

# **Subsidizing Employment Opportunities for Low-Income Families**

## **A Review of State Employment Programs Created Through the TANF Emergency Fund**

**OPRE Report 2011-38**

**December 2011**

Office of Planning, Research and Evaluation (OPRE)  
Administration for Children and Families  
U.S. Department of Health and Human Services

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Emergency Fund**

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# Overview

Subsidized employment programs provide jobs to people who cannot find employment in the regular labor market and use public funds to pay all or some of their wages. In 2009 and 2010, states could access funding from the Temporary Assistance for Needy Families (TANF) Emergency Fund, which was established under the American Recovery and Reinvestment Act (ARRA) to create or expand subsidized employment programs. When the fund expired on September 30, 2010, states had placed more than a quarter of a million people in subsidized jobs, making this the largest subsidized employment initiative in the country since the 1970s.

The Subsidized and Transitional Employment Demonstration (STED) project, sponsored by the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services, will conduct rigorous evaluations of several subsidized employment programs for disadvantaged workers over the next few years. This report presents findings from the first phase of the STED project — a review of subsidized employment programs that operated with support from the TANF Emergency Fund. It is based on telephone interviews with administrators in 48 states, tribes, and territories that received Emergency Fund support for subsidized employment; site visits to eight programs; and reports that states provided to the research team.

## Key Findings

- **While states and localities often had less than one year to create or expand their subsidized employment programs, many were able to mount relatively large-scale efforts.** In all, 15 states placed over 5,000 people in jobs. Four of those states — California, Illinois, Pennsylvania, and Texas — each placed more than 25,000 people, accounting for over half of the national total. Nationwide, about half the placements were summer jobs for youth.
- **Responding to the flexibility allowed under the Emergency Fund, states and localities implemented a wide range of programs.** Programs differed in the participants targeted (most were not limited to TANF recipients), the type of employers recruited, the structure of the subsidy, and the size of the program.
- **In many programs, participants worked for private employers, who were reimbursed for all or part of participants' wages.** This model contrasted with that of most earlier subsidized employment initiatives, which placed participants in nonprofit or public agencies.
- **After funding ended, many of the programs also ended, and others sharply reduced the number of people served.** Only a few states continued to operate at the same levels as previously, and these were states that, for the most part, were operating subsidized employment programs using TANF funds before ARRA was enacted.

States' experiences with the TANF Emergency Fund subsidized employment programs may yield valuable lessons for future efforts to create jobs for disadvantaged groups.



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We owe a particular debt to LaDonna Pavetti and Liz Schott at the Center on Budget and Policy Priorities and Elizabeth Lower-Basch at the Center for Law and Social Policy. This report draws upon research they conducted for the 2011 report, *Creating Subsidized Employment Opportunities for Low-Income Families: The Legacy of the TANF Emergency Fund*. In addition to providing early drafts of their report, they also generously shared interview notes and background materials with the research team in the earliest stages of this project.

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The Authors

## Executive Summary

Subsidized employment programs provide jobs to people who cannot find employment in the regular labor market and use public funds to pay all or some of their wages. In fiscal years (FY) 2009 and 2010, states and localities could access funding from the Temporary Assistance for Needy Families (TANF) Emergency Fund, which was established under the American Recovery and Reinvestment Act (ARRA) of 2009 to create or expand subsidized employment programs. When the fund expired on September 30, 2010, states had placed more than a quarter of a million people in subsidized jobs, making this the largest subsidized employment initiative since the 1970s.

The Subsidized and Transitional Employment Demonstration (STED) project, sponsored by the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services, will conduct rigorous evaluations of several subsidized employment programs for disadvantaged workers over the next few years. This report presents findings from the first phase of the STED project — a review of subsidized employment programs that operated with support from the TANF Emergency Fund. It is based on telephone interviews with administrators in 48 states, tribes, and territories that received funding for subsidized employment under the Emergency Fund; site visits to eight programs; and documentation that states provided to ACF.<sup>1</sup>

### Key Findings

- **While states and localities often had less than one year to create or expand their subsidized employment programs, many were able to mount relatively large-scale efforts.**

The availability of funding for subsidized employment provided by the TANF Emergency Fund spurred an extraordinary effort by states and localities to create or expand programs. Some states were able to build on existing programs that served TANF recipients, while others had to design and implement new programs.

State and local administrators had to make decisions quickly regarding their programs' goals, the organizations to involve, the individuals to target for placement, and the subsidy structure. While many of the state and program administrators who were interviewed for this

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<sup>1</sup>The report also draws on earlier research conducted by the Center on Budget and Policy Priorities and the Center for Law and Social Policy. See LaDonna Pavetti, Liz Schott, and Elizabeth Lower-Basch, *Creating Subsidized Employment for Low-Income Parents: The Legacy of the TANF Emergency Fund* (Washington, DC: Center on Budget and Policy Priorities and Center for Law and Social Policy, 2011).

report wished that they had had more time to make some of these decisions, they were generally pleased with what they were able to achieve and were energized by the experience.

- **Responding to the flexibility allowed under the TANF Emergency Fund, states and localities implemented a wide range of programs.**

State and local administrators made decisions regarding their design of programs based in part on the outcomes they sought to affect. Many programs focused on countering the effects of the downturn in the economy by placing recently laid-off workers in subsidized jobs until the economy rebounded and businesses started rehiring. Others sought to place particular groups of individuals in jobs, especially those who had an especially difficult time finding work in the economic downturn because they had limited work experience or barriers to employment. States also cited secondary goals, including helping small businesses and, for a few states, protecting the unemployment insurance (UI) trust fund. Most states also hoped that subsidized jobs would help participants move into permanent, unsubsidized employment, although most programs provided few additional services to help participants prepare for unsubsidized employment beyond job search assistance.

- **Unlike many earlier subsidized and transitional employment programs, those created with funding from the TANF Emergency Fund emphasized private sector positions.**

Many earlier subsidized employment models that had been operating with TANF and other funds were designed to make placements in nonprofit social service agencies or government offices. These programs relied on environments in which participants could receive strong work supports and job coaching and where there could be more flexibility as less job-ready participants adapted to the workplace. The programs that states operated using the Emergency Fund targeted a wider mixture of positions with public, private for-profit, and private nonprofit employers. State administrators cited a range of reasons for targeting the private sector, including a desire to help local businesses and a slower process of developing public sector placements because of union rules. In addition, because the participants in Emergency Fund programs tended to have fewer barriers to finding employment than those served by earlier programs, placement in private sector jobs was thought to be more likely.

### **Program Design Decisions**

In line with their overall program goals, as discussed above, program designers made decisions about who was eligible for the program; how best to subsidize employers, including the percentage of wages to reimburse and the length of the subsidy; and which types of employers were eligible for the subsidy.

- **ARRA limited participants' eligibility to low-income parents or youth, although states defined low income in different ways; most states did not limit eligibility to TANF recipients.**

In about a third of the states, only TANF recipients could participate in the subsidized employment program. In the remaining states, TANF receipt was not a condition of eligibility. Many of the states that targeted a broader population limited eligibility to families with income below 200 percent of the federal poverty level. Some states targeted particular populations (for example, UI claimants, ex-offenders, youth, and noncustodial parents).

- **Generally, states reimbursed employers for all or part of participants' wages, but there was substantial variation in the amount to be reimbursed, the length of the subsidy, the number of subsidized hours of work, and the nonwage costs that were reimbursed.**

Table ES.1 shows the subsidy structure for wages reimbursed and the length of the subsidy. In over one-third of the states with adult programs, employers were reimbursed for 100 percent of the wages they paid, although in some cases, there was a limit on the total amount that could be reimbursed. The other more common strategy was to pay employers for the number of hours a participant worked multiplied by a set wage, usually the state minimum wage or slightly higher, or to reimburse less than 100 percent of the wage. Employers could pay wages above this amount but would receive reimbursement only for the set wage. Less common strategies included a flat payment regardless of the wages paid and paying 100 percent initially and reducing the percentage over time.

Most states limited reimbursement to a set number of months, somewhere between three and 12 months. Some states allowed individual counties to determine the length of the subsidy, and some programs that were ending on September 30, 2010, reimbursed employers for any amount of time up to this date.

States set different limits on the number of hours reimbursed (generally 30 to 40 hours per week) and decided which nonwage costs they would reimburse (for example, UI, workers' compensation, FICA, and medical assistance).

### **Program Implementation**

Given that most states did not create or expand their programs until 2010, large numbers of participants would have to be placed in jobs in less than a year. States used a number of interesting strategies to address this challenge.

## The Subsidized and Transitional Employment Demonstration

### Table ES.1

#### State and Territory Policies Regarding Wage Reimbursement and Length of Subsidy

	Number of states and territories	Percentage (%)
<b><u>Wage reimbursed</u></b>		
100 percent	14	38.9
Set wage or less than 100 percent of wage <sup>a</sup>	14	38.9
Flat payment <sup>b</sup>	3	8.3
Varies by county	2	5.6
Declining reimbursement	2	5.6
Up to level of benefits	1	2.8
<b><u>Length of subsidy</u></b>		
3-6 months	17	47.2
8-12 months	7	19.4
12-18 months	1	2.8
Variable	3	8.3
Through September 30, 2010	7	19.4
<b>Total number of states and territories reporting information</b>	<b>36</b>	<b>100.0</b>

SOURCE: Survey of state administrators and program directors.

**NOTES:**

<sup>a</sup>Most states in this category reimbursed employers the minimum wage for each hour employed. Hawaii reimbursed 100 percent of the minimum wage, but only reimbursed 50 percent of additional wages beyond the minimum wage.

<sup>b</sup>Texas and Utah paid employers \$2,000; Virginia paid employers \$300 per month plus \$500 if the participant was hired after six months.

- **In many states, strong support from political leaders fueled the subsidized employment initiative; in other states, strong advocates at the local level were the driving force.**

Several states — Alabama, Florida, and Mississippi — benefited from their respective governors' support and the media attention they brought to the initiatives. The governors' backing legitimized the program and drew support from other organizations, such as Chambers of Commerce and workforce agencies, and helped to recruit employers and participants. Similarly, mayoral support was significant in expanding programs in Philadelphia and San Francisco. On the local level in other states, a few key staff got the program up and running.

- **Given that many state programs targeted populations beyond TANF participants, they had to make special efforts to let the general public know about the program.**



Staff had to develop processes for reaching this new population and convincing them to participate. State and program administrators reported that there were potential participants who were reluctant to become involved because they saw the program as “welfare.” Administrators in some states also reported that they found it especially difficult to attract individuals to the program who had another means of support, such as UI benefits. They said that some people who were receiving UI benefits, particularly those who had recently begun to receive them, might have hoped to return to their former jobs and were reluctant to accept temporary employment that paid less than they had previously earned.

Programs used outreach strategies such as advertising the program and job positions on the Internet and in job banks, as well as holding job fairs. Outreach strategies targeting UI claimants included using the U.S. Department of Labor’s Rapid Response teams, which help dislocated workers after large layoffs, to promote the program, and mailing information to UI claimants. One state relaxed the requirement that eligible individuals be recently unemployed; instead they could be closer to exhausting their benefits.

- **Programs met the challenge of recruiting enough employers to provide appropriate jobs for participants by using a variety of outreach strategies.**

Programs had to both let employers know about the new opportunity and address their concerns. State administrators said that some private sector employers were worried about participating in a large government program that could involve additional paperwork and oversight and about the timeliness of reimbursement for participants’ wages. Some also had doubts about the qualifications of the job candidates they would receive through the program. Many programs used job developers to sell the programs to employers. Others conducted media campaigns (for example, placing advertisements on television and radio and in newspapers), engaged the business community to help ensure that the program was implemented in a way that appealed to employers, and held events and workshops. A few programs asked participants themselves to market the program to employers during their job search. As employers began to participate in the program, word spread to others and recruitment became easier.

- **After the programs were implemented, administrators found that their benefits went beyond income gains to families to include local businesses and governmental agencies.**

While the overarching goal of the TANF Emergency Fund subsidized employment programs was to provide income support to low-income families, the state and local administrators interviewed mentioned other benefits of the programs. For example, some said that their program helped the struggling small businesses they recruited to continue operations, while other businesses were able to expand their labor pool. Additionally, TANF agencies developed

new relationships with employers and gave them a better understanding of the services the agency could provide. Some TANF agencies also developed closer relationships with work-force agencies.

### **Program Placements and Expenditures**

Data collected by the ACF Office of Family Assistance (OFA) and the research team suggest the following regarding the number of participants placed and the cost of the program.

- **States and localities were successful in placing thousands of individuals in jobs.**

More than a quarter of a million individuals were placed in jobs through programs that were supported by the TANF Emergency Fund, though slightly more than half of this total were summer youth participants. While over half of all participants lived in four states — California, Illinois, Pennsylvania, and Texas, which each made more than 25,000 placements — smaller states also placed thousands of individuals in jobs. Some 14 states and the District of Columbia placed over 5,000 individuals in jobs, and another 10 states and Puerto Rico made between 1,000 and 5,000 placements.

While these numbers are impressive, particularly given how quickly states had to scale up to access the federal funding, this initiative was smaller than earlier federally funded programs that provided work-based support to people who were unable to find jobs in a weak labor market. For example, the Depression-era Works Progress Administration employed about 8 million people during its life span, and the 1970s Public Service Employment program, which operated under the Comprehensive Employment and Training Act, employed about 700,000 people at its peak in 1978.<sup>2</sup> It is important to note that when the TANF Emergency Fund expired, the subsidized employment programs were already successfully operating at high capacity and could have continued at these levels with additional funding.

- **Across all states, spending on subsidized employment increased more than tenfold, from about \$109 million before ARRA was enacted to \$1.6 billion in FY 2010.**

Of the \$5 billion the Emergency Fund provided to reimburse states, tribes, and territories for increased TANF spending during the recession, about \$1.3 billion went to cover increases in spending on subsidized employment. In some states, the increase in spending was substantial. These states included Illinois, which increased spending from about \$163,000 in the

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<sup>2</sup>Dan Bloom, *Transitional Jobs: Background, Program Models, and Evaluation Evidence* (New York: MDRC, 2010).

base year to \$234 million in FY 2010; California, which increased spending during the same period from about \$36 million to \$554 million; and Mississippi, which reported no expenditures on subsidized employment in the base year but spent \$40 million in FY 2010.<sup>3</sup>

- **In most states, TANF recipients placed in subsidized employment were not counted toward state TANF work participation rates, but a few states designed their programs in ways that allowed participants to be counted.**

Most state administrators did not place individuals in subsidized jobs in order to meet work participation requirements established by the Personal Responsibility and Work Opportunity Reconciliation Act. Subsidized employment is an allowable work activity for TANF recipients, so those working in subsidized jobs could conceivably have contributed to the state's participation rate if they had remained on TANF. However, in most states, the subsidized jobs provided family earnings high enough to make participants ineligible for TANF, so that they were not counted in the rate. In states with caseloads below their FY 2005 levels, such cases leaving TANF could contribute to a higher caseload reduction credit. Some states designed their programs with features to ensure that subsidized employment participants would still contribute to the participation rate. For example, a few states continued to provide participants a small amount of cash assistance to keep them on the rolls and, therefore, in the work participation calculation. Other states provided part-time subsidized employment (work-study jobs) to TANF recipients enrolled in education programs so that they would be in countable work activities while receiving TANF.

### **After ARRA**

Despite an effort by many state and county officials and advocates who campaigned for a one-year extension of the TANF Emergency Fund for subsidized employment programs, states were reimbursed only for expenditures related to work performed on or before September 30, 2010.

- **After funding ended, many of the programs also ended, and others sharply reduced the number of families served.**

Only a few states continued to operate at the same levels as previously, and these were states that, for the most part, were operating programs using TANF funds before ARRA was enacted. At the time of the interviews, many program administrators were seeking ways to keep

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<sup>3</sup>These reported expenditure data are based on all data the OFA received by June 2011. In August 2011, the OFA extended the deadline for submitting qualifying expenditure for the TANF Emergency Fund to September 30, 2011. These data do not include any expenditures submitted after June 2011.

their programs going, even at a reduced level. Given state budget shortfalls, however, there was great uncertainty about the future existence or likely operating levels of these programs.

## **Next Steps**

The availability of funding for subsidized employment programs, the flexibility it provided to states, and the limited research that guided program designers resulted in a great deal of experimentation under the Emergency Fund. Most studies of subsidized employment programs have focused on those that placed disadvantaged participants in nonprofit and government agencies to improve their employability and increase the odds that they would find unsubsidized jobs with other employers. While some of the existing programs that were expanded with the Emergency Fund took this approach, many of the newly created programs placed broader groups of unemployed workers, rather than solely disadvantaged populations, in private for-profit jobs. Among these, some incorporated components designed to encourage the host employer to hire the participant after the subsidy ended; others focused more on short-term work-based income support.

This report does not attempt to assess the effectiveness or impact of the TANF Emergency Fund subsidized employment programs. For example, it does not address whether some of the people who received subsidized jobs could have found jobs without subsidies. It also does not estimate the cost of the programs relative to what would have been spent on participants in the absence of the programs. Finally, it does not examine who might benefit the most from these types of programs — those who are more disadvantaged or those with some job skills. These questions will be addressed in the second phase of the STED project, which will include random assignment evaluations of several subsidized employment programs.

## Chapter 1

# Introduction

Subsidized employment programs provide jobs to people who cannot find employment in the regular labor market and use public funds to pay all or some of their wages. These programs have operated in various forms in the United States for some 80 years. The Subsidized and Transitional Employment Demonstration (STED) project, sponsored by the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services, will conduct rigorous evaluations of several subsidized employment programs for disadvantaged workers over the next few years. In 2010, ACF selected MDRC and its partners, Decision Information Resources, Branch Associates, and MEF Associates, to lead the STED project.

This report presents findings from the first phase of the STED project, a review of subsidized employment programs operated by states and localities with support from the Temporary Assistance for Needy Families (TANF) Emergency Contingency Fund (the Emergency Fund). The TANF Emergency Fund was created under the American Recovery and Reinvestment Act (ARRA) of 2009 and expired on September 30, 2010. In 2009 and 2010, the TANF Emergency Fund supported subsidized employment programs that employed more than 250,000 people, making this the largest subsidized employment initiative in the country since the 1970s.

The report provides background information about the TANF Emergency Fund and describes the programs that states designed using the fund. It is based on telephone interviews with administrators in 48 states, counties, tribes, and territories that received support for subsidized employment under the Emergency Fund, site visits to eight programs (including interviews with staff, managers, employers, and others), and documentation that states provided to ACF.<sup>1</sup>

It is important to document the TANF Emergency Fund subsidized employment programs because the states' accomplishments during this period were notable in several respects. First, with guidance from ACF, many states and localities were able to design and mount relatively large-scale programs very quickly during a period of severe economic distress. Second, many of the programs were unusual in that they placed the majority of participants in private, for-profit businesses; most earlier subsidized employment programs made placements in public or nonprofit agencies. Third, during interviews and site visits, the officials and staff

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<sup>1</sup>The report also draws on earlier research conducted by the Center on Budget and Policy Priorities and the Center for Law and Social Policy. See Pavetti, Schott, and Lower-Basch, 2011.

who were involved in the subsidized employment programs almost uniformly described the initiatives with enthusiasm and pride. They saw the effort as an example of successful government action to address a pressing problem. For all of these reasons, the states' experiences with the TANF Emergency Fund subsidized employment programs may yield valuable lessons for future efforts to create jobs for disadvantaged groups.

## **Subsidized Employment**

Subsidized employment programs may have a variety of goals. The largest programs have emerged during cyclical periods of high unemployment and have been designed to provide work-based income support to people who are unable to find jobs owing to a weak labor market. The best known examples are the Depression-era Works Progress Administration (WPA) and the 1970s Public Service Employment (PSE) program, which operated under the Comprehensive Employment and Training Act (CETA). The WPA employed about 8 million people during its life span, and the CETA/PSE program employed about 700,000 people at its peak in 1978.<sup>2</sup>

Since the 1960s, a variety of smaller subsidized employment models have targeted specific disadvantaged groups, such as welfare recipients, disconnected youth, and individuals returning to the community from prison — groups that typically experience high unemployment even when the labor market is strong. These programs provide work-based income support, but also seek to use the subsidized work experience — plus, in many cases, other supports — to improve participants' employability and increase the odds that they can get and hold regular jobs. In recent years, many of these programs have come to be called transitional jobs programs.

In most of the subsidized employment programs that have operated in the past, the participants have been employed by nonprofit or government agencies. In some models, the employer of record is a nonprofit intermediary, and the workers are placed in social service agencies or other community-based organizations. In other models, the employer is a social enterprise (a nonprofit business) and, in still others, government agencies employ participants directly.

