relative employment size of the four companies, the difference in the two averages was slightly positive, but none of the differences was statistically significant.



However, program participants received, on average, higher annual wage increases than non-participants—4.8 percent versus 2.7 percent, as shown in Table 4. The greater increase resulted in a greater difference in wages at the end of the 12 months between program participants and the comparison group. In contrast to differences in starting wages, program participants in three of the four companies received higher wages after 12 months than comparison group members.

**Table 4 Wage Data for Battle Creek Jobs Fund Participants**

Company	Jobs Fund	Workers	Starting Wages			12 months			Change
			Average	Min	Max	Average	Min	Max	
Average	Participant (ex A)	49	14.36	10.88	16.00	15.05	10.88	25.50	4.8%
	Non-participants	71	14.31	10.88	28.00	14.70	10.88	28.75	2.7%
A	Participants	11	12.31	12.15	13.9	13.90	13.90	13.90	12.9
B	Participants	19	15.52	15.31	15.54	16.81	15.31	17.85	8.3%
	Non-Participants	10	16.29	15.54	17.85	16.78	15.54	17.85	3.0%
C	Participants	6	11.21	10.88	12.75	11.21	10.88	12.75	0.0%
	Non-participants	15	10.92	10.88	11.25	10.92	10.88	11.25	0.0%
D	Participants	6	13.28	13.10	13.75	13.42	13.25	13.75	1.0%
	Non-participants	23	13.25	13.25	13.25	13.27	13.25	13.75	0.2%
E	Participants	18	14.56	14.00	16.00	15.03	14.00	25.50	3.2%
	Non-participants	23	16.72	14.00	28.00	17.70	14.00	28.75	5.9%

SOURCE: Records from participating employers.

NOTE: Company B hired two cohorts for the BCJF program (12 the first year, 7 the second year). Here we group the two cohorts together.

These results are somewhat consistent with the findings of many evaluations of wage subsidies which find small but statistically significant higher earnings associated with subsidies. Yet, the 2.4 percent difference in wages after 12 months found between the two groups in this evaluation is toward the low end of what other evaluations have found.

**Turnover rates.** The BCJF participating employers reported a 23.3 percent turnover rate among the subsidized positions, in which 14 out of 60 workers left the subsidized positions before a year was up. In contrast, the turnover rate among new hires for members of the comparison group was 19.7 percent. One participating employer lost all the workers who filled the subsidized positions that were initially created and did not fill the positions with other eligible workers during the 12-month period. Consequently, according to the rules of the program, that employer was not able to collect the subsidy. Other employees retained some of the initial hires under the subsidy program, and two employers completed the one-year period with all the positions filled that they started out with under the program.

Table 5 lists the reasons provided by the BCJF employer champion for the separation. Six of the 14 individuals left for reasons related to dismissal by their employer: terminated and attendance. We can perhaps assume from the responses to the questions that the remaining eight chose to leave their position. There are no follow-up questions as to whether the workers who chose to leave received a higher wage at another employer, which is possible since the labor market continued to strengthen during the tenure of the program.

**Table 5 Reasons for Separation, Battle Creek Jobs Fund Participants**

Reason for No Longer Qualifying	
Reason	Number
Terminated	6
Attendance	2
No call no show	2
Moved out of state	1
No show	1
Resign/Quit	1
Walked off	1
Total	14

SOURCE: Program records and survey response.

It is possible that more of the program’s participants would have separated from the companies if the services were not offered in the workplace. As discussed in greater depth later, four of the five companies participating in the BCJF also participated in the EDGE program, which offered both soft and technical skills training, work experience, financial literacy, supportive services, and job coaching.

As shown in Table 6, those subsidized workers who participated in the EDGE program were more likely to retain their jobs. Eighty-one percent of the subsidized workers who also participated in the EDGE program retained their jobs during the 12-month period, compared to 67 percent of those who were not in the EDGE program. No attempt was made to control for differences in observable characteristics of subsidized workers between these two groups, and the sample size was too small to calculate credible standard errors, so we do not know whether the differences are statistically significant.

**Table 6 EDGE Participation and Separation**

Status of Worker During 12-month Period	Did Not Participate in EDGE	Participated in EDGE
Separated	33%	19%
Retained	67%	81%

SOURCE: Program records.

## 7.4 Indirect Effects of the Wage Subsidy

**Participation rates.** Only five employers and 60 workers participated in the BCJF, although only 43 completed the required one-year tenure for the company to collect its subsidy (see Table 3). At face value, this appears to represent a low participation rate, given the large number of businesses in the area and the number of individuals who were eligible for the program. Nearly 300 manufacturing establishments (NAICS 31-33) were in business at the time of the study and more than 36,000 individuals were from households in the six zip code areas that were eligible for the program. The typical participation rate for wage subsidy programs, according to the literature, is around 10 percent. If this program drew the same percentage of

participants, this would suggest a pool of 600 eligible participants (60 participants divided by the typical participation rate of 10 percent). However, the eligible pool is more than 60 times that number, which indicates that the participation rate for this program was much less than 10 percent.

The participation rate of employers is also unusually low for wage subsidy programs. Since wage subsidy programs vary in the requirements for employers to participate, it is difficult to apply one specific participation rate to this program. However, considering the number of employers in Battle Creek who could have participated, upwards of 300, five actual participants is extremely low, about 2 percent, if most of the manufacturing establishments were included.

**Displacement effect.** The displacement effect is defined as the number of comparable, unsubsidized workers who were crowded out or displaced by the subsidized workers hired under this program. The concern with displacement is that the employment gains of those in the program may be mitigated by the employment losses of (or substitution of program participants for) those not in the program. For example, in a survey of firms that participated in the Targeted Jobs Tax Credit program—a national wage subsidy program targeted at disadvantaged workers—46 percent said they substituted target hires for similar nontarget hires (O’Neill, 1982). If that were the case with the BCJF, then at least two of the five employers that participated in the program replaced unsubsidized workers with subsidized workers. If these firms were responsible for half of the hires within the program, then the net effect of new hires would be cut in half from 60 to 30. These estimates are based on conjecture, of course, but it does offer some perspective on how displacement effects, which are prevalent in wage subsidy programs in general, could mitigate the effectiveness of the BCJF program in creating jobs for the disadvantaged. According to Bartik (2001), a wage subsidy program such as BCJF that focuses on the creation of additional positions rather than hiring into existing positions reduces replacement effects. If BCJF had not blocked subsidies for filling existing positions, the displacement effect could have been much higher than even these projections.