One exception to this pattern are models that place participants in jobs in the regular labor market, often with for-profit businesses, and temporarily subsidize all or part of the employee's wages; there may be an expectation that the employee will “roll over” onto the company payroll when the subsidy ends. The subsidy is designed to reimburse the employer for training costs or, in some cases, to provide an incentive for the employer to hire a worker it might not

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<sup>2</sup>Bloom, 2010.

otherwise hire. These models are sometimes called “on-the-job-training” (OJT) or “work-supplementation” programs.

Figure 1.1 demonstrates the range of types of jobs supported by subsidized employment programs. On the right-hand side are jobs specifically created and designed for disadvantaged groups to improve their employability; on the left-hand side is subsidized placement in regular jobs. In between are jobs in public or nonprofit agencies with different levels of support and customization for subsidized employees with barriers to employment.

In recent years, the largest subsidized employment programs have served TANF recipients, former prisoners, and disadvantaged youth. Three of the largest programs for TANF recipients — Washington’s statewide Community Jobs program, Philadelphia’s Transitional Work Corporation (TWC), and New York City’s Parks Opportunity Program — have operated for a decade or more. The Washington program is an initiative operated by contractors throughout the state; TWC is a single nonprofit organization that is contracted to serve TANF recipients; and the New York program is operated by the city government. In addition, New York City’s Center for Employment Opportunities has been serving former prisoners since the 1970s and has operated as an independent nonprofit organization since 1996. YouthBuild and Conservation Corps programs provide opportunities for youth to gain work experience and usually provide wages or stipends. Overall, however, subsidized employment programs have served a very small fraction of the populations they target, in part because the programs are relatively expensive to operate.

## **Evaluations of Subsidized Employment Programs**

There have been several rigorous evaluations of subsidized employment programs during the past 35 years. These studies used random assignment designs in which eligible individuals were assigned, through a lottery-like process, to a program group that had access to the subsidized jobs program or to a control group that did not have access to the program but typically received other kinds of employment assistance. All of the studies tested programs of the transitional job-type model discussed above that targeted disadvantaged groups and sought not only to provide short-term work-based income, but also to improve participants’ long-term performance in the regular labor market.

These studies have shown that many subsidized employment programs are able to raise short-term employment rates — often dramatically — by targeting people who would not otherwise have found jobs and placing them in subsidized positions. However, in most cases, the initial gains evaporated fairly quickly as people left the subsidized jobs. Most of the programs

**The Subsidized and Transitional Employment Demonstration**

**Figure 1.1**

**Spectrum of Types of Subsidized Employment Programs**





that increased unsubsidized employment after the subsidized positions ended targeted women (typically low-income single mothers) and used models with close links to private sector employment.<sup>3</sup>

## **The TANF Emergency Fund**

The TANF Emergency Fund was created in early 2009, during a period of economic crisis. The national unemployment rate was above 8 percent and rising quickly (reaching 10.2 percent later that year), and the economy was losing more than half a million jobs each month. The purpose of the Emergency Fund was to assist families who had been adversely affected by the weak job market and to relieve fiscal pressure on states.

The Emergency Fund provided up to \$5 billion in the 2009 and 2010 federal fiscal years to states that had experienced an increase in their TANF caseload or in certain kinds of TANF-related expenditures. Specifically, the federal government offered to reimburse 80 percent of the cost of increased spending on basic assistance, nonrecurrent short-term benefits, and subsidized employment.<sup>4</sup> The increased spending could come from increased use of existing TANF funds, increased state spending, or a combination of the two. TANF rules define subsidized employment as “payments to employers or third parties to help cover the cost of employee wages, benefits, supervision, or training.”

ARRA called on the Secretary of Health and Human Services to implement the TANF Emergency Fund quickly. Thus, just a few weeks after the legislation was signed, ACF issued a policy announcement providing guidance to states about how to access the fund.<sup>5</sup> The announcement stressed the flexibility of the fund and noted that the activities it supported were already allowable under the basic TANF program (and hence, that regular TANF rules and definitions applied to those activities). It also noted that states could apply for funding based on estimates of expenditures for the upcoming quarter rather than waiting to be reimbursed after the fact. Finally, the announcement stated that, while official application materials were not yet available, states could apply for funding by providing the information required in the ARRA statute.

Over the next several months, advocacy groups such as the Center on Budget and Policy Priorities and the Center for Law and Social Policy worked with states and issued several

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<sup>3</sup>See, for example, Bloom, 2010.

<sup>4</sup>Nonrecurrent short-term benefits are “designed to deal with a specific crisis situation or episode of need,” are not intended to meet ongoing needs, and do not last more than four months. These payments are not considered “assistance” under TANF rules, which means they do not trigger time limits and other TANF requirements.

<sup>5</sup>U.S. Department of Health and Human Services, 2009c.

documents describing the flexibility of the TANF Emergency Fund as a source of support for subsidized employment programs.<sup>6</sup> Late in 2009, ACF released a “Questions and Answers” document that further clarified several key issues related to the fund. Notably, the document explained that “the employer’s costs for supervising and training a subsidized employee can count as a State expenditure for Maintenance of Effort (MOE) and the TANF EF” and that “if a State assumes that supervision and training costs equal no more than 25 percent of the employee’s wage cost, we will accept the State’s assumption without additional documentation.”<sup>7</sup> This meant that states could place participants in jobs in private companies, fully or partially subsidize their wages, and count the companies’ supervision costs toward the 20 percent of increased costs states were required to contribute. Thereby the state could create subsidized jobs with little or no expenditure of state funds. Indeed, one of the innovative aspects of the programs that emerged under the TANF Emergency Fund is that many of them placed participants in jobs in private, for-profit businesses. As noted earlier, most previous subsidized employment programs placed workers in nonprofit or government agencies.

## About This Report

This report describes the subsidized employment programs that were supported by the TANF Emergency Fund. Although many of these programs have been discontinued or scaled back since the fund expired in September 2010, it is important to document how the programs were designed, implemented, and operated because the experience may yield lessons for future efforts. In a few states, the Emergency Fund was used to expand a subsidized employment program that had been operating for several years; however, many states created new programs, and did so very quickly. It may be particularly useful to describe the strategies states used to mount large-scale subsidized employment programs in a matter of months.

The report addresses the following questions:

- How were the subsidized employment programs designed? Specifically, what were their goals, whom did they target, and how were the subsidies structured?
- How were the subsidized employment programs implemented? What challenges emerged and how were they addressed?
- How many people did the subsidized employment programs serve and how much was spent on the programs?

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<sup>6</sup>See, for example, Baider and Lower-Basch, 2009; Lower-Basch 2009.

<sup>7</sup>U.S. Department of Health and Human Services, 2009b.

- How did the programs look from the perspective of employers who received subsidies?
- What happened when the Emergency Fund expired?
- What are some of the lessons of the Emergency Fund experience?

The report does not seek to describe all of the subsidized employment programs that were operating during the study period; rather, it focuses mainly on programs that were supported, either directly or indirectly, by the TANF Emergency Fund. In addition, the report focuses on subsidized employment programming for adults. A separate study looked at summer jobs programs for youth, which accounted for about half the subsidized placements supported by the fund.<sup>8</sup>

Finally, the report does not attempt to assess the effectiveness or impact of the subsidized employment programs. For example, it does not address whether some of the people who received subsidized jobs could have found jobs without subsidies. This will be the primary focus of the second phase of the STED project, which will include several random assignment evaluations of subsidized employment programs.

The project team collected information for this report from four sources:

- **Interviews with state-level policymakers.** The project team interviewed state-level staff involved in the design and implementation of subsidized employment programs in each of the 42 states and territories that ran adult or youth programs, as well as staff in programs in six tribes. The team collected information about the programs' structures and administration, the recent history of and future plans for subsidized employment, and the strengths and weaknesses of the program as perceived by the interviewees.
- **Interviews with local-level program directors.** The project team also interviewed local-level program directors in the states that ran adult subsidized employment programs. These individuals were recommended by the state-level interviewees, and the programs in most cases were those that served a large number of participants or had particularly interesting implementation strategies. These interviews focused on the programs' target populations, their employer recruitment strategies, the types of jobs available, the services

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<sup>8</sup>Rosenberg, Angus, Pickens, and Derr (Forthcoming).

they provided to participants, and the program directors' experiences operating the program.

- **Site visits to seven states.** The project team identified a number of programs for site visits. These were primarily ongoing programs with interesting features that came to the attention of researchers during the phone interviews, or sites that could potentially be candidates for the STED evaluation. Project team members conducted eight visits in seven states: California (Los Angeles and San Francisco), Hawaii, Minnesota, New York, North Carolina, Oregon, and Washington. During the visits, project team members met with subsidized employment program case managers, job developers, TANF case managers, employers, and program leaders in order to gain a fuller understanding of operational challenges and strategies.
- **Federal reporting.** The research team analyzed data on expenditures used to claim reimbursement for subsidized employment programs. In addition, the team analyzed data on placements from the federal reports that states submitted voluntarily.

This report describes the key findings from these data sources and is organized as follows:

- Chapter 2 describes the design of the subsidized employment programs that states developed or expanded with support from the TANF Emergency Fund. It outlines different program goals, target populations, subsidy structures, and administrative arrangements.
- Chapter 3 discusses how states implemented or expanded programs under ARRA. It describes the recruitment and assessment of participants, the recruitment of employers, the process of matching workers to work sites, and the support services programs provided.
- Chapter 4 reports on program expenditures and placements under the TANF Emergency Fund. The data come from the OFA-100 and OFA-200 forms submitted by states, which, respectively, detail state expenditures and placement numbers.
- Chapter 5 summarizes employers' perspectives about subsidized employment based on interviews conducted during each of the eight site visits.

- Chapter 6 describes how the termination of the TANF Emergency Fund affected subsidized employment programs and summarizes how they were continued, modified, or discontinued.
- Chapter 7 reports the key findings and lessons learned from interviews with state and local program administrators. It provides examples of strategies used to overcome some of the challenges to implementing and running successful subsidized employment programs.

In addition, the appendixes provide further information. Appendix A contains state-by-state tables on program design features, and Appendix B contains summaries of programs where researchers conducted site visits.



## Chapter 2

# Design of State Subsidized Employment Programs

States and territories had considerable flexibility in determining the goals and structure of their subsidized employment programs.<sup>1</sup> When funds from the Temporary Assistance for Needy Families (TANF) Emergency Fund became available in 2009, several states already had some kind of wage subsidy or transitional jobs program in operation. Some also operated summer youth employment programs. Most of these programs simply scaled up using the new federal money, although some temporarily expanded their eligibility requirements during the Emergency Fund period. In the case of the other states, though, programs were essentially designed and implemented from the ground up.

Given the Emergency Fund's tight time frame, states designed new programs with a variety of goals, eligibility requirements, and methods for placing participants quickly. In some cases, they designed programs solely to provide emergency job placements to counter a dramatic increase in unemployment; in other cases, they hoped to address long-term barriers to employment. In some states, job placements were centrally administered, while in others, the state gave localities great discretion in designing programs to suit the local environment.

While there was great diversity in administrative approaches, wage structure, and employer outreach, the designs of state programs can be divided along a few broad lines: (1) how eligibility was defined (broadly versus narrowly); (2) whether programs were designed to lead to unsubsidized employment (either by encouraging employers to ultimately hire subsidized workers in unsubsidized jobs, or by offering training and educational activities designed to improve participants' long-term employability); and (3) which sectors were prioritized (private versus public).

It is notable that only a minority of programs followed the transitional jobs model described in the introduction, in which narrowly targeted participants are placed in supported work environments or work crews and have their wages paid directly by the service provider. While some variation on this model was used in a small number of programs, it was more common for programs to seek placements directly in work environments that more closely resembled what people would find if they applied for an unsubsidized position independently. As Chapter 4 describes, close to half of all adult participants were placed in jobs in four states: Illinois, California, Pennsylvania, and Texas. In each of these states, there were programs that placed

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<sup>1</sup>This chapter refers only to states and territories that ran subsidized employment programs for adults. For a summary of tribal subsidized employment programs, see Box 3.1.

participants directly with independent employers. (In California, many counties also operated programs using the transitional jobs model.)

## **Program Goals**

As noted, states were responsible for establishing the goals of their subsidized employment programs. In the majority of cases, interviews with state TANF administrators confirmed that the primary goal of their programs was rapid job placement to alleviate rising levels of unemployment. As the examples below demonstrate, particular states set a secondary goal of moving the long-term unemployed into permanent, unsubsidized positions. In a couple of interviews, state administrators also said that they wanted to protect unemployment insurance (UI) funds during a period of increasing unemployment; others said that a desire to help small businesses shaped the approach they took toward targeting employers.

- In New York, the largest of the state’s three programs was a “transitional jobs” program, which, in addition to placing public assistance recipients in jobs ranging from child care to construction, also required that participants receive at least seven hours a week of education and training activities. The other two programs, a green jobs program and a health care program, were designed to make job placements in expanding or stable industries. In all three cases, the goal of state administrators was for participants to be retained in their positions or to learn skills they could apply in unsubsidized positions.
- In Utah, the primary goal was to counter a dramatically escalating unemployment rate and protect state UI funds through rapid job placement. The program did not incorporate training activities or limit its focus to sectors with long-term promise.
- Illinois, too, emphasized rapid job placement. Employers were encouraged to develop participants’ job skills and to retain participants beyond the subsidy period, but the program was not designed to include any specific skills or training component or agreements with employers to hire participants into unsubsidized positions.<sup>2</sup>

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<sup>2</sup>In interviews, state administrators shared an anecdote on this point: Toward the end of the program, a negative newspaper article appeared that criticized the program for resulting in low rates of rollover into unsubsidized positions. The administrators felt that the author of the article had misunderstood the goal of their program: The administrators considered any retention a bonus and viewed the large number of placements, permanent or not, as a success in itself.



- Washington had operated a subsidized program since 1998, but the Emergency Fund allowed the program to expand its capacity, subsidize more hours of employment, and extend the subsidy period. It targeted TANF recipients with particular barriers to employment, with the explicit goal of helping participants overcome these barriers. The state subsidized 20 hours per week (30 hours per week for some people) of work but required that participants also spend 12 hours a week on educational activities and eight hours a week in case management and in activities related to overcoming barriers to employment. The program has always had an explicit focus on preparing participants for unsubsidized employment.

While these examples demonstrate a contrast between programs aimed at building long-term employability and those with the narrower goal of rapid placement in jobs, most states designed their programs to address, at some level, both immediate and long-term employment goals. However, relatively few programs included education and training activities as a central component. Among those that did not, though, many sought to get a commitment from employers that they would retain participants in their positions after the subsidy ended. In interviews with state and program administrators, only a small minority stated that they did not intend or expect that subsidized employees might be retained in their positions or might strengthen their long-term labor market prospects.

## **Eligibility and Target Population**

States had to adhere to certain baseline requirements but had flexibility in defining eligibility for participation in their programs. In all cases, participants had to be low-income parents or youth, but states could set their own guidelines for determining who fit this description for these programs. In approximately two-thirds of the states, eligibility requirements were set to encourage participation by a broader segment of the population than just TANF cash assistance recipients. Many states established multiple tracks for different populations to gain access to subsidized employment. Overall, 24 states operated programs open to a broader population than those not receiving TANF cash assistance, with most states extending eligibility to participants with earnings as high as 200 percent of the federal poverty level. (See Appendix Table A.1.)<sup>3</sup> The examples below demonstrate some of the ways in which states attempted to make subsidized positions accessible to a broad segment of the lower-income population.

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<sup>3</sup>In some cases, states amended their eligibility requirements over the course of the program. California, for example, initially set TANF receipt as an eligibility requirement. The state later expanded the program, opening it up to all TANF-eligible individuals (including noncustodial parents) with income below 200 percent of the federal poverty level.

- The San Francisco County program was open to state TANF recipients as well as any parent (including noncustodial parents) with income below 200 percent of the federal poverty level. Although eligibility was the same for everyone, once participants were deemed eligible, they were placed in one of three tracks with different levels of supports based on their job readiness.
- In Delaware, three programs were established: a program offering private sector placements for TANF recipients, one offering public sector placements for low-income families, and one for youth. Although it wound up serving the fewest participants of the three, the program for low-income families demonstrated a particularly broad approach toward subsidized employment. In this case, participants from working needy families (such as an unemployed spouse whose husband or wife worked) were eligible if their income was below 600 percent of the federal poverty level.<sup>4</sup>
- Colorado's workforce regions had the flexibility to extend eligibility for subsidized employment to households with income up to \$75,000 if they had a minor child. With this high income cutoff, Colorado used its program to target participants who had received unemployment benefits in the last year; about half of the program's participants were current or recent UI claimants.

The cases listed above illustrate the approach taken by about two-thirds of the states, which set up their programs to serve a broad segment of low-income families. There were also states that placed stricter limits on eligibility. In about a third of the states, only TANF recipients could participate; in others, TANF receipt was not a condition of eligibility but job readiness was. The following examples illustrate some of the ways in which states targeted their programs more narrowly.

- In South Carolina, only TANF recipients deemed ready to work were referred to the subsidized employment program. The program screened TANF applicants and recipients for job readiness.
- Across most of Pennsylvania, TANF receipt and some degree of job readiness were required for program eligibility in general. Participants' job readiness was assessed when they applied, and they were then referred to one of two programs. Those who were considered more employable were placed in subsidized positions with mostly private employers. Those with more barriers to employment were placed in the Paid Work Experience program, usual-

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<sup>4</sup>According to interviews with administrative staff, most families in this program in practice still had income below 200 percent of the federal poverty limit.

ly in nonprofit or state agencies, where there was little expectation that they would later move into an unsubsidized position.<sup>5</sup>

There were also notable cases in which states targeted particular subgroups (particularly UI claimants, the hard-to-employ, and noncustodial parents).<sup>6</sup>

- Eligibility for the Wisconsin program was specifically structured to serve those who were not receiving public assistance or other state services, but who were still considered to be in need of employment support. State TANF recipients were ineligible. The program was open to other 21- to 64-year-old parents who had been unemployed for at least four weeks and whose income was under 150 percent of the federal poverty level. In interviews, state administrators said that there was also a particular focus on enrolling noncustodial parents in the program.
- North Dakota operated three programs, which served TANF recipients, noncustodial parents, and youth in foster care, respectively. In the case of the program for noncustodial parents, named PRIDE, parents whose child support payments were delinquent were referred to the program by the courts. Youth in foster care could enroll between the ages of 16 and 18.

## **Wages and Subsidy Structure**

In almost all the states, the state subsidized wages paid to participants by fully or partially reimbursing employers. While most states shared this basic structure, they set different limits on the length of subsidies, the number of hours for which they reimbursed employers, and how much (if any) nonwage costs they reimbursed. There were a few notable exceptions to this structure, in which states defined a set reimbursement amount or adjusted reimbursement levels over time in order to, in a sense, wean employers off the subsidy and encourage them to retain the employee after the subsidy ended. In the most common arrangements, states reimbursed 100 percent of wages paid (13 states and the District of Columbia) or offered a set wage subsidy, either as a fixed dollar amount (usually the minimum wage) or by subsidizing 100 percent of the minimum wage plus a percentage of any wages paid above the minimum (13 states and Puerto Rico). Appendix Table A.2 shows the arrangements each state used. The following examples illustrate some of the diversity in wage structures across the programs.

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<sup>5</sup>In Philadelphia, eligibility was broader and included low-income families living below 235 percent of the federal poverty level. In practice, most participants in Philadelphia were TANF recipients.

<sup>6</sup>As noted, there were also a number of states in which only youth programs operated or in which the majority of subsidized placements were in youth programs. In many states, individuals age 16 to 24 were eligible for summer youth employment programs, though the age range varied from state to state.

- Alabama subsidized 100 percent of wages for six months with an option to extend the subsidy for another six months. The state required that participants be employed for at least 35 hours a week and that they be paid the prevailing wage for their work. While there was no cap on how much a participant could be paid, the state required that employers receive state approval for wages above \$15 an hour.
- In Illinois, Heartland Human Care Services — the human services partner of the Heartland Alliance for Human Needs and Human Rights, contracted with the state to operate Put Illinois to Work (PITW), the state's largest subsidized employment program. In PITW, participants were paid \$10 an hour for 30 to 40 hours per week in jobs arranged through a variety of subcontractors throughout the state. The program subsidized Workers Compensation, FICA, and transportation for the first month of employment, but not supplementary job-related costs, such as for uniforms and tools.
- In Oklahoma, the state structured its reimbursement in an unusual fashion: Wages between \$10 and \$12 per hour were reimbursed at 100 percent for the first month, then at 50 percent for the subsequent three months. Employers who retained employees through 10 months, that is, six months after end of the subsidy, received a bonus equal to the unsubsidized half of the wages in the second through fourth months.
- Three states offered flat subsidies. Texas offered a flat subsidy of \$2,000 to employers for four months of each participant's employment. The \$2,000 could be used for wages or payroll costs, and employers had few requirements other than to employ the participant for at least 30 hours a week at no less than the minimum wage. Utah also provided employers with up to \$2,000 per employee. In Utah, the employer was given \$500 up front for each participant and then \$1,500 at the end of three months. Virginia paid employers \$300 per month per participant, plus \$500 if the employee was hired in an unsubsidized job after six months.<sup>7</sup>
- South Carolina reimbursed only up to the state minimum wage (\$7.25/hour) for 20 hours a week of work.