**Deadweight loss.** Deadweight loss occurs when an employer who participates in the program uses the wage subsidy for an employee they would have hired without receiving the subsidy. Bartik (2001) concludes from critiquing a dozen wage subsidy studies that deadweight loss programs similar in structure to the BCJF and targeted at disadvantaged workers, is around 70 percent. That means that 70 percent of the money spent on wage subsidies is wasted and inflates the cost of the program. Hypothetically, if the BCJF had a deadweight loss of 70 percent, as Bartik concludes, then, as shown in Table 7, roughly \$308,000 of the \$440,000 spent on wage subsidies in the BCJF program would not have been necessary to create the 43 positions and fill them with economically disadvantaged workers for the year. Instead of spending on average \$10,232 per new hire, applying Bartik’s 70 percent deadweight loss suggests that the average cost per hire is closer to \$34,000 per new hire ( $\$10,232/0.3$ ).

Another way to look at the deadweight loss is that the \$440,000 in wage subsidies paid out to the five companies yield only 13 new hires ( $43 \times 0.3 = 12.9$ ) instead of the 43, because of the deadweight loss. According to the deadweight loss estimate of 70 percent, the five employers would have hired the other 30 employees without being incentivized by the wage subsidy.

Dividing the \$440,000 by 13, the number of new hires attributed to the subsidy considering Bartik’s estimate, instead of 43 yields the higher per hire estimate of roughly \$34,000.

The \$34,000 per new hire is greater the average annual salary of \$27,000 per year (based on starting hourly wage rates listed in Table 7 times 2000 hours worked per year). This amounts to a subsidy that is more than 100 percent of the annual pay per worker, although it does not include the cost of the benefits that each worker received from his or her employer. Nonetheless, Bartik cites studies that show that subsidies of 75 percent of the annual salary enticed 10 percent of the employers to participate. Subsidies greater than that should yield even higher participation rates, which did not seem to occur with the BCJF.

**Table 7 Wage Subsidies by Participating Employers**

Company	# Participating Workers	# Workers Completing 1 Year of Employment	Subsidy Offer Per New Hire	Subsidy Paid Per New Hire	Subsidy Amount Paid to Company	Starting Hourly Wage	Annual Salary Based on 2000 Hrs/Yr	Total Payroll of New Hires	Wage Subsidy as % of Wage Bill	Wage Subsidy as % of Wage Bill with Deadweight Loss Assumption
A	9	8	\$10,000	\$10,000	\$90,000	12.3	24,600	196,800	45.73%	152.44%
B-1	12	7	\$10,000	\$10,000	\$70,000	15.52	31,040	217,280	32.22%	107.39%
B-2	7	6	\$2,500	\$10,000	\$60,000	15.52	31,040	186,240	32.22%	107.39%
C	4	4	\$10,000	\$10,000	\$40,000	11.21	22,420	89,680	44.60%	148.68%
D	4	0	\$2,500	\$0	\$0	13.28	26,560			
E	18	18	\$10,000	\$10,000	\$180,000	14.56	29,120	524,160	34.34%	114.47%
Total/Average		43		\$10,232.56	\$440,000			\$1,214,160	36.24%	120.80%

### 7.5 Increased Presence of Disadvantaged Workers in the Workplace to Reduce Prejudice

One of the approaches of reducing prejudice and bias in the workplace pursued by this program was to increase the number of disadvantaged workers by using a wage subsidy to incentivize employers to create new positions for these workers. As concluded in a previous section, the number of disadvantaged workers added through this program was quite small, much smaller than expected considering evaluation results of other similar type wage subsidy programs. Only 43 workers remained employed the full year, compared with the combined total of more than 3,000 employees among the five participating companies when the program started. The survey instrument was designed to detect changes in workplace behavior, such as wage increases, promotions, shift assignment and attitudes of co-workers and supervisors, and there was no difference in responses to surveys and interviews given before and after the program, albeit the response rate was quite low. From the point of view of their supervisors, program participants simply melded into their team of workers. Therefore, while the literature suggests that such an approach of a larger presence and greater contact with different groups in the workplace could reduce prejudice and bias, we have insufficient information to make an assessment and to come to a conclusion regarding this approach.

## 7.6 Employer Champions

The BCJF required participating employers to provide a co-worker to assist the program participants with issues they encountered within the workplace. Referred to as employer champions, these individuals received training related to providing such assistance and in recognizing signs of stigma by being associated with the program and identified as coming from economically disadvantaged households, or other forms of prejudice or bias. Furthermore, since the EDGE program was also taking place simultaneously in four of the five companies participating in the BCJF program, these same individuals may also be associated with that program.

Initially, co-workers were intended to be designated as employer champions. However, as the economy picked up, production workers were asked to work longer hours and had little time to spare to perform this function. Human Resources staff were then given this role, but they too were stretched as to their time available to devote to the needs of the program participants. Since the human resources staff were typically not on the production floor working alongside the program participants, they had much less contact with the participants, which could lead to a reduction in the effectiveness of the employer champions.

Our assessment of the effectiveness of employer champions is based on responses to our in-depth interviews and surveys. The questionnaires are listed in Appendix A. While the responses focused to a large extent on how the employer champions helped the program participants, comments were also offered regarding any changes in the culture of the workplace, specifically regarding acceptance of economically disadvantaged workers in the workplace.

Our overall assessment of the employer champion component of the program was that while the program was too small to make a significant change in the workplace, it did create an opportunity for participating workers to develop supportive relationships with their coworkers, and gave supervisors both a better understanding of the challenges facing low-income workers and provided them with a sense of community service. One employer champion perceived the Battle Creek Jobs Fund program as life changing and said that the benefits extended beyond those individuals hired through the program. That person summed up much of what was offered through the interviews and surveys by saying, “When you see that someone is successful and you know what they’ve gone through, you sort of have a vested interest in their success and feel that is what employers should do.”

The rest of this section on employer champions offers responses of managers, supervisors, and employer champions on their impressions of the program and their participation in it. At several of the participating companies, co-workers recognized that BCJF workers were being treated differently. In fact, one of the supervisors voiced concerns that some of the other workers were resentful of the “special” treatment being given to the program participants. Participants were accused of “jumping the line,” especially when the company regularly used temporary employment services to screen their hires.

One employer champion commented on social difficulties facing BCJF workers being labeled as “EDGE” workers by their co-workers who knew that they went through the eight-week training program. The champion said that the company’s second cohort had a better time because it was hired with a group of non-program employees. The champion commented that this helped because existing workers did not view this cohort as “EDGE” workers. The champion said in hindsight that it would have been better to hire both the BCJF program workers and non-program workers on the same day to help dispel any labeling.

On the other hand, one employer champion noted some value in the relationships formed by those who participated in the EDGE program and that these relationships carried into the workplace. Overall, supervisors noted that the BCJF workers interacted well with their co-workers and, even though some of the BCJF workers received some negative comments from some of the other employees, they overcame these negative challenges.