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<sup>7</sup>Virginia's subsidy level was meant to approximate the TANF cash benefits that the state would no longer be paying when a beneficiary left cash assistance due to the subsidized employment. The program had some difficulty recruiting employers at this subsidy level.

The examples above are not equally representative of how states structured their wage subsidies. Alabama's model, in which the state established time limits and minimum and maximum wages (whether firmly adhered to or not) and reimbursed employers for most or all of the wages paid, was one of the more common.

The wages and benefits that states subsidized ranged from more to less generous. Most states subsidized most or all of the prevailing wage. As Appendix Table A.2 shows, most states paid some percentage of the prevailing wage, with 13 paying 100 percent during the subsidy period. The remaining states either subsidized only up to the minimum wage regardless of the wage earned; set a minimum wage that employers were required to pay, plus a maximum wage, above which the employer would pay the difference; or set a fixed wage for all subsidized positions. And, as noted, two states also set up systems in which the state would subsidize a diminishing percentage of the wage. Some states that subsidized only the minimum wage still required that participants be paid the prevailing wage for their job.

In seven states, a contractor or government entity served as the employer of record so that employers did not have to bear payroll costs such as UI, workers' compensation, and FICA. In 25 states, the employer served as the employer of record; of these, nine states reimbursed at least some of employers' payroll costs, while 14 did not reimburse any payroll costs. In six states, counties or local workforce boards decided whether to reimburse payroll costs. Likewise, in four states, the decision of who would serve as employer of record varied across counties and programs.

There was also variation in the degree to which states provided supportive services and subsidized education and training activities. In many cases, the provision of supportive services (such as transportation and child care) was unchanged from what was available to TANF participants before the TANF Emergency Fund came into effect, but in other states where eligibility was set more broadly, varying levels of supportive services were included in the program. In other cases, training was left up to the employer, resulting in uneven experiences among participants. Appendix Table A.2 shows the specific services states included in their programs; the examples below illustrate some of the variation.

- With its emphasis on rapid placements, Illinois devoted only minimal resources to developing participants' job readiness. While participants could receive some light case management through the placement agency, any job training was provided by their employers.
- In Mecklenburg County, North Carolina, program participants entered subsidized employment through one of five partner agencies or through the Division of Social Services (DSS) Work First program. All participants were screened for eligibility by DSS. Each agency had experience in workforce

development and had its own process for training and placing participants, but all offered some level of preemployment training in work-readiness skills.

Provision of education and training activities coincided in most cases with the emphasis that states placed on developing participants' employability and moving them into unsubsidized employment. As the North Carolina example demonstrates, there was also variation by provider agency.

## **Administrative Arrangements**

The TANF Emergency Fund's tight time frame presented states with the challenge of establishing administrative arrangements to quickly accommodate new or scaled-up programs. As was mentioned earlier, in some states, this task was simpler than in others: The states that simply scaled up preexisting programs did not face the same administrative challenges as those that were starting up new programs.

While the details of administrative arrangements differed significantly from one state to the next, the majority followed a couple of broad paths in administering their programs. The most common approach was for the state to provide a framework to county offices, outlining whom to target and relying on county-level TANF offices and workforce agencies to make connections with employers or contract vendors. Examples of this approach are given below and are shown in Appendix Table A.3.

Other states expanded or developed partnerships with nonprofit, community, and state agencies and left the administration of the program largely to contractors. Finally, in a minority of cases, the state centralized the process at the state level to simplify it or to avoid overwhelming local staff members who were already dealing with expanding caseloads due to the recession.

States made these decisions based on practical considerations and to quickly leverage existing relationships and resources. The following examples demonstrate some of the variety of approaches.

- Ohio left administration of the program to counties. Prevention, Retention, and Contingency (PRC) offices, the offices responsible for ongoing services and nonrecurring short-term benefits, administered the program. Individuals had to be PRC-eligible to participate, but rules for PRC eligibility differed by county. Counties were also responsible for their own budgets. They determined wage structures and benefits, targeted and reached out to employers, and set any other program guidelines.

- Georgia centralized program administration in the Division of Family and Children’s Services. New staff members were hired to determine the eligibility of employees and employers, make job placements, and handle invoices.
- Montana provided employment services through its TANF employment and training program, Work Readiness Component (WoRC), which was operated by state offices and nongovernmental organizations. Each WoRC operator had the choice of providing the program or not, depending on the perceived need in the county.
- Los Angeles County operated its program through the regional Workforce Investment Board (WIB). Those eligible (initially, only TANF recipients but later also noncustodial parents, refugees, and parents from families with income below 200 percent of the federal poverty level) were referred to the WIB after they were assessed by the TANF program. Once participants were referred, they received orientation, were matched with an employer, and then interviewed, just as any other job applicant. As in other programs that allowed employers to interview participants, the employer could decide whether or not to hire that applicant. Some employers interviewed several candidates before selecting a subsidized worker.
- In operating the Put Illinois to Work Program, Illinois explicitly sought to avoid overwhelming local TANF offices. Instead, the state contracted with Heartland Human Care Services, a nonprofit agency with extensive experience placing people in transitional jobs, to provide placements and pay participants’ wages. Heartland contracted with vendors throughout the state, who placed participants in a mix of public, private, for-profit, and nonprofit positions. Local TANF offices simply referred TANF and Supplemental Nutrition Assistance Program (food stamps) recipients to these subcontracting agencies.
- Florida administered its program at the level of the Workforce Investment Boards. UI recipients were a targeted population. They were sent a letter about the program and then could come to the workforce board to be assessed for a subsidized placement.

In California and Florida — and in 10 other states — workforce agencies played a critical role. The workforce agencies in these states often had existing connections with employers and had experience in job development. In interviews, state administrators described a mix of experiences partnering with the agencies. In some states, such as Florida, administrators described successful partnerships borne out of tight management and close communication. In

other cases, the agencies were not able to develop working relationships with each other within the time frame of the Emergency Fund programs.

## Employment

One central component of designing the programs was determining what kinds of employment to emphasize. As was pointed out in Chapter 1, in most of the subsidized employment programs that operated in the past, nonprofit or government agencies employed the participants. In some models, the employer of record was a nonprofit intermediary, and the workers were placed in social service agencies or other community-based organizations. These programs offered flexible settings where participants who were not job-ready could receive supportive services and job coaching to help them adapt to the workplace.

The programs that states operated using funds from the TANF Emergency Fund targeted a wider mixture of public and private, as well as for-profit and nonprofit positions. Most programs emphasized private sector positions, and only Kentucky and the U.S. Virgin Islands did not subsidize any private positions at all. In interviews, state administrators cited a number of reasons for this approach, including a motivation to help local businesses and difficulties posed by union rules that delayed the development of public sector placements.<sup>8</sup> The limited time frame and the emphasis on rapid placements meant that most programs generally sought to be inclusive in the sectors and types of jobs in which they could place participants. In a few cases, public sector jobs were expressly excluded from the program, for the reasons mentioned above. Overall, 33 states, the District of Columbia, and Puerto Rico made placements in the private sector, 32 states and the District of Columbia in nonprofit positions, and 25 in public positions.

- Mississippi was one state that targeted private sector positions, particularly in small businesses. Program administrators said that they wanted the benefits of the program to flow to both participants and small businesses, so they excluded public jobs. An exception was made for public hospitals, because of the availability of positions and the strong long-term potential for employment in that industry.
- Hawaii also avoided public sector placements. In that case, though, the decision hinged more on the difficulty of negotiating public sector placements with the strong labor unions in the state.

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<sup>8</sup>The TANF Emergency Fund reimbursement rules may have also played a role; the fund reimbursed states for only 80 percent of costs, but states could claim employer supervision by private (for-profit and nonprofit) employers as part or all of their 20 percent. They could not do so for employer supervision by public sector employers.



- In Tennessee, two programs targeted different kinds of jobs. At the state level, participants were placed in public agency positions, primarily in Department of Human Services (DHS) offices. At the county level, private sector positions were emphasized. Administrators noted that the state-level program benefited both participants and DHS offices, which had backlogs in paperwork.

As states placed varying emphasis on moving participants into permanent positions, they also made corresponding agreements or arrangements with employers to retain participants past the subsidy period. In some cases, administrators and employers agreed to memorandums of understanding, which confirmed that, if participants were working well on the job, the employer would hire them. There were also cases in which no agreements were signed, but employers were encouraged to make a good-faith effort to keep participants in their positions. In other cases, as previously described, states structured subsidies in such a way that employers would be subsidized after the fact if they kept participants on the job for a period of months. Finally, just as there were examples of state programs that looked upon subsidized employment as purely an emergency job relief program, there were also examples of states in which no expectation of job retention was built into the design.



## Chapter 3

# Program Implementation

While the program design choices described in the previous chapter set frameworks for the various state-subsidized employment programs, implementation of the programs was largely left to administrators and their staff. This chapter describes the variety of approaches they used. The first part of the chapter discusses how programs recruited and enrolled participants. The second part focuses on the corresponding processes used to engage employers. The third part looks at how programs matched participants to available positions. Finally, the chapter describes a wide range of services that many programs provided to participants beyond the subsidized placement itself. In addition, Box 3.1 presents findings from interviews with administrators of six tribal Temporary Assistance for Needy Families (TANF) programs about how they implemented their programs.

Administrators had a limited time in which to get their programs up and running. In some cases, implementation was delayed by an extended process at the state level, which sometimes involved legislative approval or extensive review by state agencies. This process was often simpler where there were preexisting subsidized employment programs.

### Initial Implementation

In states that did not have preexisting programs, it generally took a few months to set up the programs at the local level. Among the program directors interviewed — usually program administrators at the local level, though in some state-administered programs the interviewee was an administrator at the state level — several said that it took two to four months after policymakers created the program to begin serving participants. Many program directors reported that their programs began to serve participants in late spring or early summer 2009. Several others reported that they did not begin until winter or spring 2010. (The American Recovery and Reinvestment Act was enacted in February 2009.)

The Office of Family Assistance in the Administration for Children and Families provided additional guidance in late 2009 about what types of expenditures could allow a state to qualify for reimbursement from the Emergency Fund (including clarification that the value of employer supervision and training, not exceeding 25 percent of wage costs, could count toward the state's share of the program costs). This made the program more attractive and helped states overcome the challenges they faced in mounting their programs. Many interviewees said that there were strategies they would have liked to have pursued if they had had more time or that they learned about only in the course of operating the program.

### Box 3.1

#### Subsidized Employment Programs in the Tribes

In addition to 42 states and territories, eight federally recognized tribes also received support from the TANF Emergency Fund to run subsidized employment programs. To learn more about these programs, the project team interviewed directors of six tribes: Chippewa Cree Tribe, Fort Belknap Community Council of the Fort Belknap Reservation, Hoopa Valley Tribe, Port Gamble S’Klallam, Spokane Tribe of Indians, and Tanana Chiefs’ Conference. Key findings include the following:

- **Like the states, each tribe chose to run its subsidized employment program somewhat differently.** Tribal programs varied in eligibility requirements, whether the program or the employer served as the employer of record, subsidy amount, and placement length. Among features of tribal programs that were particularly interesting, Tanana Chiefs’ Conference started with a mandatory three-day job-readiness workshop to teach participants workplace basics and life skills. The Spokane Tribe rewarded participants financially for retaining employment after three, six, and 12 months.
- **Tribal economic conditions differed from those of the states.** Tribes faced much higher levels of unemployment, ranging from 50 percent to 80 percent. Especially in rural areas, interviewees reported that there were limited job opportunities and that it was often difficult to find employers who needed additional workers.
- **The tribes successfully placed a high percentage of their TANF caseloads into subsidized positions.** Despite high levels of unemployment, two tribes put almost their entire TANF caseloads to work, and two others placed about half their caseloads. Tanana Chiefs’ Conference allowed any working-age member of a TANF household to participate, and in some cases as many as three or four people from the same household were working in subsidized jobs.
- **Helping the tribal economy was an important goal for all the tribes.** Tribes tried to place participants in local tribal businesses or in tribal agencies to keep the Emergency Fund money in the local economy. Creating new positions through subsidized employment was an important way for tribes to help keep tribe member-owned small businesses afloat as well as to increase long-term job opportunities.
- **Tribal programs were small but significant.** The six tribes served only 582 people in total, but the interviewees considered their subsidized employment programs to be a huge success, helping the tribal economy as well as individual participants. Five tribes were planning to continue small programs in the future.

Nonetheless, even in states without preexisting programs, many programs were successful in establishing relatively large-scale programs in a short time. As shown in Chapter 4, about 26 states made over 1,000 placements. Many leveraged partnerships or engaged contractors to provide experience that was not present in their own agencies. For example, the program in Wilmington, Delaware, engaged a contractor that had already operated similar programs in Pennsylvania. Los Angeles County convened a countywide work group of several county departments and organizations that met monthly throughout the program, which helped avoid bureaucratic delays.

## **Participant Outreach, Recruitment, and Intake**

Many states that created new subsidized employment programs supported directly or indirectly by the Emergency Fund faced the challenge of recruiting participants within a short time. They had to not only find ways to attract enough participants, but also develop an infrastructure for confirming their eligibility and enrolling them. While existing programs did not have to develop such processes, they nonetheless had to increase the number of individuals they placed in order to receive reimbursement from the fund.

### **Outreach and Recruitment**

#### *Referral of Job-Ready TANF Participants*

The choices programs made about their target population and administrative structure had an effect on how extensive their efforts had to be to recruit participants. Programs that targeted recipients of cash assistance or that operated through or in close coordination with a state's TANF program were able to find many participants through referrals from TANF caseworkers or employment specialists. Many such programs made efforts to focus on particular groups of TANF recipients. Frequently, these states wanted the program to serve individuals who were "job-ready" or "near-job-ready," but who could not find unsubsidized work. On the one hand, job-ready individuals were seen as most likely to do well in their job, to be acceptable to private employers, and to be kept on into unsubsidized employment. On the other hand, programs did not want to use placements for those who would be able to find unsubsidized employment. (It is important to note, though, that several interviewees said that during the recession and the weak recovery that followed it, even many individuals who would be considered "job-ready" in normal circumstances were having difficulty finding jobs.)

Programs determined job readiness in various ways, sometimes relying on the judgment of caseworkers or employment services providers, and in other cases limiting positions to those who had finished training or who had recently lost a job. Further, most TANF recipients had

already been assessed as part of the TANF services they received. (As discussed below, some subsidized employment programs also performed additional assessments.)

To ensure that subsidized placements did not go to those who could get unsubsidized jobs, many programs had individuals first undertake a job search.

- South Carolina’s program sent participants to five days of readiness training operated by the state’s Department of Labor, during which the department’s job developers tried to find them an unsubsidized job. If they did not succeed, participants would meet with Department of Social Services job developers to be placed in a subsidized position.
- Hawaii also required a three-week search for an unsubsidized job before placing individuals in subsidized positions.

#### *Referrals of the Harder-to-Employ*

In contrast to the focus on job-ready individuals, an alternative goal of programs was to provide opportunities for harder-to-employ individuals to work. Indeed, as discussed in the previous chapter, some programs served both job-ready and harder-to-employ populations by creating different tracks within the program or having different contractors serve different populations. Such programs also relied largely on caseworker referrals and assessments.

- The program in Washington focused exclusively on TANF recipients with barriers to employment. The program maintained a list of barriers that fell into three categories: personal/life issues, financial/legal issues, and employment/educational issues. Caseworkers had some discretion in determining who had these barriers. However, the Department of Commerce monitored Washington’s program to make sure the appropriate target population received subsidized jobs.
- The interviewee from Tarrant County, Texas, specified that the county’s program aimed to serve the “hard-to-place,” as distinguished from the “hard-to-serve.” The distinction was meant to encompass individuals who might have sufficient skills to work in available jobs but who might not get hired because of other factors, such as a criminal record.

#### *Recruitment of Non-TANF Participants*

Where programs targeted populations beyond TANF participants, broader outreach efforts were necessary. A number of states conducted outreach campaigns or made other efforts to

spread word about the program to the general public. In many cases, these efforts served the dual purpose of publicizing the program to both participants and employers.

- Mississippi ran a publicity campaign, which consisted of television, radio, and newspaper advertisements and billboards. The campaign aimed to raise awareness about the Mississippi STEPS program among both the target population and employers. The governor endorsed the program and, as part of the campaign, appeared in television ads. Interviewees described the campaign as very effective. Similarly, the governor of Florida issued a press release when the state's program began, and the mayors of Philadelphia and San Francisco also helped publicize their city's programs.
- In Tennessee, Perry and Marshall Counties arranged for eligibility determination and enrollment at job fairs that brought together job seekers and employers, allowing the eligible workers to send enrollees directly to meet with employers in the same room.
- Many states publicized their programs on the Internet. Georgia, for example, posted the program's application on the Internet and allowed individuals to submit applications electronically or by mail. The program received over 10,000 applications, and the state created teams of eligibility workers — some of whom were themselves subsidized employees — to process the applications.

Programs also leveraged the connections and capabilities of other programs with which they partnered to reach out to a population beyond TANF recipients. Most frequently, this involved state labor departments, which in many cases were directly operating the subsidized employment programs. As one example, Philadelphia operates separate TANF-funded One-Stop career centers as well as Work Investment Act (WIA)-funded One-Stops that serve the general population. To reach out to unemployed, low-income job seekers who were not on TANF as well as to TANF recipients, they used the services of both One-Stop centers.

Several programs explicitly targeted unemployment insurance (UI) recipients. These programs were able to use a number of tools available through the UI insurance or WIA systems.

- Montana used teams from the Department of Labor's Rapid Response program (designed to provide services where there have been plant closings or mass layoffs) as an opportunity for the subsidized employment program to reach out to laid-off workers.

- Several states, including Florida and Utah, sent letters describing their subsidized employment programs to UI claimants.
- Florida also performed what one interviewee referred to as “inreach,” or identifying unemployed people who used the “Employ Florida Marketplace” system for job search at One-Stop centers.

In some programs, attempts to recruit UI recipients were not as effective as initially hoped. As mentioned in the previous chapter, Colorado’s program largely targeted recent UI claimants. When it was first implemented, there was a requirement that 80 percent of the program participants should be UI claimants. However, the program reduced this target to 50 percent after the workforce regions struggled to meet that percentage. In the end, the program came very close to that target; UI claimants made up 47 percent of participants. Interviewees said that it had been difficult to achieve the higher target partly because UI recipients would have to give up dependable unemployment payments for what might be a temporary job. Similarly, Utah’s program initially focused on recent UI recipients with 10 or more weeks of unemployment insurance remaining but later removed that restriction. The interviewee thought that newer UI recipients were still hopeful that they would be rehired and consequently did not want to take a lower-paying job, whereas those nearing the end of their UI payments were more willing to participate.

### **Eligibility Determination**

Programs serving non-TANF participants needed to confirm eligibility before placing participants. Eligibility for the program often depended on the state’s definition of “TANF-eligible.” Since it was not always the TANF agency that administered the subsidized employment programs, in some cases, confirmation of TANF eligibility was new for the agencies administering the program. States used a variety of ways to equip agencies to play this role.

- Illinois tried to streamline verification by considering those receiving benefits from the Supplemental Nutrition Assistance Program (SNAP) or Medicaid to be presumptively eligible. The state accepted self-attestation of income and family compensation.
- As mentioned earlier, counties in Tennessee arranged for eligibility determination to take place at job fairs; the Department of Human Services was present to play this role.
- In Mississippi, staff from the Division of Economic Assistance trained staff from the Department of Employment Security (MDES) on eligibility determination. The MDES staff who were interviewed mentioned a better under-



standing of the eligibility rules for TANF and SNAP as a positive outcome of their involvement in the program.

### **Assessments**

In many programs that focused in part or in whole on serving TANF participants, those already enrolled in TANF did not have to go through an additional intake process before being placed in a subsidized position. However, in some cases, the programs conducted additional basic assessments of TANF participants in order to determine their skills and interests. Programs serving non-TANF participants frequently carried out assessments as well.

- In Oklahoma, all participants were assessed before placement. Career development specialists determined participants' job skills and evaluated their job history and interests so that the staff could advocate for the best placement match and arrange additional training if needed. Similarly, the program in Jackson, Mississippi, assessed individuals for skills and interests and created a profile based on the assessment to help match them to a work site.
- The program in Tarrant County, Texas, which focused on adults with criminal records, used Gallup's Strengthfinder 2.0 assessments, which examine an individual's top strengths. The program followed the assessment with a two-week "boot-camp" program, during which staff worked with participants on their strengths and provided life-skills training.
- Larimer County, Colorado, used Prove It! occupational assessments to gauge participants' skills, particularly computer skills. The assessments can be e-mailed, so did not need to be done in person. The program made clear to participants that the assessment was not a prerequisite to being accepted, but rather helped the program better judge what placements would be good for the participant and what skills training might be useful.

### **Strategies for Engaging Employers**

Another central task for subsidized employment programs was recruiting enough employers to provide appropriate jobs for participants. For programs created in response to the availability of the Emergency Fund, a key challenge was getting the word out to employers quickly enough. In addition, program administrators needed to convince employers that by participating in the programs, they would have access to a worthwhile source of employees. While some agencies running transitional jobs programs employed individuals directly or through a contractor, instead of recruiting separate employers, the majority of programs faced this challenge.

## **Outreach, Recruitment, and Job Development**

Many subsidized employment programs that preexisted the Emergency Fund or that built on similar employment programs, such as unpaid work experience programs, were able to use networks they had already established. For example, Oregon's JOBS Plus program had been operating for about two decades. In Eugene, the program was smaller than it had been five years earlier, leaving the program with a bigger pool of employers than was needed at any given time. For this program, job development was less an issue than maintaining employees. However, most programs were not able to rely on such large preexisting networks and used a number of methods to recruit new employers.

### *Job Development*

Most programs had staff whose responsibilities included job development as part of the employment service roles of their human services or labor agencies. Many intensified these efforts as they initiated or expanded subsidized employment programs under the Emergency Fund. Among the job development activities interviewees described were cold calling to employers, responding to employment ads, and meeting with individual employers. Many states hired new job developers and other staff — temporarily or permanently — to help with the increased activity.

### *Media Campaigns and Marketing Events*

Several states undertook larger-scale outreach efforts. Some of them conducted media campaigns to publicize their newly established programs, in some cases with the involvement of high-level officials.

- As noted earlier, Mississippi conducted an advertising campaign using television, radio, newspaper, and other media, which publicized the governor's endorsement of the program. Similarly, in Florida, the governor's office issued a press release, which led to several stories in newspapers across the state. These efforts were successful in attracting both employers and participants to the program.
- In Georgia, the program made efforts to get media coverage of the program and used its dedicated Web site to reach out to employers. In addition, the commissioner of human services conducted a series of speaking engagements in communities across the state. There were also large community events and workshops around the state.

States also used marketing events and one-on-one presentations to attract employers. Staff of the Steps to Success program in Portland, Oregon, gave presentations to the small

business community once per quarter at Small Business Development Centers at community colleges. Interviewees from the Delaware Subsidized Employment Program in Wilmington cited the importance of personal presentations to help employers understand what subsidized employment was.

### *Self-Marketing by Participants*

Several programs also allowed participants themselves to market the program to employers they were interested in working for. Interviewees cited several benefits of this approach. It allowed participants to pursue jobs in their areas of interest and provided an opportunity to demonstrate their investment in the job search process. Programs generally provided participants with brochures or other materials to explain the subsidy available. One of the contractors in Minnesota estimated that one-third of the individuals they served had identified their own job leads.

### *Use of Staffing Agencies or Other Intermediaries*

Some programs used staffing agencies to help identify employers. The program in Philadelphia, for example, reported that using staffing agencies rather than working directly with employers helped the program make quicker placements and connect with new employers. In addition, it was an opportunity for the workforce agency to develop a relationship with the private system that also provides employment services.

On the other hand, other programs expressed frustration with certain aspects of working with staffing agencies. One program reported that it added an additional level of bureaucracy that made it difficult to implement the program in the limited time available under the Emergency Fund. Another interviewee whose agency had used staffing agencies to assist Gulf-area evacuees after Hurricane Katrina said that it chose not to work with them for the Emergency Fund program. The program had found that the agencies tended to be primarily focused on their relationships with employers, rather than focused on employees.

The program in Illinois provides an example of an alternative use of intermediaries. The lead contractor subcontracted many of its activities to 26 organizations. Among the activities the organizations conducted was recruiting employers (and employees) within one of five regions of the state. The state provided a financial incentive to the organizations — a fee for each job seeker placed in a job.

### *Partnerships with Commerce Departments*

A number of programs worked with business-oriented agencies and organizations, such as Departments of Commerce and Chambers of Commerce, to reach out to businesses and to

gain a better understanding of how to implement the program in a way that would be appealing for employers. In Philadelphia, this was a new partnership and was successful in informing businesses in the city about the Way to Work program. Los Angeles contacted 40 Chambers of Commerce across the county and made PowerPoint presentations about the project to several of them. In Oklahoma, the Department of Commerce held a focus group for employers, and rural development specialists from the department brought in employers they thought would be interested in the program. In addition to providing a source of advice for program administrators, the focus groups helped employers feel that they were an important part of the program.

### *Word of Mouth*

One of the main means of outreach was simple word of mouth. Interviewees from many programs reported that once some employers had heard about the possibility of obtaining subsidies for employment, word spread rapidly to others, especially once some employers had successful experiences with the program. In Brevard County, Florida, for example, the program staff did not need to do much marketing at all because employers told each other about the program.

### **Types of Employers Targeted**

Subsidized employment programs funded through the Emergency Fund made placements with a wide variety of types of employers in the for-profit, nonprofit, and public sectors. However, many focused on particular types of employers. Often, decisions to target specific types of employers reflected job developers' judgment about the best way to help the program achieve its policy goals.

### *Business Size*

A common theme sounded by interviewees in programs that were targeting private sector businesses as employers was that it was easier to work with small businesses than with large ones. Contractors in Minnesota explained that small employers were more able to make independent decisions about hiring, in comparison with their contacts in larger companies. Interviewees in Portland, Oregon, which also runs a program that places TANF recipients in unpaid or subsidized work placements with private employers, echoed this opinion. They said that human resources departments in large companies often raised questions about liability associated with hiring people with the types of backgrounds their participants had; were concerned about the costs of training low-skilled hires; and, since they had more resources available to recruit and interview candidates than small businesses, were less likely to take a chance on a welfare recipient. Georgia and Illinois had similar experiences. Both states reached out to large employers early in their program's implementation with little success; ultimately, many smaller businesses and nonprofits signed up for the programs.

Some states saw their subsidized employment programs as a way to support local businesses and targeted them as employers explicitly for this reason. For example, as mentioned in the previous chapter, Mississippi excluded most public agencies as employers so that small businesses could benefit from the program.

On the other hand, several interviewees stated that they would have liked to have been able to engage more large businesses as employers. The bigger companies were potentially sources of higher numbers of jobs and, because they tended to be more stable than small businesses, offered better prospects of providing permanent employment. Some states did manage to work with large employers; for example, the interviewee from Maryland described a partnership with CVS as particularly successful. The program was able to place participants in subsidized jobs as pharmacy technicians. In addition, programs that managed to place a large number of participants with particular employers could more easily provide services to the participants. For example, under the Emergency Fund, New York's Monroe County district expanded its relationships with a small number of large employers and was able to have support staff on site to provide job retention assistance.

### *Targeting Industries*

For the most part, the subsidized employment programs did not limit themselves to specific industries, instead maintaining the flexibility to respond to demand from employers.<sup>1</sup> One key exception was in New York, which, as explained earlier, ran programs specifically aimed at green jobs and jobs in health care.

### *Targeting Sectors*

As Table 2.4 showed, programs varied in the extent to which they focused on for-profit, nonprofit, and public employers. In some cases, these choices reflected policy decisions; in many others, they reflected the judgment of program staff about what types of employers were most likely to help the program reach its goals. The experiences of programs in recruiting employers and in the number and types of placements they could arrange differed somewhat by sector.

Among private sector employers, there were both cases of programs that placed only a small number of participants with each employer and those where some employers hired large numbers of participants. Many programs focused partly or entirely on private employers who

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<sup>1</sup>Some excluded certain sectors; for example, in Illinois, the following types of employers were not eligible: the adult entertainment industry, organizations that promote religious views or have political affiliations, and businesses that sell weapons. Golf courses, swimming pools, casinos, zoos, or aquariums were also excluded, as they were proscribed for use of stimulus funds by Section 1604 of the ARRA.

generally were able to hire only a small number of subsidized employees. This, in part, resulted from the extent to which programs made placements with small businesses. In at least one case — Oregon — the rules explicitly limited programs from making more than one placement with an employer if the subsidized employees would make up more than 10 percent of the employer’s staff.

In contrast, there were some cases where a private employer hired a large number of employees:

- Florida provided a particularly notable example of a program that made a large number of placements with one employer — a call center staffed entirely by Florida Back-to-Work participants. Interviewees reported that the owner owned other call centers and was seeking to expand his business. After learning about the program, he decided to open a new center in Florida rather than in another country. The program hired over 400 participants and retained 300 of them after the program ended.
- In San Francisco, an organization creating a nonprofit digital library hired 250 people through Jobs Now!. An interviewee said that it was a good opportunity for those with limited English ability and was attractive to participants because it had the cachet of being a “white-collar” job without requiring special skills.<sup>2</sup>
- The experience of one county in Oklahoma demonstrated one of the risks of making multiple placements with the same employer. In part due to a lack of other opportunities in the rural community, the program placed more than 80 people in the same construction company. While the program was aiming to secure long-term employment for its participants, the company did not succeed well enough to keep all the subsidized staff employed for the full subsidy period and folded soon after the subsidy ended.

Among programs that worked with public employers or with public service nonprofit organizations, many found that these employers offered work environments that were friendlier to less job-ready participants. For example, San Francisco’s program had a Public Service Trainee tier that placed individuals in city agency jobs who had some job skills but still required more structure and support than they would receive in an independent private sector job.

One drawback of relying on public sector jobs, according to several interviewees, was that public agencies often had little discretion to expand their staff by hiring participants in

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<sup>2</sup>It was unclear from the interviews how many of these employees were retained after the subsidy ended.

unsubsidized positions. On the other hand, there were also several states that used the Emergency Fund subsidized employment programs as an opportunity to support their own agencies during a period of tight budgets. In Maryland, the Department of Human Resources needed to expand capacity for case processing and was able to hire 100 TANF recipients as family investment aides; use of the Emergency Fund allowed the agency to bypass civil service lists and create positions at a time when most state agencies were facing substantial cutbacks. Similarly, interviewees reported that Delaware placed 23 participants as eligibility workers and retained 16 after the subsidy ended.

### *Employers Willing to Hire People with Criminal Records*

The interviews also revealed that job developers placed particular value on finding employers who were willing to hire people with criminal records; many employers are reluctant to hire ex-offenders. Administrators in two states specifically cited McDonalds as an employer that will hire people with criminal records; one said that although most of the program's participants did not view a job at McDonalds as the ideal placement, it was an important employer for their ex-offenders. One program administrator said that finding jobs for women who were ex-offenders was particularly difficult; the program had been able to place men in warehouse jobs but it was more difficult to place women in these positions because of the manual labor involved.

### *Screening Employers*

Programs also varied in the degree to which they screened employers. In many cases, job developers used their judgment and knowledge of the business community to determine whether an employer would be appropriate for the program's policy goals — for example, whether it could provide an appropriate work environment for a low-skilled employee, or whether the business was likely to be able to retain the employee after the subsidy ended. Several interviewees at longer-standing programs or at agencies that also ran unpaid work experience programs under TANF said that their job developers stopped working with employers who had a record of not retaining participants in an unsubsidized capacity.

In other cases, there was a more formalized process; Florida's program stood out in this regard. In Florida, employers submitted applications outlining the job description and cost estimates of the positions they wanted subsidized, as well as how they planned to expand their business. A team of staff members conducted an expedited review of all new employers and filtered out those that were unlikely to be able to retain full-time workers, such as start-ups that had a high probability of near-term failure. (Georgia similarly screened out employers that had been in business for less than six months.) Each Work Investment Board was allowed to set its own rules for accepting employers.

## **Selling the Program to Employers**

A number of the program administrators interviewed spoke of how easy it was to find interested employers once word had spread that the subsidy was available. However, others discussed challenges in convincing employers to participate. Several interviewees from programs that served primarily TANF recipients said that it was difficult to convince some employers to “take a chance” on hiring a welfare recipient. In addition, some programs found that there were employers who were reluctant to work with government programs. For example, an interviewee in North Dakota said that the program had encountered employers who were suspicious that federal money would come with strings attached.

Program administrators discussed a number of strategies for appealing to reluctant employers, including taking steps to make the program as employer-friendly as possible, finding better ways to frame the subsidy, and appealing to employers’ altruism.

### *Making the Program Employer-Friendly*

Many programs stressed the importance of keeping paperwork simple and reimbursement timely to ensure that employers would not find their involvement burdensome. For example, in Oklahoma, the program learned from the focus group it conducted with employers that simple contracts and paperwork were important for employers to trust the Department of Human Services. Administrators made an effort to develop simple processes and also to ensure that employers were reimbursed within 10 days of submission of their request. The interviewee from Rhode Island’s TANF program said that the state’s Department of Revenue quickly reimbursed employers via direct deposit and that this helped allay employers’ fears that payments would be delayed. Some states, such as Oregon and Alabama, centralized the process in units within the state that handled reimbursements for the counties. As discussed further in Chapter 5, employers who were interviewed found Oregon’s reimbursement process to work well. While there were problems in Alabama early on, when the state was flooded with reimbursement requests from employers, over time the state was able to develop processes for paying employers in a timely way.

Most programs also made an effort to help employers understand the processes from the outset. In Oregon, employment specialists walked employers through the paperwork and pointed out areas that might be particularly confusing. In Spokane, Washington, the program gave employers a Supervisor’s Handbook. Staff in Spokane also explained that they were available to answer questions and resolve problems that might arise throughout the employer’s participation in the program.

Several programs alleviated employers’ concerns about paying their subsidized workers by using third-party vendors to process payments. In Mecklenburg County, North Carolina, the



Department of Social Services engaged a staffing agency midway through the program to act as an intermediary for payroll and costs like Workers' Compensation. Illinois contracted out payroll services to a nonprofit that maintained payroll records for all of the workers, including hours worked and gross wages. Tarrant County, Texas, also used a third-party vendor. Staff noted that the fact that employers did not have to deal with payroll was a "real selling point." The employers' only requirement was submitting timesheets.

In addition, program administrators also pointed out ways in which they could serve as resources to employers. For example, they were available to intervene if problems arose with any of the subsidized employees. Many interviewees also emphasized the importance of only referring participants to employers who were a good fit for a position. Interviewees in Oklahoma described both the benefits and drawbacks of this approach. In the past, the Department of Human Services (DHS) had burned bridges with employers when participants did not show up for work or were not qualified for the jobs to which they were referred. DHS promised that they would only send people to employers who were job-ready and who fit the job description. This made the program run more smoothly but also made it harder to place the segment of the population that did not have job skills.

### *Framing the Subsidy*

Job developers mentioned a number of ways of describing the subsidy so that it was more appealing to employers. For example, interviewees from Hawaii said that they told employers to "think of it as a rebate," to alleviate any concerns about potential delays in reimbursement. Several programs that placed less of an emphasis on employers retaining subsidized employees after the subsidy ended — for example, the programs in Minnesota and in Lane County, Oregon — described the positions as "internships." According to interviewees, framing the placement as an internship also helped set appropriate expectations for employers about the level of training that might be needed. Other programs that did not require employers to make a commitment to retain employees after the subsidy ended sometimes described the program as an opportunity to learn more about potential employees before deciding whether to hire them.

### *Appealing to Altruism*

Some job developers said that they sometimes emphasized to employers that they would be helping out disadvantaged individuals or the community. This message was particularly effective with nonprofits, as many see helping disadvantaged individuals as part of their mission. Some interviewees said they de-emphasized this message when reaching out to the for-profit sector. However, one interviewee said that talking about how an employer would be

helping out disadvantaged individuals was also a good way to set expectations about the focus of the program.

## **Processes for Matching Employees and Employers**

For those programs designed with the aim that the employer would hire the participant in an unsubsidized position after the subsidy ended — and even for those programs primarily meant as work-based sources of income during the labor market downturn — it was important to place participants in positions in which they could meet employers' expectations. Job retention, even during the subsidy period, was often a problem; a number of interviewees described high levels of attrition due to placements that “didn't work out.” Further, agencies that hoped to use employers again for placements — whether in a continuing subsidized employment program or in a related program, such as unpaid work experience — needed to ensure that the experience was positive for the employer. Perhaps the most important step was referring participants with the appropriate qualifications, as well as sufficient interest in the position to remain engaged in the work. Programs used a number of different strategies to match employers and participants.

### **Matching by Case Managers or Employment Specialists**

One of the primary ways that programs matched employees and employers was through the work of case managers or employment specialists. They worked with participants to understand their skills and interests, helped them identify appropriate opportunities, and made referrals to employers. As discussed earlier, programs often had some sort of assessment component — either as part of the subsidized employment program or through the TANF programs in which many participants were enrolled — that helped staff with this process.

How staff matched employees and employers differed somewhat according to the program's model. In many cases, program staff helped participants with a standard search for a job among the pool of employers that were participating in the program, or referred particular participants directly to employers. Involving case managers in the program also made it possible to work with individuals to resolve particular problems. For example, a staff member in Portland, Oregon, had participants with criminal records compose a letter disclosing their record that they could give to employers along with their résumé. Although these letters were difficult to write, the interviewee said that they made it easier to talk about the issue during an interview.

Another model a number of programs used was to have case managers first place participants into different “tiers” or with different employment services contractors who worked with groups of participants who had different levels of job readiness.

- In Ramsey County, Minnesota, several different contractors provided the employment services. Several of them specialized in working with particular

types of cases, and the case managers made referrals accordingly. For example, one contractor provided a supported work environment for refugees and immigrants. Another, which worked with individuals who had barriers to employment, started individuals working in retailing in an on-site store. If participants showed high skills and motivation, the contractor made referrals to off-site employers that served as the contractor's partners. A third contractor, which focused on the most job-ready, had job developers work with participants to find them "internships" as quickly as possible and was more flexible about the types of employers.

- Other programs assessed participants' work readiness and moved them into different tracks (such as supported work at work sites, work experience in public sector positions, or jobs in the private sector), depending on their skills. In Oregon, many of the subsidized placements were filled by individuals who were hired after an initial stint as unpaid workers in either a supported work environment or a work experience program.
- San Francisco's Jobs Now! program had three tiers. The first provided transitional employment and classroom training to participants with minimal jobs skills or experience. The second made public service jobs available to those with some job skills but who still required more structure and support than is available in private sector jobs. The third, used for those with higher skill levels, provided wage subsidies to private employers in the for-profit and nonprofit sectors. During the period when the Emergency Fund was available, the program assessed individuals to determine which tier to place them in. In the city's post-ARRA program, participants try to find a job in the highest tier first.

While assessing and working one-on-one with participants was common, few interviewees talked about having any formal procedures for assessing employers. Administrators of several programs reported that this was a feature they would have liked to have instituted with more time and resources.

### **Other Matching Strategies**

Several interviewees talked about new strategies their programs had adopted to help the matching process. For example:

- Larimer County, Colorado, arranged a "reverse virtual job fair." They posted résumés (without names or addresses) of potential workers on a Web site; employers could search the site and request information on potential employ-

ees. Employers would contact HIRE Colorado if they found someone they wanted to interview. They reported that this was a good system for matching employees to employers and that they thought that when employers chose their employees, they were more likely to retain them. One drawback was that it was very labor-intensive to keep the Web site current.

- Philadelphia made a weekly “HOT JOBS” report available to participants looking for a position. It showed possible subsidized slots without listing the employer, because the program did not want participants to approach employers independently. One large employer providing airport support services who posted slots on the site yielded 30 jobs.

## **Services for Participants in Subsidized Positions**

Programs provided different levels of services to participants after placing them in subsidized positions. Some programs offered little or no services, while programs with a transitional jobs model often provided ongoing case management and training during the subsidy period. This section discusses the services that programs more commonly reported providing, including employment services, supports for education, and income supports.

### **Services Available Through TANF and the Workforce System**

Many programs cited services generally available through TANF, the workforce system, and other community groups. These generally included assessments, employment and training, job search assistance, job coaching, basic life-skills classes, and in many cases, substance abuse and mental health counseling. Among skills training, several interviewees mentioned computer classes available through workforce centers, including the interviewees in Larimer County, Colorado, and Jackson, Mississippi. Child care subsidies for low-income participants were also widely available. Programs would make referrals to these services as appropriate. In addition, TANF participants were generally eligible to receive payments for work supports such as tools, uniforms, and transportation.

### **Supported Work**

A number of programs that fell within the “transitional jobs” model discussed in Chapter 1 provided a substantially higher level of services and accommodations aimed at helping participants become more employable. These programs often provided “supported work” work sites or work crews, operated by the program itself.