One supervisor did reveal that he had to counsel several of his senior employees on not judging the BCJF workers on anything but their job performance. The supervisor said he had several conversations with these senior employees (who were responsible for training all employees) to encourage them to view the BCJF workers as individuals and not as part of this program.

While some of the BCJF workers reported being shunned by their co-workers, others received the benefits of what they described as being in a “class that bonded together.” One employer champion stated that workers who were hired around the same time became friends from working together and not from being identified as a participant of the program. The champion provided an example of two females who together went through the EDGE program and continued to support each other to full employment. Another employer champion observed that the cohort of BCJF workers relied on each other for support and shared information as they progressed through their first year of employment with the company. The champion said that it is important for the workers to have someone in a similar situation whom they can talk with and who understands the issues they face versus being on their own.

One employer champion offered an example of a group of Burmese workers who entered the BCJF program together and supported each other throughout by carpooling, running errands for each other, and providing child care and other types familial services for those employed.

**Company intervention.** There were times when participating companies offered support services to entice the BCJF workers to remain employed. Reliable transportation was cited as a significant issue for participants. Because transportation had become such a major issue for one company, it partnered with a local taxi company to provide transportation for employees in need of a ride to/from work. The cost of the taxi was deducted from the employee’s paycheck. Another champion said that issues, such as child care and transportation, arose at his company as well, and the company connected these workers to available resources.

One supervisor suggested that EDGE might incorporate English as a Second Language (ESL) classes into its program prior to workers becoming employed to help alleviate some language-

barrier issues. All the supervisors at this company said that they were thankful to have been part of the program.

Finally, although it was not an active intervention, one employer champion observed that several BCJF workers quickly tapped into the company's health care insurance when they qualified. Some scheduled needed and likely delayed medical procedures, which not only improved their health but increased their ability to do their work.

**The BCJF as community service.** Several of the interviewed employer champions viewed the BCJF less as a wage subsidy incentive and more as a community service activity, reinvesting in the community and providing job opportunities to those who might not otherwise be able to become employed.

One employer champion believed that the original incentive of \$10,000 per worker paid to the company was well worth the time commitment of the champion and the company. However, the champion further said that the decreased subsidy amount of \$2,500 per worker was not sufficient to compensate for the time commitment of the champion necessary to manage the program for the company.

Another champion stated that the main lesson learned from his/her experience with the BCJF program was to continue to develop programs to help people feel good about the company, coming to work, and doing their jobs. These types of programs increase self-satisfaction, according to the champion.

Most of the supervisors held a positive perception of the BCJF program, saying that it was helpful overall to those in need. The majority stated that it was a positive program that allowed the company to reinvest in the community and that it provided job opportunities to those who might not otherwise be able to become employed and remain employed. Several held this view even though they did not know which of their workers participated in the program.

**Cultural or attitudinal change.** One of the objectives of the BCJF program was to change the perceptions and attitudes of existing workers and managers toward entry-level workers coming from low-income neighborhoods. As previously discussed, many of the non-BCJF entry-level workers hired by the participating companies came from the same neighborhoods and could have shared the same economic hardships as the BCJF workers. Many supervisors commented that most of the company's entry-level workers came from economically disadvantaged conditions, as did several of the supervisors themselves. This only further supports the possibility that the BCJF did not introduce a new population to the workplace but helped them become better assimilated into the workplace.

Based on our interviews with employer champions and supervisors, the program was at least partially successful in changing the attitudes of several supervisors and their understanding of the barriers facing workers from low-income backgrounds. Overall, the supervisors viewed the BCJF workers as being productive and conscientious, and said that several of the workers exceeded their expectations. One of the key lessons learned by several supervisors was that "you don't judge a book by its cover."

At one company, the supervisors were not initially aware that the workers were part of a program to move low-income individuals into successful employment. They became aware of the situation of these workers over the course of the year. Because of the good job performance and demeanor of the BCJF workers, the supervisors said they were surprised to learn of the socioeconomic situations of these workers and commented that the behavior and work quality of the BCJF employees were no different from that of any other member of their production teams.

One supervisor said that he learned to be patient and allow people to work through issues such as language and cultural barriers. This supervisor also saw a need to educate all supervisors on the barriers and issues facing BCJF participants and other employees, and teach them to bridge these differences and better connect with these employees. Another supervisor said that different types of orientation methods should be used by the company to help employees who face various issues in transitioning to employment.

The supervisors were asked to comment on any lessons learned in their role with the BCJF workers. One supervisor said he didn't view these workers as different from the rest of the workforce and therefore viewed the program as a success. Another supervisor said he learned that supervisors need to spend more time on the floor with these workers, helping them get to know their work areas as they see them and not from a supervisor's perspective.

A third supervisor said he learned that, given the opportunity and with the right mind set, anyone can be successful. He stated that it would be better for the BCJF workers if they had come into the program without fellow coworkers knowing they were in the program. The supervisor said the workers would have been better received among their coworkers and not prejudged. In retrospect, one supervisor said he would have liked to have met with each of the program workers to apprise them of what to expect in this type of work environment – the hours they are expected to work, contract rules, shift assignments, and other aspects of the job. Further, he would have liked to have helped them to “blend the job into their personal lives.” He noted that many of the BCJF workers had issues with the number of hours they had to work and that it was difficult for them to adjust their personal lives to the demands of the job (e.g., working weekends, working long-hour shifts, working sporadic hours during low-volume times, and learning how to manage personal finances during the sporadic work times).

One employer champion stated that she enjoyed seeing workers in the program successfully complete their first year of employment and flourish on the job. What was thought-provoking for this champion was observing the BCJF workers figure out “what they needed in their own lives.” The champion had completed all phases of the *Bridges Out of Poverty* training and thought it was very beneficial.

Due to her involvement in the program, another champion came to understand the obstacles faced by individuals with criminal backgrounds, such as not being allowed residency in an apartment complex and not being able to get a driver's license; both impose limitations to employment.



Overall, most of the supervisors across all companies thought well of the BCJF program, saying that it was an excellent way to move low-income individuals to jobs. They said that the program helped to motivate people to achieve and were pleased that it benefitted those in Battle Creek. All employer champions agreed that the *Bridges Out of Poverty* training conducted by Goodwill Industries was beneficial.

One employer champion concluded that the company's participation in the BCJF program forced the company to look at things differently and to re-examine its hiring practices. At the same time, the champion noted that she did not have any more issues with the BCJF workers than with any other group of employees.

## 8 Summary of Findings

The study assesses the effectiveness of the Battle Creek Jobs Fund, which included two direct interventions: a wage subsidy to incentivize employers to hire economically disadvantaged persons into newly created positions, and an employer champion who helps workers deal with stigma and other workplace challenges that may jeopardize their tenure and ultimately a career that would raise them and their families out of poverty. The program was also intended to increase the presence of economically disadvantaged individuals by using the wage subsidy program to add new positions for these individuals. The greater presence of successful economically disadvantaged individuals in the workplace was anticipated to improve workplace perceptions and attitudes toward these individuals.