- One example is Rise, a contractor to the TANF programs in Ramsey County, Minnesota. The organization ran a supported work program that primarily

served refugees and immigrants. Program participants were employed at a work site run by the organization, which had contracts with the private sector for work such as assembly and packaging and whose revenues supported the program. They also placed individuals in janitorial positions at the work site. The organization had a case manager, job developer, and job counselor on staff and provided a number of services to participants at the work site, including case management, job counseling, training on work habits, and unsubsidized job search. In addition, as the program worked with substantial numbers of refugees and immigrants, it provided some cultural accommodations, such as a prayer room for Muslim employees.

- In San Francisco, the transitional employment tier of the Jobs Now! program served the hardest-to-employ participants. It placed individuals in community-based organizations, and the host sites provided seven hours per week of training. Goodwill was the contractor for the program. It placed participants in other community-based organizations but also employed a number of participants itself. Similarly, Goodwill was one of the contractors in Minnesota and placed some participants in its own retail stores.
- New York City's Parks Opportunity Program gave public assistance recipients paid jobs on work crews in the Parks Department to perform work such as maintenance, landscaping, staffing park events, security, and clerical work, for up to nine months. In addition to hands-on learning of skills needed for the particular job, participants received employment counseling in group and individual sessions one day a week for the first 14 weeks of the program. After the first 14 weeks, this was replaced by one day a week of job development, in which participants met individually with a job developer who referred and connected them to open positions. They also had dedicated time for using a computer lab to access the program's job search database.

### **Work Site Monitoring**

Outside of supported work environments, there were a small number of programs that arranged to place case managers at the work site of private employers. In general, this occurred when an employer hired a large number of participants. One case was the call center that employed more than 400 participants in Florida. The program hired an on-site case manager to deal with common problems like absenteeism.

More frequently, case managers or employment specialists simply checked in occasionally with employers. For example, in Santa Clara, California, staff went to the work sites at least

every two weeks to pick up time cards and, when they did, they were able to speak with both employers and employees.

### **Retention Support**

A number of programs continued to provide support to participants while they were working in subsidized jobs and, in some cases, after the subsidy ended, to help increase retention in unsubsidized positions. In addition, some programs also provided retention bonuses to employers as an incentive to keep their subsidized employees on after the subsidy ended.

- In Hawaii, program staff followed up with participants for up to six months after their placement. The program also offered bonuses to participants for retaining their jobs.
- As mentioned in the previous chapter, Oklahoma's subsidy structure included a bonus for employers who retained their employees for six months after the subsidy ended. The bonus was equal to 150 percent of a month's wages paid during the subsidy period.

### **Preparation for Unsubsidized Jobs**

In some programs, if an employer did not make a commitment to keep the employee after the subsidy ended, the program had the employer make time available for participants to search for jobs as the end of the subsidy approached. For example, the SEE program in Hawaii required that if the placement would not continue (including if the participant did not want to continue), the participant could spend 32 paid hours in the last month searching for an unsubsidized job. Similarly, employers in Oregon who did not commit to retaining an employee had to release them for paid job search for one day's worth of hours each week in the fifth and sixth months of the placement.

Further, some programs, including those in Hawaii, required employers to provide evaluations or other feedback on participants that would help them understand better how to succeed in the unsubsidized job market.

### **Supports for Education**

Many interviewees said that their subsidized employment programs provided or supported education or training as part of their employment services. In most cases, they helped participants connect to basic skills training provided through TANF or workforce centers, and education was not a component of the subsidized employment program itself. However, some programs did incorporate education into their program design in a variety of other ways:

- Several programs that focused on less job-ready individuals had classroom components and limited the number of hours a participant was required to work in order to allow them to attend classroom activities. Participants in San Francisco’s transitional employment tier spent 25 hours a week in supervised work and seven hours a week in classroom training on basic skills, job readiness, and preparation for a General Educational Development (GED) certificate. In Washington’s Community Jobs program, participants worked 20 hours a week and spent 12 hours on education and eight hours on activities related to overcoming barriers to employment. However, some interviewees in Washington said that this model was not ideal for some participants who were not interested in the education aspect and sometimes were sanctioned for nonattendance.
- Two of New York’s three subsidized employment programs — the transitional jobs and Green Jobs programs — required participation in training. In the transitional jobs program, participants received seven hours a week of training. The Green Jobs program included unpaid training before participants began their subsidized employment. Counties implemented this differently. In New York City’s Parks Opportunity Program, for example, job training participants received group and individual work readiness counseling one day a week. In total, participants were trained in 14 such sessions.
- In Oregon’s JOBS Plus program, the subsidy paid to employers fell by \$1 an hour after the first month. This dollar was instead placed into Individual Education Accounts, which could be used to pay for educational expenses of participants or their family members after the participant had been employed in an unsubsidized job for one month. For a participant working in a subsidized job for 40 hours a week for six months, this would be over \$800. However, relatively few people took advantage of these benefits; only about 20 percent of participants used the money within the five-year time limit.
- Kentucky’s Ready to Work program subsidized up to 30 hours a week in work-study. Income earned through work-study jobs was disregarded from TANF eligibility calculations. Jobs could be on campus or off campus, but the program required that off-campus jobs with private employers had to be related to the participant’s area of study. The program provided a broad range of services to students, including employment skills training, counseling and advising, advocacy, academic support, and job development. Athens County, Ohio, also used its funds for college work-study, with wages that were exempt from being counted against participants’ TANF benefits.

- One of the contractors in Cuyahoga County, Ohio, focused on providing services to individuals who did not have a high school degree or a GED, and participants working with this contractor spent 10 to 15 hours each week on GED preparation. Cuyahoga Employment and Family Services was happy with the GED/education component of its programs; it was able to help close to 100 people get their GED. However, staff said that they were surprised by participants' low levels of ability, noting that some had to be turned down because they did not test at an eighth-grade math and reading level, which was a requirement for participation in the program. (This was not a requirement for the subsidized employment services provided by another contractor in the county, which was not focused on GED attainment.)

### **Maintenance of Income Support Payments**

Some programs were designed to ensure that individuals working in subsidized positions would not be made worse off by losing cash assistance or SNAP benefits:

- Oregon provided additional payments to individuals whose wages did not equal the full amount of the benefits they had been receiving previously (most often large families who received relatively high levels of benefits because of their family size).
- North Dakota moved participants who lost TANF benefits into Transition TANF, which had small payments and supportive services.
- In Oklahoma, participation in the program changed the status of TANF recipients to "Special Medical Status." While they stopped receiving cash assistance, they continued to receive SNAP benefits for four months frozen at the TANF rate, they made no copayment for child care, and they continued to receive medical insurance.



## Chapter 4

# Program Expenditures and Placements

Determining the cost and effectiveness of subsidized employment programs is beyond the scope of this report; the larger evaluation will address these questions in future reports. However, data collected by the Administration for Children and Families (ACF) Office of Family Assistance (OFA) and the research team provide some sense of the scale of the programs and the extent to which those who were placed in subsidized jobs moved into unsubsidized employment, which was a goal of many of these programs.

This chapter relies on three sources of data: (1) the OFA-100, which collects information on expenditures of subsidized employment programs from federal fiscal year (FY) 2007 to FY 2010; (2) the OFA-200, which collects information on the cumulative number of subsidized job placements made through September 2010 with support from the Temporary Assistance for Needy Families (TANF) Emergency Fund; and (3) information obtained in telephone calls to state-level administrators in early 2011.<sup>1</sup>

### Funding for Increased Spending on Subsidized Employment

The TANF Emergency Fund provided up to \$5 billion to reimburse states, tribes, and territories for 80 percent of the cost of increased spending in three areas: (1) basic assistance, (2) nonrecurrent short-term benefits, and (3) subsidized employment, incurred in FY 2009 and FY 2010.

The subsidized employment expenditures were based on the category of expenditures that state agencies administering the TANF program report to ACF for “work subsidies,” defined as “payment to employers or third parties to help cover the costs of employee wages, benefits, supervision, or training.”<sup>2</sup> Subsidized employment expenditures for a current quarter in FY 2009 or FY 2010 were compared with the comparable quarter in the base year, FY 2007 or FY 2008, whichever year had the lowest expenditures. States could receive no more than 50 percent of their FY 2009 State Family Assistance Grant (the basic block grant before supplemental grants, after reductions for tribal grants, and after transfers) from the TANF Emergency Fund and the TANF Contingency Fund.<sup>3</sup>

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<sup>1</sup>The submission of the OFA-200 was voluntary. For states that did not complete the OFA-200, the research team used information obtained in telephone calls to state-level administrators.

<sup>2</sup>See U.S. Department of Health and Human Services, 2009a.

<sup>3</sup>The TANF Contingency Fund was set aside for states that had experienced increased unemployment or Supplemental Nutrition Assistance Program (SNAP) caseloads as defined in the Social Security Act. In FY 2009, \$1.3 billion was available to states.

Table 4.1 shows the subsidized employment expenditures reported by states in the base year, FY 2009, and FY 2010. As this table shows, while spending between the base year and FY 2009 increased by about 60 percent across all states, from \$109 million to \$191 million, spending took off in FY 2010, increasing to \$1.6 billion, an approximately 14-fold increase from the base year.<sup>4</sup>

The increase in 2010 largely reflected two factors. First, as discussed in Chapter 1, guidance was provided by the U.S. Department of Health and Human Services late in 2009, which clarified that supervision and training by the employer could count as increased state spending (as long as these costs did not equal more than 25 percent of the participant's wage cost). Since this meant that states could create subsidized jobs while expending few or no state funds, many states decided to create or expand their plans for subsidized employment programs following this clarification. Second, the time needed to create the state programs meant that many states did not fully implement their new or expanded programs until 2010.

Some states saw a substantial increase in spending. These states included Illinois, which increased spending from \$163,000 in the base year to \$234 million in FY 2010; California, which increased spending during the same period from about \$36 million to \$554 million; and Mississippi, which reported no expenditures on subsidized employment in the base year but \$40 million in FY 2010.

As noted above, states were reimbursed based on the increases in spending relative to the base year. As of September 2010, states claimed about \$1.3 billion from the Emergency Fund for subsidized employment (another \$1.6 billion was claimed for increased spending on basic assistance and \$2.0 billion for increased spending on nonrecurrent short-term benefits).

## **Placements in Subsidized Jobs**

The states were asked by OFA and the research team for the total number of placements in subsidized jobs that programs made with support from the TANF Emergency Fund. Table 4.2 shows that states and territories placed approximately 281,000 individuals in subsidized positions through programs supported by the fund.<sup>5</sup> Many of these placements occurred in summer youth employment programs; Pavetti et al. (2011) found that summer youth programs made up slightly more than half of placements. Over half of all participants lived in four states

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<sup>4</sup>These reported expenditures data are based on all data the OFA received by June 2011. In August 2011, the OFA extended the deadline for submitting qualifying expenditures for the TANF Emergency Fund to September 30, 2011, Table 4.1 does not include any expenditures submitted after June 2011.

<sup>5</sup>While these programs were supported by the TANF Emergency Fund, placements were not necessarily wholly financed by the fund, as it reimbursed only for *increases* in spending on subsidized employment. States generally could not determine which placements were funded from the increase in funding versus existing funding.

**The Subsidized and Transitional Employment Demonstration**

**Table 4.1**

**Reported Expenditures on Subsidized Employment (in thousands of dollars)**

State/Territory	Emergency Fund Base Year (lower of Fiscal Year 2007 or Fiscal Year 2008) (\$)	Fiscal Year 2009 (\$)	Fiscal Year 2010 (\$)
Alabama	0	2	12,357
Alaska	147	0	593
Arizona	0	0	0
Arkansas	119	100	4,978
California	35,576	49,278	554,105
Colorado	0	157	7,855
Connecticut	5,646	1,969	16,443
Delaware	0	0	1,711
District of Columbia	26,757	40,937	31,963
Florida	122	197	161,784
Georgia	949	0	87,008
Hawaii	2,922	7,835	28,420
Idaho	0	0	228
Illinois	163	741	233,921
Indiana	0	0	0
Iowa	0	0	2,924
Kansas	0	0	0
Kentucky	532	1,741	45,381
Louisiana	0	0	0
Maine	0	0	0
Maryland	1,011	1,873	3,933
Massachusetts	0	0	0
Michigan	71	419	824
Minnesota	114	4,219	11,583
Mississippi	0	0	40,438
Missouri	937	1,227	22,797
Montana	0	37	4,778
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	626	2,451	26,010
New Mexico	0	0	0
New York	8,551	32,337	9,505
North Carolina	32	71	16,387
North Dakota	0	0	1,664
Ohio	265	2,030	36,082
Oklahoma	0	198	14,174
Oregon	1,321	3,737	3,797

(continued)

**Table 4.1 (continued)**

State	Emergency Fund Base Year (lower of Fiscal Year 2007 or Fiscal Year 2008) (\$)	Fiscal Year 2009 (\$)	Fiscal Year 2010 (\$)
Pennsylvania	4,165	6,550	59,987
Puerto Rico	2,643	3,057	3,651
Rhode Island	38	0	5,860
South Carolina	0	0	5,241
South Dakota	0	0	651
Tennessee	0	3,455	24,907
Texas	1,536	3,408	69,462
U.S. Virgin Islands	0	0	475
Utah	10	30	420
Vermont	13	0	330
Virginia	12	30	2,299
Washington	14,356	23,090	31,772
West Virginia	0	0	2,306
Wisconsin	8	96	2,154
Wyoming	0	0	0
<b>Total</b>	<b>108,642</b>	<b>191,272</b>	<b>1,591,158</b>

SOURCE: Unpublished data from the Administration for Children and Families, Office of Family Assistance (OFA). This information was reported to OFA on the TANF Emergency Fund Request form (Form OFA-100). These reported expenditures data are based on all data OFA received by June 2011. In August 2011, OFA extended the deadline for submitting qualifying expenditures for the TANF Emergency Fund to September 30, 2011. This table does not include any expenditures submitted after June 2011.

— California, Illinois, Pennsylvania, and Texas — which each made more than 25,000 placements. Smaller states also placed thousands of individuals in jobs. About 14 states and the District of Columbia placed over 5,000 individuals in jobs, and another 10 states and Puerto Rico made between 1,000 and 5,000 placements.

While these numbers are impressive, given the speed at which states scaled up to access the federal funding, this initiative was smaller than earlier federally funded programs that provided work-based support to people unable to find jobs in a weak labor market. For example, the Depression-era Works Progress Administration employed about 8 million people during its lifespan, and the 1970s Public Service Employment program, which operated under the Comprehensive Employment and Training Act, employed about 700,000 people at its peak in 1978.<sup>6</sup> It is important to note that when the Emergency Fund expired, the subsidized employment programs had already met the initial challenges of implementing new programs, were successfully operating at high capacity, and could have continued at these levels with additional funding.

<sup>6</sup>Bloom, 2010.

**The Subsidized and Transitional Employment Demonstration**

**Table 4.2**

**Number of Subsidized Job Placements**

State/Territory	Subsidized Job Placements (Adults and Youth)
Alabama	2,955
Alaska	100
Arkansas	1,956
California	47,184
Colorado	1,724
Connecticut	6,784
Delaware	948
District of Columbia	21,246
Florida	5,550
Georgia <sup>a</sup>	17,425
Hawaii	6,625
Illinois	35,655
Iowa	689
Kansas	72
Kentucky <sup>b</sup>	10,841
Maryland	420
Michigan <sup>c</sup>	NA
Minnesota <sup>d</sup>	6,281
Mississippi	6,629
Missouri	5,653
Montana	822
New Jersey	1,357
New York	4,448
North Carolina	1,129
North Dakota	590
Ohio	16,670
Oklahoma	2,423
Oregon	1,163
Pennsylvania	28,500
Puerto Rico	1,105
Rhode Island	774
South Carolina	368
South Dakota	334
Tennessee	1,770
Texas	31,613
Utah	145
Vermont	99
U.S. Virgin Islands	74
Virginia <sup>e</sup>	360
Washington <sup>e</sup>	7,270
West Virginia	1,400
<b>Total</b>	<b>281,151</b>

(continued)

### **Table 4.2 (continued)**

SOURCE: Data from the Administration for Children and Families, Office of Family Assistance, reported on the TANF Emergency Fund Subsidized Employment Report (Form OFA-200), except where otherwise noted.

NOTES: Twelve states did not operate any subsidized employment programs during the period reflected in this table. These states were: Arizona, Idaho, Indiana, Louisiana, Maine, Massachusetts, Nebraska, Nevada, New Hampshire, New Mexico, Wisconsin, and Wyoming.

<sup>a</sup>Data for Georgia reflect only adult employment placements.

<sup>b</sup>Information obtained from Pavetti, Schott, and Lower-Basch (2011).

<sup>c</sup>Michigan's TANF program placed some TANF recipients in subsidized jobs, but could not provide the number of placements.

<sup>d</sup>Minnesota operated a program since July 2007; reported total placements from October 2008 – September 2010.

<sup>e</sup>Estimates from interview with state administrator (2011).

In many of the state subsidized employment programs that targeted TANF recipients for placement, TANF recipients became ineligible for cash assistance due to their earnings when they were placed in a subsidized job. Box 4.1 discusses how subsidized jobs interacted with the TANF work participation rate requirement that states were expected to achieve.

## **Cost per Placement**

A number of factors determined how much states spent on subsidized employment. Programs that started later in 2010 and operated for fewer months spent less overall on their subsidized employment programs because they enrolled fewer participants than they could have if they had been able to start their programs earlier. Additionally, the decisions about the wages states would reimburse, the length of the subsidy, and the payroll costs paid by the state rather than the employer affected the overall expenditures for a state. Pavetti et al. (2011) illustrated how the cost per placement varied depending on the choices the state made and found that the cost per placement ranged from \$2,000 in Texas to as much as \$23,849 in Florida (if the state paid the maximum wage allowed, which was rare). Indeed, if one compares the expenditures made in FY 2009 and FY 2010 with the number of subsidized job placements, the cost per placement was about \$2,300 in Texas and \$10,000 in Florida.

## **Tribal Programs**

Among the 52 tribal programs that administer their own TANF programs, eight received funding from the TANF Emergency Fund for subsidized employment. Table 4.3 lists the amounts approved for subsidized employment and the estimated number of job placements. About \$3.5 million was awarded to tribes. They placed relatively small numbers of individuals in subsidized jobs, although as mentioned in Chapter 3, the tribes were located in rural areas and had relatively small TANF caseloads.

#### Box 4.1

### **Subsidized Employment Programs and the TANF Work Participation Rate**

One factor that some states may have considered in designing their subsidized employment programs was the impact on the state's TANF work participation rate.\* In theory, subsidized employment could either positively or negatively affect a state's participation rate. Subsidized employment is an allowable work activity for TANF participants, so recipients of TANF cash assistance working in subsidized jobs would contribute to the state's participation rate. However, in most states, the subsidized jobs provided enough earnings for most families to exceed the income thresholds for cash assistance. Once a recipient ceases to receive cash assistance, he or she is no longer counted in the participation rate. If the recipient would have otherwise been participating in one of the other allowable work activities (which include unpaid work experience, certain education and training activities, and job search for a number of weeks), the effect on the work participation rate would be negative. On the other hand, in states with caseloads below their FY 2005 levels, such cases leaving TANF could contribute to a higher caseload reduction credit.

Work participation was not specifically addressed by the interview protocols the research team used for this study; however, the subject arose in a small number of interviews. Some states designed their programs with features to ensure that subsidized employment participants still contributed to the participation rate. For example, a few states continued to provide participants a small amount of cash assistance to keep them on the rolls and, therefore, in the work participation calculation. Another approach pursued by a couple of states entailed providing part-time jobs (work-study positions) to TANF recipients enrolled in education programs. This allowed the recipients to go to school while being "counted" in the participation rate. However, one interviewee from a program with a strong education focus noted that as the program focused more and more on work, there was an impact on students' grades.

NOTE: \*The legislation authorizing TANF requires that at least 50 percent of a state's caseload, and 90 percent of its two-parent family caseload, participate in federally defined work activities, or face financial penalties. A number of adjustments may be applied to the work participation calculation, and not every family is counted within it, so in practice states may meet the requirement with less than 50 percent of their caseload participating. Among the main adjustments is a caseload reduction credit, which lowers the work participation rate a state is required to meet by an amount based on the decline in the state's TANF caseload (if any) since FY 2005. Normally, the comparison year is the previous year (for example, FY 2008 for the FY 2009 caseload reduction credit). But the American Recovery and Reinvestment Act of 2009 allowed a state to opt to use FY 2007 as the comparison year for FY 2009, if it was to the state's advantage. (See U.S. Department of Health and Human Services, 2011.)

**The Subsidized and Transitional Employment Demonstration**

**Table 4.3**

**Funding Approved from the TANF Emergency Fund for Subsidized Employment and Number of Subsidized Job Placements for Tribal TANF Programs**

Tribe	Amount Approved for Subsidized Employment (In Thousands of Dollars)	Subsidized Job Placements (Adults and Youth)
Central Council of the Tlingit & Haida Indian Tribes of Alaska	21	NA
Hoopa Valley Tribe <sup>a</sup>	148	44
Chippewa Cree Tribe <sup>a</sup>	225	140
Port Gamble S'Klallam <sup>a</sup>	258	12
Fort Belknap Community Council	415	81
Confederated Salish and Kootenai Tribes	661	NA
Spokane Tribe of Indians	817	221
Tanana Chiefs' Conference	979	84
<b>Total</b>	<b>3,524</b>	<b>582</b>

SOURCE: Data from the Administration for Children and Families, Office of Family Assistance. The amount of approved funding comes from unpublished data reported on the TANF Emergency Fund Request form (Form OFA-100). The number of job placements comes from data reported on the TANF Emergency Fund Subsidized Employment Report (Form OFA-200).

NOTES:

<sup>a</sup>Job placement data for the Hoopa Valley Tribe, Chippewa Cree Tribe, and the Port Gamble S'Klallam tribe are based on MDRC interviews with tribal program administrators.

## Unsubsidized Job Placement

Information regarding the percentage of individuals who received subsidized jobs and then moved into unsubsidized employment was not available from all states. Additionally, the information that was collected was reported inconsistently and without independent verification. Nonetheless, a number of states did provide these estimates. The estimates on unsubsidized employment varied widely by interviewee. This reflected differences in the target population, types of employers used, whether there was an expectation that employers would retain their employees, and state variation in economic conditions. In addition, interviewees reported different measures, including different follow-up periods (for example, immediately after the end of the subsidy or six months later) and reporting employment by the organization that received the subsidy, versus unsubsidized employment in any job.

In general, it appears that in many programs, slightly less than half of subsidized employees were employed in unsubsidized jobs immediately after the subsidy ended, with substantial variation in both directions. There was not enough information to determine which types of programs obtained higher unsubsidized employment outcomes. However, there is anecdotal



evidence that particular strategies helped participants move into unsubsidized employment. These included the following:

- Hawaii noted that more than three-quarters of participants who completed the subsidy period were retained by their employers after it ended. A couple of strategies may have contributed to this high rate. First, the program offered some of the largest retention bonuses to participants who stayed in their jobs at various points (from three months to two years); a participant who retained and documented full-time employment over a two-year period could receive up to \$8,250.<sup>7</sup> Second, the program hired coaches to follow up with employers at least once a month to ensure that they were happy with participants' performance in their subsidized jobs, and for six months after the subsidy ended to make sure that employees were still doing well. If the employer decided not to hire the participant in an unsubsidized job, the retention coach discussed the reasons with the employer.
- Mississippi and Oklahoma also noted that they had high retention rates among those who completed the subsidy. Both used a program model that paid the employer the full wage, but then decreased the reimbursement over time, in order to reduce the employer's reliance on the subsidy. The hope was that the business would continue to employ the participant. Indeed, in Mississippi, about 81 percent of participants who made it to the end of the subsidy were kept in their jobs. Among all participants who were placed in a subsidized job in Mississippi, the retention rate was about 51 percent.
- As explained in Chapter 3, many programs allowed participants to search for a new job while they were working in a subsidized position if it looked like the employer might not hire them. Oregon's participants, for example, could spend eight paid hours a week searching for a job in the last two months of the subsidy period. Approximately 64 percent of Oregon's participants found unsubsidized employment shortly after leaving the subsidized program.

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<sup>7</sup>Bonuses were limited to working families who left TANF before exceeding 24 months of welfare receipt and who remained off welfare.



## Chapter 5

# Employer Perspectives

This chapter describes findings from 21 interviews that project team members conducted with employers who participated in subsidized employment programs. These interviews, conducted during eight site visits, included employers in both the for-profit and nonprofit sectors. A few employers provided supported work environments that offered a work site for groups of employees with low skills or other perceived barriers to employment. See Box 5.1 for a summary of the types of employers interviewed.

It is important to note that this group of employers does not constitute a representative sample. The employers interviewed were recommended by the subsidized employment programs and, therefore, may represent those who worked most successfully with the programs. In addition, since the interviews were conducted during the study's site visits, and the visits were largely with longer-standing programs that were well integrated with the state's Temporary Assistance for Needy Families (TANF) programs, the experiences of the employers interviewed may not be representative of the broader set of TANF Emergency Fund programs. Nonetheless, these interviews do provide a perspective on the experience of at least some of the employers who participated in subsidized employment programs.

### **Reasons Employers Participated in Subsidized Employment Programs**

Clearly, for many employers a primary reason for hiring someone through a subsidized employment program was the subsidy. Several of the employers interviewed described how the subsidy eased their ability to hire and strengthened their organization or business. For example, an interviewee from a youth-focused community organization said that the organization was understaffed and that the subsidized employees were crucial to keeping it operating. The manager of a body shop said that he had been having difficulty hiring at the wage he offered and that the subsidy helped, in part by making it cost-effective to hire individuals with lower skill levels and train them. A laundry services business had been growing until the tough business environment in late 2009, when its growth slowed to where it was considering layoffs. Hiring subsidized employees allowed the business to continue to expand.

Some employers hired program participants intending to find long-term employees, while others hired participants whom they knew they would not keep after the subsidy ended. Of the 21 employers interviewed, all but two reported that they had retained at least one participant as an unsubsidized employee. In a few cases, these individuals represented a substantial fraction of the employer's current staff. In contrast, the youth-focused organization hired

**Box 5.1**

**Summary of Employers Interviewed**

Private, for-profit employers

- Accounts receivable outsourcing firm
- Architectural design firm
- Auto body shop
- Health and life insurance sales company
- Laundry services company
- Marketing firm
- Retailer of baby products
- Staffing services firm
- Vehicle rentals company

Private, nonprofit employers

- Antipoverty services provider
- Assembly and packaging organization\*
- Child care provider
- Drug and alcohol treatment center
- K-12 school
- Social services providers (two employers)
- State student financial aid agency
- Youth-focused community organization

Public employers

- Institution of higher education
- Parks services department

NOTE: \*Program contractor

some individuals permanently, but often hired others to help support its understaffed organization knowing that it would not be able to afford to offer them permanent positions. Similarly, a nonprofit student financial aid agency had employed about two subsidized employees per year since 2000 but had hired only one permanently. In 2010, it hired six. These employees provided a low-cost option for office assistance, especially during times of the year when there was a particularly high demand for administrative work.

Though business or organizational considerations were the primary reasons most employers hired subsidized employees, several interviewees said that they became involved because they wanted to help the disadvantaged. For the nonprofits, this was often consistent with their mission. For example, it was the mission of an antipoverty services provider to bridge barriers between people living in poverty and others. This organization decided not only that it was appropriate to hire someone in poverty, but also that it would be helpful to have someone on staff who shared experiences similar to those of the people with whom the organization worked.

However, it was not only interviewees in nonprofits who cited helping the disadvantaged as one of the reasons they became involved in the program. The interviewee at an insurance company said that the subsidized program fit within the company's mission, which involves giving people a second chance. Similarly, the owner of an architectural design firm had a personal commitment to working with individuals with criminal records. The owner of a staffing agency said that listening to stories of the "hard-luck" lives of the candidates she interviewed cemented her decision to hire from the program.

## **Processes for Hiring Subsidized Employees**

### **Interviews**

In most cases, among the interviewed employers, the program referred multiple candidates to the employer; the employer interviewed these candidates in a similar or the same way they would any other job candidate. For example, the antipoverty organization interviewed several candidates referred by the subsidized employment program. An interviewee from the organization explained that among the reasons the employer chose the person that was ultimately hired was that the candidate had researched the organization and demonstrated interest in a long-term commitment.

A drug and alcohol treatment center conducted two interviews with candidates. Each candidate was interviewed by the director and also someone at the departmental level, as the departments each had their own interview process. Other interviewees who said that they put candidates through their regular interview processes included the auto body shop and the staffing agency. In a few other cases — primarily nonprofits and public agencies — the em-

ployers did not conduct a full formal interview. An interviewee at one of the social services agencies explained that the “interviews” were actually orientations and did not involve asking questions. These orientations were sometimes done in a group. A nonprofit in Minnesota that was one of the contractors for the Transitional Work Experience program provided its own work site and hired all individuals referred by a case manager without screening. If there were no open positions, the participants were placed on a waiting list and hired on a first-come, first-serve basis. In the case of a parks services agency, the city social services department referred public assistance recipients to the program. All those who met eligibility criteria and passed background checks were placed into positions, though only those with particular skills were placed in certain specialized positions, such as clerical work.

An interviewee from one private employer, a baby products retailer, said that the company initially accepted the first candidates referred by the subsidized employment program. After some early hires were unreliable about coming to work, the retailer became more selective and interviewed two to four candidates before hiring someone. Another private employer — the owner of the laundry services business — said that he recruited many individuals himself and connected those he wanted to hire with the subsidized employment program. The program had also sent résumés, but he felt that the candidates he found himself tended to be more successful.

### **Background Checks**

In addition to interviews, several employers conducted formal background checks. For example, an interviewee at one of the nonprofit social services agencies said that the agency had a family visitation program, and some of the program participants served as “second people in the car” for the employees who visited families. Because by law no one who works with the visitation program can have a record of a child-abuse charge, the program performs a background check on all those who will be working with the program. Similarly, employees of the drug and alcohol treatment center had to be clean and sober for at least three years and could not have committed any crimes against children. The organization ran two background checks to make sure that participants were eligible. Other examples of employers that used background checks were a K-12 school and a vehicle rental company (whose employees must take drug tests and have a clean driving record).

### **Training and Mentoring**

The employers interviewed generally provided basic training and mentoring to the subsidized employees they hired. All offered at least the same type of basic orientation and introduction that any workplace would provide to its new employees. For entry-level hires, this might include training on the basic skills needed for the job. For example, one of the social services

organizations, which runs a retail store, provided training on how to price merchandise and work a cash register.

One notable case of employer-provided training was an accounts receivable outsourcing firm. The employer did not look for experience in its hires, but rather particular personal qualities suited to its business. The employer's process for training new hires included a pre-hire group orientation (which included a test to ensure that participants had the minimal computer skills needed for the job); training on negotiation, professional communication, and how to assess cases with which they work; hands-on training during a hiree's early weeks; and mandatory two-hour weekly seminars focusing on topics such as time management. The employer noted that these are the same trainings that unsubsidized hires receive.

However, many other employers acknowledged that they had to provide more training for their subsidized employees than for other employees, particularly in basic skills. The staffing agency had a successful experience with the subsidized employee it hired and ultimately retained her in an unsubsidized position. However, the employer said that, at first, working with this participant was "definitely a big commitment," because more time was needed to train an individual who had no experience answering phones or working with office equipment. The interviewee (the company's president) put in at least five hours of training to teach basic office skills as well as more specific job duties. Some employers were more willing to provide basic skills training because of the subsidy. For example, the interviewee at the insurance company said that the subsidy was helpful in compensating for the basic training the company had to provide.

A higher education institution that participated in the program provided a different model. The institution ran a community internship program before it became involved with the subsidized employment program. The subsidized placements were considered internships and were preceded by classroom training. The internship program had designated Wednesdays as half days during the training period to allow enrollees to take care of errands and appointments. The subsidized employment program provided funding that helped the program continue to operate.

Several employers had taken measures to provide initial training to their new subsidized employees. The student financial assistance provider regularly hired employees financed through the TANF program and tried to have new employees start about a week before the previous placement ended so that the outgoing employee could help train the incoming one. The substance abuse treatment program provided an orientation and scheduled structured meetings in the early period after an employee had been hired to make sure they knew how to perform their duties.

Employers also discussed the ways they provided mentoring to these employees. The Oregon program, in particular, had an explicit requirement that each employer identify a mentor for subsidized employees. Both the employers and the program administrators interviewed said that, in practice, this generally was an informal role often played by the supervisor. One Oregon nonprofit said that the official mentor for the program's purposes was the supervisor, though they also assigned someone to each employee to "show them the ropes." In another nonprofit employer in Oregon, the subsidized employee was the organization's second full-time employee, so there was no one who could regularly play the role of supervisor and mentor. The employer arranged with the United Way, located in the same building, to provide a supervisor.

Mentoring was not as explicit a feature in other states' programs, but many employers saw it as a necessary part of working with subsidized employees. At the youth-focused community organization, a manager acted as a mentor to participants during an introductory period (though the interviewee acknowledged that this period was not as structured as it could have been). Participants were given about a month to acclimate to the work environment. Afterwards, there was corrective counseling if there were still problems.

## **Employer Perspectives on the Quality of Employees Referred by Subsidized Employment Programs**

In general, the employers interviewed described success stories in working with participants in subsidized employment programs.<sup>1</sup> Several employers — particularly those who regularly hired lower-skilled workers — said they thought that hiring through the subsidized employment program had worked out as well as hiring more broadly. For example, the vehicle rental company estimated that the same percentage of their subsidized hires had been successful as of those they had hired after advertising in the paper. Similarly, the interviewee from one of the social services nonprofits said that she did not think the success rate of individuals hired through the subsidized employment program had been lower than among other hires.

However, employers also described a number of challenges in working with participants in the subsidized employment programs. These challenges largely fell into two categories: lack of basic skills among many participants and their dependability as employees. Some employers, including the interviewee at the staffing agency, wished the program had provided more basic training before placing participants, such as in aspects of workplace behavior like showing up on time and dressing appropriately. Indeed, a few employers cited the need for

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<sup>1</sup>It is worth noting again that these employers were referred by the subsidized programs the research team visited, and it is possible the programs only referred employers who had positive experiences. Certainly not every employer who worked with a subsidized employment program had positive experiences. See, for example, Dillemath, 2011, which describes one employer's negative experience with subsidized employees in another state.



employees to look polished and professional; this was a quality that was lacking in some of the candidates that they chose not to hire.

Employers also reported problems with the dependability of subsidized employees. An interviewee at a social services nonprofit said that it had to terminate the employment of about 30 percent of the subsidized employees, primarily because they did not show up for work or were unwilling to perform the tasks assigned to them. The baby products retailer said that some of the earlier subsidized employees had missed work for reasons such as the illness of a child; the company began to ask about day care when interviewing candidates. The marketing firm terminated the employment of two of the four individuals placed by the program because of what the interviewee described as “personal” issues, as opposed to poor work performance. The jobs into which this firm had hired the individuals were professional positions at relatively high wages (\$17 to \$30 an hour), suggesting that this was not simply an issue of employees not placing importance on a low-wage job.

On the other hand, employers also described several benefits of working through subsidized employment programs to avoid or address these problems. In addition to the subsidy compensating for additional training, many employers said that they were able to turn to the programs for help if challenges arose in working with participants. For example, the insurance provider described a participant who had “attitude issues.” Program staff were able to improve the situation by talking with the participant.

Working with subsidized employment programs also provided advantages to employers in learning about employees before hiring them and identifying better-quality potential employees. Several employers cited the benefits of having the programs essentially screen applicants. For example, the interviewee from the accounts receivable outsourcing agency noted that there were some problems with the earliest set of participants. The workforce agency began to screen participants and send more appropriate candidates. The interviewees from the baby products store said that the biggest benefit of the program was that it provided human resources services; the company did not have to advertise for new employees.

Employers also said that the subsidized program gave them an opportunity to learn more about candidates before hiring them permanently. The child care provider saw the “internship” as an opportunity to assess a candidate for a job. The interviewee at a social services agency said that the program allowed the agency to permanently hire people who otherwise would not have been considered because they lacked experience. In contrast, the auto body shop worked with a program that required a commitment to hire the employee after the subsidy ended. The manager said that he was unhappy with this requirement but appreciated the subsidy and realized that any hiring would involve risk.

## **Employer Perspectives on Program Administration**

Interviewers asked about two issues related to program administration: the speed of reimbursement and the paperwork involved. Overall, there was little negative feedback about an undue burden from paperwork. However, slow reimbursements were a problem for some programs. One employer in Hawaii said that reimbursement took too long — six to eight weeks. The employers in Mecklenburg, North Carolina, all described early problems with the timeliness of reimbursement — in particular, given the limited amount of funds some of the smaller organizations had available to cover costs — but said that the process improved over time. For other employers, such as those in Oregon, slow reimbursement was not seen as a problem.

## Chapter 6

### After ARRA

The Temporary Assistance for Needy Families (TANF) Emergency Fund, provided under the American Recovery and Reinvestment Act (ARRA) of 2009, expired on September 30, 2010, despite efforts by many state and county officials and advocates, who campaigned for a one-year extension to allow the subsidized employment programs to continue operating with federal funds. The House of Representatives twice passed a bill that would extend the fund, but the Senate did not pass a bill, and funding terminated.

States were proud of the subsidized programs they created or expanded with assistance from the Emergency Fund, and many administrators interviewed as part of this project hoped to continue the programs in some form. This chapter outlines the plans and expectations for the future of the programs as discussed in early 2011. The plans, however, were dependent on the outcomes of budget negotiations that were taking place in states around the country at the time of the interviews.

#### **After the Emergency Fund Ended**

After September 30, 2010, states needed to find other sources to fund their programs. Most states that continued their programs used their regular TANF funds, and a few received foundation support. Table 6.1 categorizes states that placed adults in jobs with Emergency Fund assistance and compares the number states placed during the ARRA period with the number they planned to place in fiscal year 2011, after federal funding ended (estimated in early 2011).

As this table shows, among the 34 states that operated subsidized programs under ARRA, nine terminated their programs after federal funding ended. The shaded boxes represent the states that reduced the level of placements in FY 2011 or terminated their programs; specifically, 23 of the 34 states scaled down or terminated their programs. For instance, while six states placed over 5,000 participants in jobs with Emergency Fund assistance, only one of these states, Illinois, continued to operate at that level after September 2011. (Texas was atypical in operating a smaller program and planned to expand it with funding from state general funds to serve about 10,000 individuals.) Some of the programs merely extended the period of operations for several months in 2010 to allow existing participants to complete the subsidy period but were not placing new participants in jobs. Illinois, which operated one of the largest programs, placing over 25,000 participants in jobs in FY 2010, ended its program in January 2011. Eight of the 13 states that placed between 1,001 and 5,000 individuals in jobs with Emergency Fund support reduced the levels or terminated their programs in FY 2011.

**The Subsidized and Transitional Employment Demonstration**

**Table 6.1**

**Estimated Number of Adult Placements in Fiscal Year (FY) 2011 Compared with the Estimated Number of Placements Made with the Emergency Fund (Among 34 States That Used the TANF EF for Adult Placements)**

Estimated Number of Adult Placements made with TANF EF <sup>a</sup>	Estimated Number of Adult Placements Made in Fiscal Year 2011					Number of states
	0	1-500	501-1,000	1,001-5,000	Over 5,000	
1-500	DC <sup>b</sup> , DE, MT, VT, WV	AK, MD, VA		UT <sup>b</sup>		9
501-1,000	ND, SC	NJ, OK, RI	CT			6
1,001- 5,000	CO, MS	AL, GA, OH, TN	HI, NC	KY, NY, OR, WI	TX	13
Over 5,000		FL		CA, MN, PA, WA	IL	6
Number of states	9	11	3	9	2	34

SOURCES: Estimates for number of adult placements made with the TANF Emergency Fund (EF) come from Pavetti, Schott, and Lower-Basch (2011). Estimates for number of adult placements in FY 2011 come from surveys of state administrators and program directors.

NOTES: States shaded in grey have estimated numbers of adult placements in FY 2011 that are lower than the number of placements made with the TANF Emergency Fund.

<sup>a</sup>The TANF Emergency Fund was available in FY 2009 and FY 2010.

<sup>b</sup>Estimates of the number of adult placements in Utah and the District of Columbia with the TANF EF come from surveys of state administrators and program directors.

While not the norm, a few states created new programs in 2011 (discussed below). In addition, California increased support to counties that decided to operate subsidized employment programs in 2011 by expanding the criteria for eligibility, extending the duration of qualifying job placements, and increasing the maximum amount of funding the state could provide to counties. At the time of this report, it was not known whether counties would expand their subsidized employment programs in response to the new legislation.

## **Modifications to Programs**

For many states, the implementation of subsidized employment programs on a large scale was a learning experience. They made some choices in the design of their programs that did not work as well as they had hoped. They also learned from other programs during this period; there were several opportunities for program implementers to share information about their experiences.<sup>1</sup> As a result, some states were planning to implement new programs or make changes to their programs based on what they had learned.

### **Creating New Programs**

A few states created or were planning to implement new programs. For example, in 2010, Utah created its subsidized employment program to target unemployment insurance (UI) claimants, in part, because it feared the effect that rising unemployment rates might have on its UI fund. But the state reported that it had operational challenges in implementing the program; it had difficulties recruiting UI claimants with enough months left of their benefits to effectively shelter the fund, as claimants were interested in jobs only when they were close to exhausting their benefits. The state decided to continue this program through June 2011 or until it had reached the target of 2,500 placements (whichever came first). At the time of the interview, the state was forming a work group that would be tasked with developing a new program targeting TANF recipients, a population that was considered to be more accessible and who could benefit from this program. The program would target TANF recipients who participated in an intensive two- to four-week Work Success program (job club model) but were unsuccessful in finding an unsubsidized job.