The Upjohn team attempted to apply the most appropriate methodologies to provide an objective and rigorous evaluation, but found their efforts hampered by low participation rates and difficulty in obtaining responses to their interviews and surveys. Nonetheless, the evaluation and recommendations presented in this study are based on the most extensive data available and grounded in a firm understanding of the literature on the employment of economically disadvantaged workers, and on the effectiveness of wage subsidies and workplace assistance as policy tools to improve employment and career opportunities.

The main results of the evaluation are summarized by the following:

1. *Employment:* With the small sample size and lack of information to construct comparison groups for employers and workers, we were unable to determine whether the wage subsidy component of the program was successful in creating new jobs and filling those jobs with economically disadvantaged workers. Although 60 workers were hired under the program, only 43 remained for the entire year, triggering the payment to four of the five companies of \$440,000 in wage subsidies.

Perspective from evaluations of several dozen wage subsidy programs leads us to conclude that the BCJF did not create the jobs that one would have expected. This conclusion is based on the small number of individuals in the program relative to the

large pool of eligible individuals to draw from for the program and the large number of companies in the area, as well as the few positions created. The 43 subsidized positions completing the required 12-month period of employment accounted for only 2.7 percent of the 1,600 new manufacturing jobs added in Calhoun County during the time the BCJF was in operation. It is conceivable that this program provided a larger percentage of jobs to economically disadvantaged workers because it targeted that population subgroup, but we have no way of making any such conclusions without data on the characteristics of workers hired outside the program. Furthermore, even the 43 jobs may be an overly optimistic number, since evaluations of other wage subsidy programs demonstrate a large mitigating effect on jobs created of displacement and deadweight loss.

2. *Earnings*: Using a comparison group of comparable workers in four of the five companies, we found that earnings of those in the program were slightly higher at the end of the 12-month period than of those in the comparison group, and that the earnings increases were also higher during that period.
3. *Turnover*: Turnover rates of subsidized workers were higher during the 12-month period than the turnover rates of new hires in the comparison group.
4. *Participation Rates*: Participation of 60 workers and five companies constitutes a much lower participation rate than found in any of the dozens of studies on wage subsidies, considering that more than 36,000 people and nearly 300 manufacturing establishments in Calhoun County could have participated. The low participation rate was not necessarily due to the amount of the wage subsidy, if the evaluations of other wage subsidy studies are a guide. The average wage subsidy of \$10,233 was 36 percent of the wage cost per new hire (not including the cost to the company of benefits).
5. *Greater Presence of Economically Disadvantaged Workers in the Workplace*: Because the number of disadvantaged workers added through this program was quite small, much smaller than expected considering the evaluation results of other similar type wage subsidy programs, this intervention was virtually non-existent and the few responses we received from surveys and interviews over the length of the program indicated no change in attitude or treatment of program participants. Therefore, we have no basis from which to offer a conclusion on this component of the program.
6. *Employer Champions*: Employer champions seem to help change the attitudes of several supervisors and some co-workers toward economically disadvantaged workers and to contribute to a more hospitable workplace for these workers. Through the numerous interviews, we found that most of the front-line supervisors gained a greater understanding of the challenges facing individuals struggling in poverty. Several of the employer champions spoke highly of the Bridges Out of Poverty training provided by Goodwill Industries. The program helped the champions to become more aware of the concerns and challenges of low-income individuals and altered the way the champions approached and assisted these workers.

Moreover, the supervisors' overall perceptions of BCJF workers changed during the first year. Overall, the supervisors became more aware and attentive to the challenges faced by the BCJF workers – transportation dilemmas, child care issues, budgeting and

financial struggles, family support situations, language/cultural barriers – that impacted their ability to perform their jobs. Due to this heightened awareness, the supervisors could better assist their workers through these challenges.

Therefore, in summary, the Battle Creek Jobs Fund did not meet the expectations for creating additional positions for economically disadvantaged individuals in the Battle Creek area. The participation rate was much lower than reported in evaluations of previous wage subsidy programs: the creation of new positions was at most 60 individuals compared with a combined employment of more than 3,000 workers among the five participating employees. Furthermore, only five employers out of a possible 300 manufacturing establishments in the Battle Creek area chose to be part of the program. Wage increases were higher for program participants, but so were turnover rates. Since the increase in new positions was not large enough to influence the workplace environment with a higher presence of economically disadvantaged workers, it had no detectable influence on the workplace environment and furthermore, we had no credible information to make an assessment. Employer champions, while receiving positive comments, were rendered less effective than anticipated by the compromises made in assigning staff to the role and the time the staff committed to those responsibilities.

The literature on creating jobs for the poor offers several options for increasing the job opportunities for the economically disadvantaged. The consensus is that some form of wage subsidies creating new positions for a targeted population is a major part of such an effort (Bartik, 2001, p. 286-87). However, Bartik also goes on to echo the opinion of others that the design must be carefully thought out for maximum effectiveness. This includes the right sized incentive, the timing of the incentive, the “marketing” of the program, and the persistence in getting companies and individuals involved, and cooperation among participants.

For this program, the subsidy amount was in the proper range but perhaps on the low side, particularly considering the robust economy at the time of the program. The subsidy was paid at the end of the period while many are paid toward the beginning of the program, which could have contributed to the small number of positions created. There was little cooperation from the participants and little persistence and continuity in staff from the administering organization. All these factors led to the less-than-expected results for this program. In turn, the extremely low participation rates and little cooperation among companies led to disappointing efforts to address possible prejudice and bias against economically disadvantaged workers in the workplace.

## 9 Recommendations

The low participation rate was a major challenge for the success of the Battle Creek Jobs Fund. The large pool of eligible individuals and the large number potential employers should have generated many more jobs under this program. Furthermore, most people and employers were aware of the program. It was supported by a well-known and influential organization, the W. K. Kellogg Foundation, in the area and administered by Battle Creek Unlimited, which was known by every manufacturing establishment that was a likely candidate to participate in the program.

We suggest three reasons for the lack of participation. One was the robust economy and tightening labor market during the time of the program, which meant that many companies did not need a wage subsidy to encourage them to hire and that included hiring economically disadvantaged workers. The second was the staff turnover at BCU, which was administering the program. We cannot help but believe that if BCU would have been able to maintain a stable staff that was dedicated to administering this program, a much higher participation rate would have resulted. A third factor was the way in which the subsidies were paid out. While cash is always welcomed, it was not paid out until the end of the 12-month period. Granted, the timing of the payment provided incentive to retain the worker, but it also forced the employer to pay the cost of hiring an employee without immediate reimbursement. Economically disadvantaged workers likely require more training and have a higher risk of not working out and not finishing the year, which imposes additional costs to the employment, which is also dealing with the requirements of the program. Furthermore, this additional burden of paperwork and assigning an employer champion was taking place at the same time many employers were scrambling to keep up with a surge in company growth.

Considering these findings, we have made the following recommendations for improving a program of this type:

1. A tight labor market was a welcome relief for the Battle Creek area after workers suffered severe job losses during the Great Recession. However, it was not the best environment for a successful wage subsidy program. There of course is nothing one can do about overall economic conditions, and in this case, no one would have wanted to slow down a robust economy. However, seeing what was happening in the area may have signaled a time to stop and reassess the efficacy for such a program. It would have been possible to switch quickly to a wage supplement program, which provides a payment to workers who find a job, giving them greater incentive to accept a job and retain it. The Earned Income Tax Credit program is the largest “cash assistance” program in the United States, and evaluations have shown it to be highly effective in encouraging people to take jobs and retain them.
2. The organization entrusted with administering a program such as BCJF needs to dedicate people whose only task is to ensure the success of the program. The long history of wage subsidy programs, both domestically and internationally, shows that success rests with constant vigilance. Even though the BCJF was a relatively small program in terms of dollars available for wage subsidies, staff still needs to work with employers and reduce the burden of participating to a minimum. A dedicated staff person does not guarantee that turnover would not occur, but it would ensure that someone would step in as soon as possible to continue with the administration. Staff dedicated to the program would also mitigate any problems of conflicting perceptions of the goals of BCJF by the administering organization and the funding organization, since staff would be focused on the success of the BCJF and not be conflicted by other duties or priorities within the organization.
3. Dedicated staff is also needed to help monitor the progress of the program. The evaluation was hampered by lack of appropriate information from participating

employers and employees, which included non-responsiveness to requests for interviews and surveys. Moreover, information is needed to construct a viable comparison group, which requires key information from non-participants. Busy employers are reluctant to spend the time in providing such information, but an investment of \$1 million in the local area deserves more attention to understanding whether such an investment works, than simply asking people their impressions. It is easy for an effective program to be dismissed and discontinued, not because it was not effective, but only because the information needed to assess its effectiveness was not properly compiled. Overall, the experience with wage subsidy programs has been positive. One must ask whether this program could have yielded similar results if more care and attention would have been given to administering and monitoring the progress of the program.

4. The wage subsidy of \$10,000 accounted for about a third of the employee's cash compensation during the 12-month period. This percentage is in line with other wage subsidy programs. However, the design of the subsidy may not have been optimal. Many programs offer a wage subsidy in a graduated manner, offering the largest proportion of the subsidy up front and then scaling back during the course of the program. While cash is acceptable over tax credits in most cases, waiting until the end of the program to receive the cash is not optimal, since in the meantime the employer incurs substantial costs. Perhaps a more graduated payment would have helped defray the up-front costs of hiring a new work and may have provided greater incentives for employers to create jobs, while still reserving some of the wage subsidy until the employer had been on the job for a sufficient period. Furthermore, it appears that toward the end of the program as the labor market became even tighter, BCU decided to reduce the amount of wage subsidies, instead of increasing them, as would have been prudent to do to incentivize employers to hire more workers from economically disadvantaged backgrounds. Given the conditions of the tighter conditions of the local labor markets, it is unclear whether that would have increased the number of new positions under the wage subsidy, but it is highly unlikely that reducing the subsidies would have increased new hires.
5. Another issue related to payment was the expectation that a participating company would provide an employer champion without direct compensation and expect them to use the wage subsidy for supporting that person, as well as paying for additional costs related to training and hiring an economically disadvantaged worker. Employer champions were co-workers and had their own work-related responsibilities at the company. Diverting their work time to assist the program participants cost the company time and money. We heard from some human resources directors, and employer champions, themselves, that the pickup in the economy and the greater work-related demands on their time, hindered their ability to do both. However, in periods of high growth, company human resources personnel are stretched to their limits, which prohibits their ability to provide the time required for the employer champions to be effective. Moreover, the increase in demand forced employers to shift their workforce around causing BCJF participants to be supervised by persons who were unaware of the program.

6. It is evident that employer champions overall helped to create a more positive workplace environment for economically disadvantaged workers. However, it may be the case that the employer champions could have been more effective if they could have carved out a portion of their day to be dedicated to assisting the subsidized workers, or at least feel less pressure to try to do both their own work and assist others. We heard several complaints that employer champions felt overburdened with both tasks. Furthermore, it was seen as a volunteer position, from both the employer and employee perspective, which gave the impression to some that they would provide assistance “as time permitted.” Also, the human resources departments were not necessarily on board with assisting the employer champions in the workplace, which could have enhanced their effectiveness. We like the idea of the employer champion being a co-worker but recommend that champions be given more time and freedom from their own work to dedicate time to the services expected in their role as employer champion. Furthermore, we recommend that these positions be rotated more frequently to other co-workers, which would relieve the burden of balancing two jobs but more importantly spread the opportunity of participating in the *Bridges Out of Poverty* program to other workers and give others a chance to offer their part in changing the culture of the workplace to be more accepting and supportive of economically disadvantaged workers within their place of work.

## **Appendix A-1**

### **Initial Interview Questionnaire: Employer Champion**

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## Program Evaluation of Battle Creek Jobs Fund

### Initial Interview Questionnaire: Employer Champion

The purpose of the interview is to learn of employers' perceptions on the initial hiring of low-income or underemployed workers participating in the Battle Creek Jobs Fund (BCJF) initiative. We will be asking questions regarding how the hiring of individuals from disadvantaged backgrounds and neighborhoods impacts the culture of the company, and the perceptions of management and other workers of this target population.

Due to the sensitivity of some of the questions we will be asking, we will be holding your responses in strict confidence. Your answers will NOT be shared with anyone outside of the Upjohn Institute. Information will be used for research purposes only.

#### Section I: Background

Date:
Company Representative Name:
Position/Job Title:
Time in Current Position:

1. How many people does your company currently employ? \_\_\_\_\_
2. What is the total number of BCJF workers hired by your company? \_\_\_\_\_
3. What is the total number of individuals hired by your company on--- (date BCJF workers were hired) for the same or similar positions for which the BCJF employees will be/were hired? \_\_\_\_\_
4. Did you, as the BCJF Employer Champion, receive training?  
 Yes       No       Don't know/Unsure  
 If yes, who provided the training? How long was the training? What was the content/focus of the training?
5. Do you feel that having a Champion will aid your company in decreasing risks that might be associated with hiring low-income or underemployed workers?  
 Yes       No       Don't know/Unsure  
 If yes, why/how so? If no, why not?