Wisconsin also decided to create a new program, although it was targeting those who were not already receiving public assistance but were unemployed for at least four weeks, with

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<sup>1</sup>The Center on Budget and Policy Priorities and the Center for Law and Social Policy hosted a conference in Baltimore in January 2011 for state and program staff involved in subsidized employment programs. The Welfare Peer Technical Assistance Network designed a roundtable session on subsidized employment at the National Association of State TANF Administrators annual meeting in 2010. The National Association for Welfare and Research Statistics annual conference held workshops on transitional and subsidized employment programs in 2009 and 2010.

income under 150 percent of the federal poverty level. Employers were reimbursed up to the minimum wage for six months. The program also subsidized up to 20 hours a week of education and training, on top of the wage subsidy.<sup>2</sup>

### **Reducing the Size or Cost of Programs**

Many of the states opted to operate their programs but at significantly lower levels. Several of the states and localities (for example, Oklahoma and San Francisco) chose to restrict eligibility to TANF recipients, rather than to continue to place a broader group of low-income parents. Interestingly, for states that limited their eligibility criteria to TANF recipients, there were reports that it was more difficult to recruit employers to participate in the program, as they sought participants with more job skills than they found in the TANF population.

Some states were looking at the Oregon program, which uses funds that would have been provided to recipients for TANF and Supplemental Nutrition Assistance Program benefits to subsidize wages and potentially reduce the overall cost of the program.

### **Increasing Retention**

Some states were modifying their programs to incorporate what they had learned from other states or from their own experiences. For example, several states discussed implementing a model similar to Oklahoma's program, which started with a 100 percent reimbursement to the employer but reduced the subsidy over time.

Other states were considering tinkering with the length of the subsidy. One person interviewed from a state that provided a 12-month subsidy wondered whether the state should provide a shorter subsidy — she worried that employers were taking advantage of the program and not committing to hiring participants. Interviewees in other states said the opposite — they had shorter subsidies and wondered whether extending the length would provide participants with more stability.

Some states were considering ways to provide subsidies to employers who hired participants at the end of the subsidy period as an incentive.

## **Going Forward**

The budget shortfalls most states were facing put the future of many of the subsidized employment programs in jeopardy. As discussed above, many of the state programs had ended or were

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<sup>2</sup>Wisconsin used the 80 percent reimbursement dollars it received from the TANF caseload increase to fund its subsidized employment program in FY 2011.

ending in FY 2011, while other programs reduced the number of placements. However, administrators interviewed as part of this project expressed the hope that funding would be available in the future to allow them to operate programs. At the same time, given the variety of programs implemented and the experimentation that occurred, there was an interest in learning about which strategies were most effective in achieving the programs' goals.





## Chapter 7

# Conclusion and Suggested Lessons

The availability of funding for subsidized employment provided by the Temporary Assistance for Needy Families (TANF) Emergency Fund spurred an extraordinary effort by states and localities to create or expand programs. State and local administrators had to quickly make decisions regarding the program's goals, the organizations to involve, the individuals to target for placement, and the subsidy structure. While many of the state and program administrators who were interviewed for this report wished they had had more time to implement their programs, they were generally pleased with what they were able to achieve and were energized by the experience. Their experiences inspired many of the states and localities to look for ways to continue to operate their programs, even without federal funding.

### Key Findings

- **Responding to the flexibility allowed under the TANF Emergency Fund, states and localities implemented a wide range of programs.**

State and local administrators made decisions regarding their programs' design based, in part, on the outcomes they sought to affect. Many focused on countering the effects of the downturn in the economy and wanted to place recently laid-off workers in subsidized jobs until the economy rebounded and businesses started rehiring. Others focused on placing particular groups of individuals in jobs, especially those who had limited work experience or barriers to employment and had a difficult time finding work in the economic downturn. Influenced by the overall goals of their program, program designers made decisions about how best to subsidize employers, including the percentage of wages to reimburse and the length of the subsidy, the types of employers that were eligible for the subsidy, and the requirements imposed on them.

This was a period of experimentation, as there was limited research to guide program designers. Most studies of earlier subsidized employment programs had focused on those that placed disadvantaged participants in nonprofit and government agencies to improve their employability and increase the odds that they could find unsubsidized jobs with other employers. While some of the existing programs that were expanded with the TANF Emergency Fund used this approach, many of the new programs placed participants, often broader groups of unemployed workers rather than disadvantaged populations, with private sector employers. Among these, some incorporated components designed to encourage the employer to hire the participant after the subsidy had ended; others focused more on short-term work-based income support.

- **States and localities were successful in placing thousands of individuals in jobs.**

More than a quarter of a million individuals were placed in jobs with assistance from the TANF Emergency Fund. (Slightly more than one-half of this total were summer youth participants.) While over half of all participants lived in four states — California, Illinois, Pennsylvania, and Texas, which each made more than 25,000 placements — smaller states also placed thousands of individuals. A total of 14 states and the District of Columbia placed over 5,000 individuals in jobs, and another 10 states and Puerto Rico made between 1,000 and 5,000 placements.

While these numbers are impressive, given the speed at which states scaled up to access the federal funding, they were small relative to earlier federally funded programs that provided work-based support to people unable to find jobs in a weak labor market.

- **The need to implement these programs quickly while funding was available presented challenges for program administrators.**

Given that most of the states did not create or expand their programs until 2010, program administrators had less than one year to place a large number of participants in jobs. They immediately had to create an administrative structure, recruit participants and employers, and develop processes for matching participants with employers and reimbursing employers. Many programs had a secondary goal of moving participants into unsubsidized employment, and some programs sought to improve participants' work skills, although they were limited in what they could achieve during the time available.

- **In many states, strong support from political leaders fueled the initiative; in other states, strong advocates at the local level were the driving force.**

Several states — Alabama, Florida, and Mississippi — benefited from their respective governors' support and the media attention they brought to the initiatives. Their backing legitimized the program and drew support from other organizations, such as Chambers of Commerce and workforce agencies, and helped with recruitment of employers and participants. Similarly, mayoral support played a significant role in expanding programs in Philadelphia and San Francisco. In other states, a few key staff on the local level got the program up and running.

- **After the programs were implemented, administrators viewed their benefits as going beyond income gains to families to include local businesses and governmental agencies.**

While the overarching goal of the TANF Emergency Fund subsidized employment programs was to provide income support to low-income families, the state and local administrators who were interviewed mentioned other benefits of the programs. For example, some said that the struggling small businesses they recruited were put in a better position to continue operations, while other businesses were able to expand their labor pool. Additionally, TANF agencies developed new relationships with employers that gave employers a better understanding of the services the agency could provide. Some TANF agencies also developed closer relationships with workforce agencies.

## **Strategies for Implementing Subsidized Employment Programs**

As discussed above, state and local administrators faced challenges in implementing their subsidized employment programs. This section describes some of the strategies programs pursued to address the challenges.

### **Challenge No. 1: Recruiting large numbers of employers**

States that were interested in taking full advantage of the Emergency Fund and that had less experience operating these programs struggled to recruit the number of employers needed for the program. While employers could benefit financially from the subsidies, many businesses (especially large businesses) that program staff approached declined to participate. The more common reasons for employers' disinterest were: (1) worries that participating in a large government program would involve additional paperwork and government oversight; (2) the program's requirements (for example, having to declare their intent to hire after the end of the subsidy and having to pay prevailing wages); (3) concerns about the timeliness of reimbursement; and (4) doubts about the qualifications of the job candidates they would receive through the program. Union rules prevented some businesses from participating, and some employers were worried about how their participation might affect their unemployment insurance (UI) costs in the future if they chose to dismiss workers after the subsidy period ended.

Key strategies to recruit employers included the following:

- **Hire qualified job developers to recruit new employers.** TANF programs that merely added this responsibility to the workload of existing job developers, rather than hiring specialized staff, found that existing staff lacked the time, and perhaps the qualifications, to recruit employers.
- **Prepare job developers to address employers' concerns.** Job developers and other staff that recruited employers had to learn to sell the program. Some programs developed written materials to distribute to employers while others held workshops where staff could answer their questions directly.

Many job developers stressed the importance of keeping paperwork simple and reimbursement timely. Depending on the mission of the organization, some emphasized the benefit of helping disadvantaged individuals; when reaching out to the for-profit sector, job developers were more likely to discuss the financial benefits to the company.

- **Get the word out in the community.** Several programs that were able to effectively engage the business community relied on publicity. They advertised the program on the radio, in newspapers, and on billboards, held community events, and met with business organizations.
- **Ask job seekers to recruit employers.** In several localities, job seekers themselves promoted the program in their job search efforts. The programs distributed flyers that summarized the benefits to employers, and individual job seekers could use these materials to sell the program to the employers they approached.
- **Provide financial incentives to recruiting organizations.** While this was rare, at least one program paid a fee to organizations that recruited employers and placed individuals in jobs.

## **Challenge No. 2: Recruiting large numbers of participants**

Generally, the programs that had difficulty attracting participants were those that targeted individuals whom the TANF agency had not served previously. Staff had to develop a process for reaching this new population and convincing them to participate. Some potential participants perceived the program as a “welfare program” and were not interested because of the stigma associated with welfare. State and program administrators reported that it was especially difficult to attract individuals to participate who had another means of support, such as UI benefits. They said that some people who were receiving UI benefits, particularly those who had recently begun to receive them, may have hoped to return to their previous jobs and were reluctant to accept temporary work that paid less than what they had previously earned.

As discussed above, states were successful in placing a substantial number of participants in jobs. Examples of some of the more successful strategies they used included the following:

- **Use the Internet.** Many programs created Web sites that provided information about the subsidized employment program.

- **Hold job fairs.** A few states and localities found that job fairs were a cost-effective way to recruit participants and could also match eligible participants with employers and specific jobs.
- **Use job banks and other means to advertise the positions.** Some programs posted the subsidized jobs in their job banks or advertised them in other venues. Individuals who inquired about the listing were told about the subsidized employment program.
- **Conduct more intensive outreach to UI claimants.** States that targeted UI claimants all reported some difficulty in meeting their participation goals. One program used Rapid Response teams, which helped dislocated workers after large layoffs; other programs mailed UI claimants information on the subsidized employment programs. Another program relaxed the requirement that eligible individuals be recently unemployed to say that, instead, they could be closer to exhausting their benefits.

### **Challenge No. 3: Managing payroll and reimbursing employers on time**

Programs that reimbursed employers for their wages and other expenses often struggled to make timely payments. Some of the states and localities were overwhelmed by the backlog of reimbursement requests from employers. In situations where reimbursement varied depending on how many months participants had been working, the process was more complicated. Many employers were small businesses that relied on timely payments to manage their cash flow.

- **Centralize reimbursement.** Some states developed units within the state that handled all the reimbursements for the counties. They were able to develop processes for paying the employers in a timely way.
- **Use a third-party vendor to process payments.** This alleviated some of the concern employers had regarding paying workers and receiving timely reimbursement and also reduced their payroll costs. The employers' only requirement was submitting time sheets.

### **Challenge No. 4: Moving participants into unsubsidized employment**

Research on past transitional jobs programs has found that while these programs increased employment, employment gains were relatively short-lived and did not lead to permanent, unsubsidized employment. To move participants into permanent employment, some states developed subsidy and hiring policies that were designed to seamlessly move participants into

an unsubsidized job with the same employer. Other strategies focused on providing services to participants to help them find and retain unsubsidized employment.

- **Actively help participants with their job search.** Most programs allowed participants to conduct a job search while in the subsidized job if it seemed unlikely that the employer would retain them. Some programs went a step further and required that employers who were not planning to retain participants allow them to meet with job developers. Some even paid the participants for this time.
- **Provide a step-down wage subsidy.** Two states chose to reimburse the employer for the participant's full wages in the first few months, then decrease the reimbursement over time in order to reduce the employer's reliance on the subsidy. At the end, the employer was paying close to the full wage, and the hope was that the business would continue to employ the participant.
- **Provide retention bonuses.** Some programs offered financial incentives to employers or participants to encourage retention. Some provided bonuses to employers who hired the subsidized employee in an unsubsidized job, while others gave bonuses to participants who remained employed after the subsidy period.
- **Recruit employers who are likely to keep the participant on after the end of the subsidy.** Some programs were selective in deciding to admit employers to the program. They required a commitment from the employer to hire the participant, assuming that the participant met the job's requirements. Other programs used a vetting or screening process to ensure that the employers selected were financially viable businesses and would be in a position to retain participants. Some job developers stopped working with employers who had a record of not retaining participants in unsubsidized jobs.

### **Challenge No. 5: Providing opportunities to participants for skills development**

Most programs did not incorporate education or formal skills training into their programs. Rather, the participants learned the skills they needed by working in the jobs. A few states did provide individuals who had limited education and skills with the opportunity to combine work and education or training.

- **Provide opportunities for participants to combine work and education.** A few states allowed individuals to work part time and attend education pro-

grams. Many of these programs focused on helping participants get a high school degree.

- **Target individuals enrolled in school.** A less common approach involved targeting individuals already enrolled in school and offering employment opportunities in their field of study. Two programs funded work-study programs for participants in college.
- **Offer opportunities for training and job advancement.** For the most part, the programs did not provide formal training. One program implemented a program that included training in the green jobs sector before the subsidized job began.

### **Challenge 6: Matching participants' skills to employers' needs**

Finding good matches between participants and employers was important in ensuring that participants were sufficiently interested and motivated to stay in their position for the duration of the subsidy period (and perhaps beyond) and that the program was meeting employers' needs. Job developers were often given the responsibility of matching the participants to jobs.

- **Understand the employers' needs and match these to the participants' qualifications.** Most programs provided an opportunity for employers to interview a group of participants referred to them. Some programs developed a database system that matched participants to employers based on the participants' skills and job requirements. Others allowed employers to search a résumé bank and request information on potential employees to bring in for interviews. Some programs, for example, sought out employers who were willing to hire people with criminal records if they were placing significant numbers of ex-offenders.
- **Implement different tracks based on participants' job readiness.** A few states and localities assessed participants' job readiness and moved them into different tracks depending on their skills. For example, based on an assessment, participants with fewer work skills would be placed in public sector jobs or transitional employment, where they received more supervision and support. Those considered to be more job-ready would be placed in work in the private sector, alongside regular employees.

## **Next Steps**

This report described the subsidized employment programs that were supported by the TANF Emergency Fund. States and localities implemented a wide range of programs that differed with regard to the subsidy structure, the types of employers and groups targeted for the intervention, and the additional services and benefits provided to increase participants' skills or opportunities for unsubsidized employment. Given the variety of choices made by states and localities, more research is needed on which strategies are effective in increasing long-term self-sufficiency.

The second phase of the Subsidized and Transitional Employment Demonstration (STED) project will include several random assignment evaluations of subsidized employment programs. They will likely examine variations of some of the program elements that were implemented with support from the Emergency Fund. The evaluations will assess the effectiveness or impact of the subsidized employment programs on short-term and long-term outcomes. They will examine whether some of the people who received subsidized jobs could have found jobs without subsidies. They will also estimate the cost of the program relative to what would have been spent on its participants in the absence of the program. Finally, they will examine which groups benefit the most from these types of programs — those who are more disadvantaged or those with some job skills.



Appendix A

**Program Design Features by State**



**The Subsidized and Transitional Employment Demonstration**

**Appendix Table A.1**

**Eligibility and Target Population**

	Low-Income Parents	TANF	Targeted Groups
Alabama	Some opportunities for non-TANF recipients with income below 200% of FPL	✓	
Alaska		✓	
California	Initially, only TANF recipients. Amended to include those up to 200% of FPL (included noncustodial parents).	✓	
Colorado	Parents with household income less than \$75,000. Initially, at least 80% had to be UI claimants; this was changed to 50%.		UI claimants
Connecticut	TANF-eligible heads of household	✓	
Delaware	One of the state's three programs was open to families with income up to 600% of FPL	✓	
District of Columbia		✓	Low-income noncustodial parents and ex-offenders
Florida	Income below 200% of FPL	✓	UI claimants with income below 200% of FPL
Georgia	Income below 300% of FPL		Noncustodial parents
Hawaii	Income below 185% of FPL. Under the TANF Emergency Fund, the program was expanded beyond TANF and TAONF recipients to eligible UI claimants.	✓	UI claimants
Illinois	Income below 200% of FPL		
Kentucky	Income below 200% of FPL	✓	
Maryland		✓	Noncustodial parents, foster care youth, TANF youth

(continued)

**Appendix Table A.1 (continued)**

	Low-Income Parents	TANF	Targeted Groups
Minnesota		✓	
Mississippi	Income below 250% of FPL	✓	Preference to SNAP and TANF recipients
Montana <sup>a</sup>	Income below 185% of FPL, recently unemployed, and job-ready	✓	
New Jersey		✓	
New York	TANF-eligible	✓	Ex-offenders and noncustodial parents
North Carolina	Income below 200% of FPL and job-ready		
North Dakota		✓	Noncustodial parents and foster care youth
Ohio	Determined by county		
Oklahoma		✓	UI claimants
Oregon	TANF-eligible	✓	SNAP recipients
Pennsylvania	Statewide: work-ready TANF recipients. Philadelphia expanded program to the TANF-eligible.	✓	
Puerto Rico		✓	
Rhode Island	Under the TANF Emergency Fund, income at or below 225% of FPL. Before and after the EF, TANF recipients only.	✓	
South Carolina	TANF eligible, work-ready.		
Tennessee	County program eligibility: TANF recipients and at-risk (income below 133% of FPL)	✓	UI claimants
Texas	TANF-eligible	✓	UI claimants

(continued)

**Appendix Table A.1 (continued)**

	Low-Income Parents	TANF	Targeted Groups
U.S. Virgin Islands	TANF-eligible	✓	
Utah			UI claimants
Vermont		✓	
Virginia	✓	✓	
Washington		✓	
West Virginia		✓	
Wisconsin	21-64 year-olds not receiving W-2 assistance. Must have been unemployed for at least 4 weeks and have income below 150% of FPL.		

SOURCE: Survey of state administrators and program directors.

NOTES: This table includes only states that received funding for subsidized employment programs serving adults.

<sup>a</sup>TANF recipients became eligible in May 2010.

TANF = Temporary Assistance for Needy Families

FPL = Federal Poverty Level

UI = Unemployment Insurance

TAONF = Temporary Assistance to Other Needy Families

SNAP = Supplemental Nutrition Assistance Program

EF = Emergency Fund

**The Subsidized and Transitional Employment Demonstration**

**Appendix Table A.2**

**Wage and Subsidy Structure**

	Length	Hours per Week	Wage Reimbursed	Payroll Costs Reimbursed	Employer of Record
Alabama	12 months	35-40	100%; must be approved over \$15 per hour	No	Employer
Alaska	Varies	20 rural, 40 urban	Up to level of benefits	No	Employer
California	Varies by county	Varies by county	Varies by county	Varies by county	Varies by county
Colorado <sup>a</sup>	3-6 months	Varies by workforce region	50%-100%	Varies by workforce region	Employer or temp agency
Connecticut	Through Sept. 2010	35	\$10 per hour	Varies by WIB	Varies by WIB
Delaware	Varies	30-40	100%	Yes	Varies by vendor
District of Columbia	9 months	40	100%	Workers' Compensation	District of Columbia
Florida	Through Sept. 2010	Up to 40	80% plus 25% of supervisor's wages for training costs	80%	Employer
Georgia	6 months	30-40	80% up to \$26,000	No	Employer
Hawaii	12 months	24-40	\$7.25 per hour plus \$0.50 for every additional \$1.00	14% of wages	Employer
Illinois	6 months	30-40	100%	Yes	Contractor
Kentucky <sup>b</sup>	Through Sept. 18, 2010	25-40	100%	FICA	Contractor
Maryland	6 months	40	100%	No	Employer
Minnesota		20-40	100%	Yes	Contractor

(continued)

**Appendix Table A.2 (continued)**

	Length	Hours per Week	Wage Reimbursed	Payroll Costs Reimbursed	Employer of Record
Mississippi	6 months	30-40	100% months 1 and 2; 75% month 3; 50% months 4 and 5; 25% month 6	FICA and Medicare only	Employer
Montana	6 months	20-40	100%	Yes	Contractor
New Jersey <sup>c</sup>	8 months	40	\$7.25 per hour (later \$8.50)	No	Employer
New York	12 months	40	100%	Varies by program	Employer
North Carolina	Through Sept. 2010	40	100%	No	Employer
North Dakota	12 months	40	100%	Yes	Employer
Ohio <sup>d</sup>	Through Sept. 2010	40	\$10 per hour	Varies by county	Employer
Oklahoma	4 months <sup>e</sup>	35-40	100% month 1; 50% months 2-4; up to \$12 per hour	No	Employer
Oregon	6 months	40	Minimum wage plus 11.7% of wages	Yes	Employer
Pennsylvania	6 months	20-40	100% up to \$13 per hour	No	Employer
Puerto Rico	12 months	30-40	Minimum wage	No	Employer
Rhode Island	6 months	20-35	\$8 per hour	Varies by program	Contractor
South Carolina	6 months	20	Minimum wage	Yes	Employer
Tennessee	Through Sept. 2010	40	100%	Yes	Employer
Texas	4 months	More than 30	Flat \$2,000	No	Employer
U.S. Virgin Islands	12-18 months	40	\$9.50	Yes	Employer

(continued)

**Appendix Table A.2 (continued)**

	Length	Hours per Week	Wage Reimbursed	Payroll Costs Reimbursed	Employer of Record
Utah	3 months	35-40	Flat \$2,000 <sup>f</sup>	No	Employer
Vermont	Through Sept. 2010	20-40	Minimum wage plus 20% of supervisor's wages for training costs	No	Employer
Virginia	6 months	20	\$300 per month plus \$500 if hired after 6 months	No	Employer
Washington	6 months	20	Minimum wage	Yes	Contractor
West Virginia	6 months	30-40	100%	No	Employer
Wisconsin	6 months	20-40	Minimum wage	Yes	Employer

SOURCE: Survey of state administrators and program directors.