#### Section II: Hiring Practices

1. What is the title of the positions for which your company is hiring the BCJF workers?
2. How often does your company conduct a personal interview when hiring for these positions?  
 Always       Sometimes       Never       Don't know

**Section II: Hiring Practices**

3. How often does your company check personal references when hiring for these positions?

- Always                       Sometimes                       Never                       Don't know

4. How often does your company verify education or training when hiring for these positions?

- Always                       Sometimes                       Never                       Don't know

5. How often does your company check an applicant's criminal record or run a background check when hiring for these positions?

- Always                       Sometimes                       Never                       Don't know

6. Does your company require any tests when hiring for these positions? (job knowledge, skills test, personality, medical physical, etc.)

- Yes                       No                       Don't know/Unsure

If yes, please identify?

7. What are the skills your company seeks in a job applicant for this position(s)?

8. How necessary is some *recent* work experience for this position, even if unrelated to this job?

- Absolutely necessary    Necessary    Doesn't matter    Don't know/unsure

9. How necessary is *specific* experience or skills relative to this job?

- Absolutely necessary    Necessary    Doesn't matter    Don't know/unsure

10. What is the length of time that you feel it takes an employee in this position to become competent in this job?

- < 3 months    3 months    6 months    9 months    1 Year    > 1 Year

11. What is the standard training provided to individuals hired to this position?

12. Is there a formal process for evaluating worker performance in this job?

- Yes                       No                       Don't know/Unsure

13. Are employees in this job eligible for pay increases based on merit or performance?

- Yes                       No                       Don't know/Unsure

14. Is there a probation period for the individual hired to this position?

- Yes                       No                       Don't know/Unsure

If yes, what is the term of the probation period?

Less than 1 month	<input type="checkbox"/>	8 months	<input type="checkbox"/>
1 month	<input type="checkbox"/>	9 months	<input type="checkbox"/>
2 months	<input type="checkbox"/>	10 months	<input type="checkbox"/>
3 months	<input type="checkbox"/>	11 months	<input type="checkbox"/>
4 months	<input type="checkbox"/>	12 months	<input type="checkbox"/>
5 months	<input type="checkbox"/>	Don't know/Unsure	<input type="checkbox"/>
6 months	<input type="checkbox"/>	Other:	
7 months	<input type="checkbox"/>		

15. What employee support services does the company provide for new hires?

16. How knowledgeable are you of assistance programs for low-income or underemployed workers?

Very Knowledgeable    Somewhat Knowledgeable    No Knowledge

17. Is the hiring process for this position subject to Affirmative Action regulations?

Yes    No    Don't know/Unsure

18. Would your company accept an applicant for this position who has a GED instead of a high school diploma?

Definitely would    Probably would    Would not    Don't know/unsure

19. Does your company provide health insurance to employees hired to this position?

Yes    No    Don't know/Unsure

20. Does your company provide health insurance to the family members of employees hired to this position?

Yes    No    Don't know/Unsure

21. Does your company provide dental coverage to employees hired to this position?

Yes    No    Don't know/Unsure

22. Does your company provide dental coverage to the family members of employees hired to this position?

Yes    No    Don't know/Unsure

23. Does your company provide contributions to pension plans to employees hired to this position?

Yes    No    Don't know/Unsure

24. Does your company provide paid vacation to employees hired to this position?

Yes    No    Don't know/Unsure

25. Does your company provide any other benefits to employees hired to this position?

Yes    No    Don't know/Unsure

If yes, please identify those benefits:

- Paid sick or personal days
- Paid holidays
- Supplemental unemployment benefits
- Disability
- Vision insurance
- Life insurance
- Tuition reimbursement
- Retirement/Pension plan
- Supplementary plan, 403(b), or 401K
- Stock options
- Transportation subsidy
- Free parking
- Other: \_\_\_\_\_

**Section III: Personal Perceptions – Low Income Individuals**

1. What are your initial reactions when encountering someone who you believe may be low income?
2. What are your initial reactions when encountering someone who has been out of work for more than a year?
3. Do you feel that low-income workers are “job ready?”

- Yes       No       Don’t know/Unsure

If yes, why/how so? If no, why?

4. What do you feel low-income workers would need to survive the first 3 months on the job?

The first 6 months on the job?

5. What type(s) of policies or support does your company provide to help low-income workers to remain employed?

- |  |   |
|--|---|
| <input type="checkbox"/> Employee orientation              | <input type="checkbox"/> General training                   |
| <input type="checkbox"/> Technical skills training         | <input type="checkbox"/> Soft skills training               |
| <input type="checkbox"/> Supervisor training               | <input type="checkbox"/> Diversity training                 |
| <input type="checkbox"/> Mentors (in addition to Champion) | <input type="checkbox"/> Continuing education/Certification |
| <input type="checkbox"/> Advancement opportunities         | <input type="checkbox"/> Disciplinary policies              |
| <input type="checkbox"/> Other: _____                      |   |

6. Please rate on a scale of 1 to 5 (with 5 being Very Concerned and 1 being Not Concerned) how much the following potential issues concern you when considering whether or not to hire low-income workers:

	<b>5 = Very Concerned</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1 = Not Concerned</b>
Absenteeism/tardiness					
Dishonesty/theft					
Lack of effort					
Negative perceptions of supervisors					
Negative perceptions of co-workers					
Poor quality work					
Poor work attitude					
Prior criminal offense					
Substance abuse					
Unreliability					
Workplace confrontations					

7. Do you feel there are risks or liabilities to your company in hiring low-income workers?

- Yes       No       Don't know/Unsure

If yes, please identify those risks or liabilities:

8. On the average, do you think that low-income workers are weaker applicants than those who live in middle-income or affluent neighborhoods?

- Yes       No       Don't know/Unsure

9. What would make you more comfortable about hiring low-income workers?

10. What do you feel the challenges would be for a low-income worker in your company?

11. What do you feel the successes would be for a low-income worker in your company?

**Section IV: Personal Perceptions – Underemployed Individuals**

The next series of questions will be about underemployed workers. For research purposes, an underemployed worker is someone who is either 1) working fewer hours than they want to, or 2) working at a job that is below their abilities and knowledge.

1. What are your initial reactions when encountering someone who you believe may be underemployed?
2. Do you feel that underemployed workers are “job ready?”

Yes       No       Don’t know/Unsure

If yes, why/how so? If no, why?

3. What do you feel underemployed workers would need to survive the first 3 months on the job? The first 6 months on the job?

4. What type(s) of policies or support does your company provide to help underemployed workers to remain employed?

- Employee orientation                       General training
- Technical skills training                       Soft skills training
- Supervisor training                       Diversity training
- Mentors (in addition to Champion)       Continuing education/Certification
- Advancement opportunities               Disciplinary policies
- Other: \_\_\_\_\_

5. Please rate on a scale of 1 to 5 (with 5 being Very Concerned and 1 being Not Concerned) how much the following potential issues concern you when considering whether or not to hire underemployed workers:

	<b>5 = Very Concerned</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1 = Not Concerned</b>
Absenteeism/tardiness					
Dishonesty/theft					
Lack of effort					
Negative perceptions of supervisors					
Negative perceptions of co-workers					
Poor quality work					
Poor work attitude					
Prior criminal offense					
Substance abuse					
Unreliability					
Workplace confrontations					

6. Do you feel there are risks or liabilities to your company in hiring underemployed workers?

- Yes       No       Don't know/Unsure

If yes, please identify those risks or liabilities:

7. On the average, do you think that underemployed workers are weaker applicants than those who live in middle-income or affluent neighborhoods?

- Yes       No       Don't know/Unsure

8. What would make you more comfortable about hiring underemployed workers?

9. What do you feel the challenges would be for an underemployed worker in your company?

10. What do you feel the successes would be for an underemployed worker in your company?

**Section V: General Perceptions**

1. Do you think your employees generally prefer to work with other employees of the same race or ethnicity as themselves?

- Yes       No       Don't know/Unsure

2. Have you noticed any racial or ethnic tension at your company?

- Yes       No       Don't know/Unsure

What is your general perception of the Battle Creek Unlimited Jobs Fund at this point in time?

4. Do you have any questions for us?

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## **Appendix A-2**

### **Quarterly Evaluation: Employer Champion**

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## Program Evaluation of Battle Creek Jobs Fund

### Quarterly Evaluation: Employer Champion

The purpose of this evaluation is to obtain knowledge on a quarterly basis on the experiences of Human Resources Managers, Operations Managers, or Supervisors interacting with employed Battle Creek Jobs Fund (BCJF) workers. We are asking employers to respond to questions regarding how the hiring of individuals from disadvantaged backgrounds and neighborhoods impacts the culture of the company and the perceptions of management and other workers of this target population.

#### Section I: Background

Date:
Company Representative Name:
Position/Job Title:
Time in Current Position:
# Employees:

#### Section II: Overall Experience with BCJF worker

1. During the past 3 months, we'd like to know if there have been any significant changes regarding the employees who were hired under the BCJF program.

Any separations?  Yes  No  Don't know/Unsure

If yes, why?

Promotions? Please describe.

Any disciplinary action taken?  Yes  No  Don't know/Unsure

If yes, please describe.

2. Have there been any workplace issues involving BCJF employees?

Yes  No  Don't know/Unsure

If yes, please explain.

3. How do the BCJF employees interact with co-workers?

4. How do the BCJF employees interact with supervisors?

5. How have you, as Employer Champion, assisted the BCJF employees in the past 3 months?

6. Have you received any training in the past 3 months in your role as BCJF Employer Champion?

Yes  No  Don't know/Unsure

If yes, who provided the training?

How long was the training?

What was the content/focus of the training?

7. What is you/your company doing to help integrate/orient the BCJF employees into this job/work environment?

8. Were the BCJF employees' skills sufficient for the job over the past 3 months?

Yes  No  Don't know/Unsure

If no, how were skills insufficient?

9. Did the BCJF employees receive any training over the past 3 months?

Yes  No  Don't know/Unsure

If yes, what type(s) of training and how did the employee respond to the training?

10. Do you anticipate any training/further training for these employees over the next 3 months?  Yes

No  Don't know/Unsure

If yes, what type of training? If no, why not?

11. What is the overall job performance of the BCJF employees in the past 3 months?

12. What could the BCJF employees do to improve their job performance?

13. What could you/your company do to help the BCJF employees improve their job performance?

14. What are the significant accomplishments of the BCJF employees in the past 3 months?

15. What were the challenges you experienced with the BCJF employees over the past 3 months?

16. What opportunities do you foresee for the BCJF employees in the upcoming 3 months? Also, what career ladder opportunities are available longer term within the company for advancement of skills, job position, and wages?

17. What are your overall expectations for the BCJF employees over the next 3 months?

18. What is your general perception of the Battle Creek Jobs Fund Program at this point in time?

## **Appendix A-3**

### **Initial Interview Questionnaire: Supervisors/Team Leaders**

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## Program Evaluation of Battle Creek Jobs Fund

### Initial Interview Questionnaire: Supervisors/Team Leaders

The purpose of the interview is to learn of employers' perceptions on the initial hiring of workers participating in the Battle Creek Jobs Fund (BCJF) initiative. We will be asking questions regarding how the hiring of individuals from disadvantaged backgrounds and neighborhoods impacts the culture of the company, and obtaining the perceptions of supervisors, management, and other workers of this target population.

Due to the sensitivity of some of the questions we will be asking, we will be holding your responses in strict confidence. Your answers will NOT be shared with anyone outside of the Upjohn Institute. Information will be used for research purposes only.

#### Section I: Background

Date:
Company Representative Name:
Position/Job Title:
Time in Current Position:

1. What are the skills your company seeks in a job applicant for this position?
2. How necessary is some *recent* work experience for this position, even if unrelated to this job?  
 Absolutely necessary    Necessary    Doesn't matter    Don't know/unsure
3. How necessary is *specific* experience or skills relative to this job?  
 Absolutely necessary    Necessary    Doesn't matter    Don't know/unsure
4. What is the length of time that you feel it takes an employee in this position to become competent in this job?  
 < 3 months    3 months    6 months    9 months    1 Year    > 1 Year
5. What is the standard training provided to individuals hired to this position?
6. What employee support services does the company provide for new hires?
7. How knowledgeable are you of community assistance programs for low-income or underemployed workers?  
 Very Knowledgeable    Somewhat Knowledgeable    No Knowledge

**Section II: Personal Perceptions – Low Income Individuals**

1. What are your initial reactions when encountering someone who you believe may be low income?
2. What are your initial reactions when encountering someone who has been out of work for more than a year?
3. Do you feel that low-income workers are “job ready?”

Yes       No       Don’t know/Unsure

If yes, why/how so? If no, why?

4. What do you feel low-income workers would need to be successful in the first 3 months on the job? The first 6 months on the job?

5. What type(s) of policies or support does your company provide to help low-income workers to remain employed?

- |  |   |
|--|---|
| <input type="checkbox"/> Employee orientation              | <input type="checkbox"/> General training                   |
| <input type="checkbox"/> Technical skills training         | <input type="checkbox"/> Soft skills training               |
| <input type="checkbox"/> Supervisor training               | <input type="checkbox"/> Diversity training                 |
| <input type="checkbox"/> Mentors (in addition to Champion) | <input type="checkbox"/> Continuing education/Certification |
| <input type="checkbox"/> Advancement opportunities         | <input type="checkbox"/> Disciplinary policies              |
| <input type="checkbox"/> Other: _____                      |   |

6. Please rate on a scale of 1 to 5 (with 5 being Very Concerned and 1 being Not Concerned) how much the following potential issues concern you when supervising low-income workers:

	<b>5 = Very Concerned</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1 = Not Concerned</b>
Absenteeism/tardiness					
Dishonesty/theft					
Lack of effort					
Negative perceptions of supervisors					
Negative perceptions of co-workers					
Poor quality work					
Poor work attitude					
Prior criminal offense					
Substance abuse					
Unreliability					
Workplace confrontations					



Do you feel there are risks or liabilities to your company in hiring low-income workers?

- Yes       No       Don't know/Unsure

If yes, please identify those risks or liabilities:

8. What would make you more comfortable about hiring low-income workers?

9. What do you feel the challenges would be for a low-income worker in your company?

10. What do you feel the successes would be for a low-income worker in your company?

11. On average, do you think that low-income workers are weaker applicants than those who live in middle-income or affluent neighborhoods?

- Yes       No       Don't know/Unsure

### Section III: Personal Perceptions –Underemployed Individuals

*The next series of questions will be about underemployed workers. For research purposes, an underemployed worker is someone who is either 1) working fewer hours than they want to, or 2) working at a job that is below their abilities and knowledge.*

12. What are your initial reactions when encountering someone who you believe may be underemployed? Do you feel that underemployed workers are “job ready?”

- Yes       No       Don't know/Unsure

If yes, why/how so? If no, why?

14. What do you feel underemployed workers would need to be successful in the first 3 months on the job? The first 6 months on the job?

15. What type(s) of policies or support does your company provide to help underemployed workers to remain employed?

- |  |   |
|--|---|
| <input type="checkbox"/> Employee orientation              | <input type="checkbox"/> General training                   |
| <input type="checkbox"/> Technical skills training         | <input type="checkbox"/> Soft skills training               |
| <input type="checkbox"/> Supervisor training               | <input type="checkbox"/> Diversity training                 |
| <input type="checkbox"/> Mentors (in addition to Champion) | <input type="checkbox"/> Continuing education/Certification |
| <input type="checkbox"/> Advancement opportunities         | <input type="checkbox"/> Disciplinary policies              |
| <input type="checkbox"/> Other: _____                      |   |

16. Please rate on a scale of 1 to 5 (with 5 being Very Concerned and 1 being Not Concerned) how much the following potential issues concern you when supervising underemployed workers:

	5 = Very Concerned	4	3	2	1 = Not Concerned
Absenteeism/tardiness					
Dishonesty/theft					
Lack of effort					
Negative perceptions of supervisors					
Negative perceptions of co-workers					
Poor quality work					
Poor work attitude					
Prior criminal offense					
Substance abuse					
Unreliability					
Workplace confrontations					

17. Do you feel there are risks or liabilities to your company in hiring underemployed workers?

- Yes       No       Don't know/Unsure

If yes, please identify those risks or liabilities:

18. What would make you more comfortable about hiring underemployed workers?

19. What do you feel the challenges would be for an underemployed worker in your company?

20. What do you feel the successes would be for an underemployed worker in your company?

**Section IV: General Perceptions**

21. Do you think employees generally prefer to work with other employees of the same race or ethnicity as themselves?

- Yes       No       Don't know/Unsure

22. Have you noticed any racial or ethnic tension at your company?

- Yes       No       Don't know/Unsure

23. Are you aware that your company has a Champion to advise and mentor the BCJF employee? *(If No or Don't Know, please go to Question 25)*

- Yes       No       Don't know/Unsure

24. Are you aware as to whether or not your company BCJF Champion received training?

- Yes       No       Don't know/Unsure

If yes, who provided the training? How long was the training? What was the content/focus of the training?

25. Do you feel that having a Champion would aid your company in decreasing any risks that might be associated with hiring low-income or underemployed workers?

Yes       No       Don't know/Unsure

If yes, why/how so? If no, why not?

**26. Do you have any questions for us?**

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## **Appendix A-4**

### **Online Quarterly Evaluation: Supervisors of BCJF Workers**

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## **Program Evaluation of Battle Creek Unlimited Jobs Fund (BCJF)**

### **Online Quarterly Evaluation: Supervisors of BCJF Workers**

We appreciate your time in completing this survey. The survey is reasonably short and should only take about 10 to 15 minutes (or less) to complete. Your responses are kept in strict confidence and will NOT be shared with anyone outside of the Upjohn Institute, unless you authorize us to do so. Information will be used only for research purposes.

The purpose of this survey is to obtain knowledge on a quarterly basis on the experiences of Supervisors interacting with employed Battle Creek Unlimited Jobs Fund (BCJF) workers. This online survey is being conducted on a quarterly basis as a follow-up to your initial interview with Upjohn Institute staff. After a period of one year, another in-person interview will be conducted with all supervisors of the BCJF workers and will be scheduled through your Human Resources Department.

Please note that all questions require an answer.

If you have any technical issues in filling out the survey online, please contact Brian Pittelko at 269-343-5541 or [Pittelko@upjohn.org](mailto:Pittelko@upjohn.org).

If you have any questions regarding the content of the survey or are uncertain about any of the survey questions, please contact Claudette Robey at 269-343-5541 or [robey@upjohn.org](mailto:robey@upjohn.org).

**Section I: Background**

1. Please provide a few background details.
  
2. How long have you supervised the job activities of a worker who was hired under the Battle Creek Job Fund (BCJF)?
  
3. How many BCJF workers are you currently supervising?
  
4. During the past 3 months have there been any significant changes regarding the employees you supervise who were hired under the BCJF program?
  
5. Any separations?
  
6. Any promotions?
7. Any disciplinary action taken?
  
8. How have the BCJF employees you supervise interacted with co-workers?
  
9. What has you/your company done over the past 3 months to help integrate/orient the BCJF employees you supervise into this job/work environment?



**Section II: Overall Experience with BCJF Worker**

10. Were the skills of the BCJF employees you supervise sufficient for the job over the past 3 months?
11. Did the BCJF employees you supervise receive any training over the past 3 months?
12. Do you anticipate any training/further training for the BCJF employees you supervise over the next 3 months?
13. What has been the overall job performance of the BCJF employees you supervise in the past 3 months?
14. What could the BCJF employees you supervise do to improve their job performance?
15. What could your company do to help the BCJF employees you supervise improve their job performance?
16. What were the significant accomplishments of the BCJF employees you supervise over the past 3 months?
17. What were the challenges you experienced with the BCJF employees you supervise over the past 3 months?
18. What are your overall expectations for the BCJF employees you supervise over the next 3 months?
19. What is your general perception of the Battle Creek Unlimited Jobs Fund Program at this point in time?
20. Would you allow us to share your responses with your company's Employer Champion?

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