NOTE: This table includes only states that received funding for subsidized employment programs serving adults.

WIB = Workforce Investment Board

FICA = Federal Insurance Contributions Act

<sup>a</sup>The length and wage reimbursement levels that are shown for states are the state ranges. Workforce regions had discretion to offer subsidies for lengths of time and at levels within these ranges.

<sup>b</sup>Information for Kentucky was drawn from Pavetti, Schott, and Lower-Basch (2011).

<sup>c</sup>New Jersey amended its program to reimburse 100% of wages for three months and then reduce the subsidy to 50% for the remaining five months.

<sup>d</sup>The hours and reimbursement levels shown are state/territory maximums. Actual rates varied by county.

<sup>e</sup>If a participant was still employed at 10 months, the employer would receive a reimbursement bonus equal to 50% of the wages paid in months 2-4.

<sup>f</sup>Employers in Utah were paid \$500 at the beginning of the initiative and \$1,500 after the participant completed three months of employment.



**The Subsidized and Transitional Employment Demonstration**  
**Appendix Table A.3**  
**Program Administration**

	Central	Workforce Investment Boards	Vendor	County Welfare Offices
Alabama <sup>a</sup>				✓
Alaska				✓
California		✓		✓
Colorado		✓		
Connecticut		✓		
Delaware <sup>b</sup>			✓	
District of Columbia			✓	
Florida		✓		
Georgia	✓			
Hawaii <sup>c</sup>			✓	
Illinois			✓	
Iowa		✓		
Kansas		✓		
Kentucky <sup>d</sup>		✓		
Maryland				✓
Minnesota				✓
Mississippi	✓			
Montana			✓	
New Jersey		✓		
New York <sup>e</sup>				✓
North Carolina				✓
North Dakota	✓			
Ohio <sup>f</sup>				✓
Oklahoma	✓			
Oregon			✓	
Pennsylvania		✓		
Puerto Rico	✓			
Rhode Island		✓	✓	
South Carolina	✓			
Tennessee <sup>g</sup>	✓			✓
Texas		✓		
U.S. Virgin Islands	✓			
Utah	✓			
Vermont			✓	
Virginia				✓
Washington			✓	
West Virginia		✓		
Wisconsin			✓	

(continued)

**Appendix Table A.3 (continued)**

SOURCE: Survey of state administrators and program directors.

NOTES: This table includes only states/territories that received funding for subsidized employment programs serving adults.

<sup>a</sup>TANF-eligible were handled by One-Stop Career Centers.

<sup>b</sup>The Department of Social Services and the Department of Labor designed the program and issued Requests for Proposals to vendors.

<sup>c</sup>Centrally administered but run by 2 vendors.

<sup>d</sup>Kentucky information is drawn from Pavetti, Schott, and Lower-Basch (2011).

<sup>e</sup>Counties decided whether or not to contract out to vendors.

<sup>f</sup>Some counties used third-party contractors.

<sup>g</sup>State-run and county-run programs.

**Appendix B**

**Program Profiles from Site Visits**



## Hawaii: SEE Hawaii Work

<b>Key Features</b>	
Eligibility:	TANF or TAONF recipients, UI applicants and recipients in first 4 months of benefits with income under 300% of the federal poverty level
Target population:	TANF, UI recipients
2010 program size:	650
Subsidy structure:	Employer reimbursed \$7.25 per hour plus \$.50 for every additional \$1, and 14% of total wages paid to cover wage-related expenses; 24 to 40 hours per week.
Wages paid:	Prevailing wage
Types of jobs:	Private
Site visit:	Goodwill Industries of Hawaii and Rescare, Oahu, Hawaii

### Program Design

Hawaii's Department of Human Services (DHS) began the Supporting Employment Empowerment (SEE) program in February 2005. Since that time, DHS has contracted with two agencies, Goodwill Industries of Hawaii and Rescare, to operate the program. The contracts are divided between the two contractors by island, except for Oahu where both contractors operate programs. Employer reimbursement is handled by a third-party fiscal agent. The program aims to serve about 650 people and costs approximately \$9 million per year.

DHS designed SEE to serve recipients of Temporary Assistance for Needy Families (TANF) and Temporary Assistance to Other Needy Families (TAONF, which serves largely two-parent families), who could not find employment after at least 21 days of Upfront Universal Engagement, which includes job readiness training and job search. Before the TANF Emergency Fund became available under the American Recovery and Investment Act (ARRA) of 2009, SEE reimbursed employers for the salary of their subsidized employees at the minimum wage for up to six months. Using the Emergency Fund beginning in early 2009, Hawaii expanded eligibility requirements to include unemployment insurance (UI) applicants and recent recipients with incomes under 300 percent of the federal poverty level. Additionally, the extra funding allowed the state to extend the program subsidy period to 12 months and reimburse employers an additional \$.50 for every \$1 they paid participants above the minimum wage. When the Emergency Fund ended in September 2010, the program reverted to serving only

TANF and TAONF recipients, but the length of the subsidy period and the reimbursement amount stayed the same.<sup>1</sup> Participants must work 24 to 40 hours per week.

Both for-profit and nonprofit private employers can participate in SEE. Public agencies are not eligible to hire SEE employees. Employers serve as the employer of record in Hawaii, and they are expected to pay participants the prevailing wage, which is typically higher than the minimum wage. Although most employers are not fully reimbursed, they receive an additional 14 percent of the total wages paid to the employee to cover wage-related costs. Employers enter into a legal agreement with the state regarding the terms of the subsidy, and they are responsible for officially terminating a participant's employment at the end of the subsidy if they do not want to keep the participant on. Terminating a participant's employment may have implications for the employer's UI costs, and contractors and DHS staff believe that this is one of the reasons for the program's high rate of retention of participants in unsubsidized jobs. Most SEE contracts start out as three- or six-month contracts and can be extended up to the one-year maximum if all parties are happy with the arrangement. The two contractors identified slightly different approaches for determining the initial contract length as well as the decision as to whether or not to extend the contract. Moreover, the approach varies somewhat depending on whether the employer is for-profit or nonprofit (for example, contractors are more likely to extend contracts for nonprofits even when there is little prospect of unsubsidized employment).

## **Participant Outreach, Recruitment, and Intake**

According to the program eligibility requirements in place before the Emergency Fund became available and again after it ended, participants must be TANF or TAONF recipients. Referrals are made by First to Work (Hawaii's TANF/TAONF program) case managers, and the contractors have five business days to complete the intake session from the date of referral. SEE is open to any client identified as willing and able to be employed. Everyone who is referred to SEE is job-ready, which in Hawaii means that they have completed job readiness training and dealt with child care and transportation issues. These activities all happen during the TANF/TAONF application compliance period of up to 21 days of Upfront Universal Engagement before the TANF/TAONF applicant is approved for cash benefits and can then be referred to SEE. SEE fulfills the First to Work participation requirement. The state sees it as a good fit for anyone who wants to work but cannot find traditional employment; most people who do not find employment during the Upfront Universal Engagement phase are referred into the program.

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<sup>1</sup>The amount and length of the SEE subsidy may change as a result of budget concerns.

During the intake session, an Employment Retention Specialist<sup>2</sup> completes an assessment that addresses the client's background, interests, criminal record, and other employment barriers. Both contracting agencies have a list of open job orders that they present to clients; the goal is to identify several positions for which clients are qualified and in which they demonstrate interest.

During the time the TANF Emergency Fund was available, Hawaii opened SEE to UI recipients to try to relieve pressure on the UI system caused by the recession and high unemployment. However, participation in the program by UI claimants was much lower than DHS expected. This was in part because SEE offered medical benefits only to those receiving TANF and also because union employees would lose their union call-back if they participated.<sup>3</sup>

## **Employer Recruitment**

The SEE program works with for-profit and nonprofit private employers; public sector employers are not eligible to participate. Common jobs available to participants include clerical, retail, hospital, telecommunications, manual labor, sales, food services, hospitality, mortgage banking, computer services, mechanics, skilled labor, and warehousing.

Both contractors have dedicated staff for employer relations and job development activities. These Employer Relations Specialists identify potential employers, market the program to them, and serve as employers' primary contact with SEE throughout the placement. The contractors recruit employers in a variety of ways and look for a wide assortment of positions and desired skill sets. They are always looking for low-skilled jobs, and some also try to turn volunteer positions into subsidized placements. Once they have established a relationship with an employer, they follow up monthly to ensure that a current placement is going well or to inquire about future open positions.

The contractors explain to employers from the beginning that the goal of the SEE program is to place people in jobs with potential for unsubsidized employment. The subsidy is meant to cover the employer's costs while the participant is receiving training and skills, but it is not intended as a way to get long-term free labor. While the inability of employers to make a commitment to hire does not preclude their participation, both agencies prefer working with employers who have a track record of hiring good employees at the end of the subsidy. In some

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<sup>2</sup>Terminology differs slightly between the two contractors but the positions are comparable.

<sup>3</sup>Hawaii is a heavily unionized state, so this was an important concern for many potential participants. Additionally, public employers were excluded from the program partially because it was difficult to arrange public sector employment without going through a union.

cases, though, the skills gained from a particular position are more important than long-term potential, and placements are made with the understanding that they will be temporary.

Employers are responsible for paying SEE participants as they would any other employee. The reimbursement process can take up to six weeks. However, Employment Relations Specialists tell employers to think of the subsidy as a rebate; it is not meant to cover payroll costs up front.

## **Matching Process**

When matching participants to employers, Employment Retention Specialists try to align job interests and participants' qualifications. Given that many of the entry-level positions require minimal skills, there is a heavy emphasis on identifying jobs where there is a strong interest on the part of the participant. However, program staff try to emphasize to participants that, even if their first placement is not ideal, it is important to develop skills and a work history in order to be able to move into something better. Each job posting contains the minimum skills and requirements that a candidate must have in order to be referred. If there are no suitable jobs available, the Employer Relations Specialist will work to quickly develop a new placement for the individual. Staff are aware of the importance of making successful placements for both employee and employer retention.

Employers have the option to interview and select the referred participants that they want to hire. Employers take different approaches to the hiring process. In some cases, the participants go through the typical Human Resources hiring process. Other employers conduct more limited screening before hiring a participant. Employment Retention Specialists work with clients on interviewing skills and help them prepare for interviews as necessary. Once a client is employed, the Employment Retention Specialist's role shifts to helping the participant retain the job and making sure that the transition to work goes smoothly. The Employer Relations Specialist is also involved in extending contracts and helping convince employers to continue employing participants after the end of the subsidy.

## **Services for Participants**

Near the end of the subsidized placement, the Employment Retention Specialist meets with the client to set goals for the postsubsidy period. If the employer hires the participant at the end of the subsidy, staff continue to monitor the client's progress for one year. If employers do not intend to retain the participant, they must release the participant for 32 hours of paid job search in the last month of the placement. If this period of job search is unsuccessful, the participant is usually referred back to the Upfront Universal Engagement job training and job search phase. In



contrast, a participant who is retained and can document full-time employment over a two-year period can receive up to \$8,250 in retention bonuses.<sup>4</sup>

Most other support services are provided through First to Work and not directly through SEE. While this had a negative impact on the UI claimants who participated during the TANF Emergency Fund period (for example, they were not eligible for medical coverage, bus passes, or child care), it is no longer an issue.

### **After the TANF Emergency Fund Ended**

The TANF Emergency Fund allowed the SEE program to expand both in terms of eligibility and subsidy structure. When the funding expired, the program returned to its original eligibility requirements, but was able to continue to reimburse employers at the higher rate and offer 12-month placements. However, the state is facing budget constraints, and there is a potential for decreases in subsidy amount or length. The state has exhausted its TANF carryover funds, which it used to fund part of the program, but it received funding from the legislature to continue SEE. It is likely that the program will continue to serve a similar number of participants per year in FY 2012.

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<sup>4</sup>Bonuses are limited to working families who leave TANF before exceeding 24 months of welfare receipt and who remain off welfare. They are provided at set increments throughout the first two years of employment.

## Los Angeles: Transitional Subsidized Employment

<b>Key Features</b>	
Eligibility:	TANF (CalWORKs) recipients; income up to 200% of the federal poverty level
Target population:	Parents with children receiving CalWORKs, noncustodial parents receiving General Relief who have children receiving CalWORKs, parents employed by a business facing closure or significant layoffs, parents in families receiving child welfare services, parents living in a domestic violence or homeless shelter, parents who are dislocated workers who receive or have exhausted their unemployment benefits
2010 program size:	11,680
Subsidy structure:	Up to 40 hours per week. Subsidy lasted from start to Sept 30, 2010; South Bay WIB served as employer of record.
Wages paid:	\$10 per hour
Types of jobs:	Private, public, and nonprofit
Site visit:	Los Angeles, California

### Program Design

The Transitional Subsidized Employment (TSE) program was an expansion of a smaller-scale subsidized employment program that Los Angeles County operated before the Temporary Assistance for Needy Families (TANF) Emergency Fund came into effect. The earlier program that the county provided for CalWORKs participants was supported by a state policy under which the state pays 50 percent of the wage subsidy not exceeding 50 percent of the maximum aid payment for the assistance unit of which the participant is a member. The earlier program subsidized four months of employment with wages of \$8 per hour and operated with 15 WorkSource Centers. The county used these existing relationships to develop the expanded program using the TANF Emergency Fund. With the Emergency Fund, the program paid participants a flat wage of \$10 an hour and covered their worker's compensation. Employers were required to contribute 20 percent of the cost, which was covered by an in-kind contribution of on-site supervision and training. Participants could earn more if the employer supplemented wages.

For the program's expansion under the Emergency Fund, the Department of Public Social Services (DPSS) contracted with South Bay Workforce Investment Board (WIB) to administer the TSE program. Thirty-four WorkSource Centers, six service providers, and seven GAIN regions (which administer welfare-to-work programs for TANF families) worked closely to meet the county's goal of 10,000 TSE placements. Job-ready GAIN clients were referred to the TSE program and to a WorkSource Center, where staff would match participants to em-

ployers. Of note, in order to boost enrollment numbers, two GAIN regions acted as WorkSource centers, as did several staffing companies and other nonprofits.

Los Angeles county funded six job developer-type positions referred to as “ECF workers,” in each of the five DPSS regions where the county directly operates GAIN (it contracts out the operation of two GAIN Regions). These workers built and managed relationships with employers or helped coordinate the various agencies involved in the program. The TSE units were funded by the TANF Emergency Fund.

Involvement by high-level administrators helped the program succeed. For example, the Deputy CEO of Los Angeles County chaired a monthly committee work group that brought together department heads from all involved organizations, including the Department of Senior Services, Department of Human Resources, United Way, and the Los Angeles Economic Development Corporation. The seniority of the committee members helped ensure that there would be agency support for the TSE program and that bureaucratic barriers would be overcome. The committee began meeting in February 2009, and the first placements were made by the end of April.

At first, the program targeted TANF/CalWORKs recipients exclusively. When the state finalized guidance for counties in September 2009, eligibility requirements were expanded, allowing the program to serve noncustodial parents and certain targeted families whose income was up to 200 percent of the federal poverty level. It was also able to conduct a small outreach effort to subsidize positions that employers were preparing to cut. South Bay was the employer of record for TSE. The disregard for CalWORKs in Los Angeles is the first \$225 of earnings and 50 percent of all other earnings. Under the subsidy structure put in place under the TANF Emergency Fund, many CalWORKs TSE participants became ineligible for CalWORKs cash assistance due to their subsidized earnings (see Services for Participants).

## **Participant Outreach, Recruitment, and Intake**

TSE participants went through the standard GAIN assessment process and participated in job search and job readiness activities. If GAIN clients did not find jobs during the first two weeks of Job Club, they underwent a vocational assessment. At this point, the Job Club provider and the GAIN Service Workers offered the TSE program to the potential participants. They explained the TSE’s basic details and referred participants to an introductory workshop. Other participants were recruited by flyers, presentations during Job Clubs, and weekly TSE workshops. In some cases, WorkSource staff recruited participants directly from Job Club sessions. Participation in the TSE program was voluntary. After clients elected to participate, GAIN Service Workers sent a packet about each participant to the WorkSource Center, containing the information needed for the WorkSource staff to start matching clients to jobs before they

arrived at the center. Once at the WorkSource Center, clients participated in a second orientation focused on details such as how to fill out TSE time sheets and who should sign them. The clients were then officially enrolled in TSE and placed with an employer.

DPSS workers interviewed expressed excitement about the TSE program, as it allowed them to offer their clients a real, paying job. Many clients who had resisted participating in other work activities took advantage of the chance to work full time for \$10 an hour.

## **Employer Recruitment**

The county work group took the initial lead in “branding” the effort as “10,000 Jobs” and adding political weight. One of the county supervisors was the champion of the program and held a press conference to kick it off. The participation of the Los Angeles Economic Development Corporation, the United Way, and the Center for Nonprofit Management was significant, and they added broader legitimacy to the effort. They also provided their contact databases for the outreach letters that South Bay sent out to solicit employers. DPSS staff worked with WorkSource centers to reach out to employers. They explained the benefits and details of the TSE program and put employers in touch with South Bay WIB. Many of these employers were expanding their existing operations. WorkSource centers contacted employers with whom they had relationships or who had worked previously with DPSS programs, in addition to making new contacts.

South Bay WIB also created a Web site ([www.employmentstimulus.org](http://www.employmentstimulus.org)) to reach potential employers. The site included information about the program, documents needed to enroll, and a map of WorkSource centers (with contact information) from which employers could seek workers. Six major employer recruitment events were held, one in each county supervisor’s district and one organized by an enthusiastic employer. Events were promoted with radio spots and bus billboards, and each event met its goal to host at least 100 employers. South Bay WIB personally contacted each Chamber of Commerce in the county, leading many of the chambers themselves to sign up as TSE employers.

Employers entered into contracts with South Bay WIB. They were required to have at least \$2 million in liability insurance, plus an additional \$1 million if participants were operating a vehicle. This requirement may have kept some nonprofits from participating, and ECF workers reported that small- and medium-sized businesses were most likely to join TSE. Employers also had to complete a form that determined how many subsidized employees they could hire. In all, 1,500 businesses signed up to participate within a few months. Employers’ concerns included whether participants would be good employees and how to work with a government agency; however, these concerns were met, and at times there was more employer demand than slots available. Private employers represented 65 percent of the employers in the

program and accounted for 47 percent of the program's placements; interviewees reported that this was a big expansion in the involvement of private employers compared with the pre-Emergency Fund subsidized employment program. South Bay reported that they are still receiving inquiries from employers who would like to participate.

Employers sent in regular time sheets and documentation of their 20 percent in-kind match to South Bay WIB through WorkSource centers, and South Bay WIB was the employer of record for participants. South Bay was responsible for handling paperwork for each of the employers.

## **Matching Process**

WorkSource centers were responsible for matching participants to employers and were incentivized with a \$400 bonus for every TSE participant who transferred into unsubsidized employment for at least 30 days (15 to 20 percent of placements qualified for this bonus). In addition, ECF workers tracked the basic qualifications sought by WorkSource centers for currently open positions and created a list to send to the centers of TSE participants and potential positions that would match their skills sets. Centers also held job fairs to connect participants with job openings. Employers were encouraged to interview and assess TSE participants as they would a standard hire. If one interviewee did not meet the employer's needs, the employer was encouraged to ask for another, better-qualified participant.

## **Services for Participants**

The TSE program did not provide direct services or supports to participants beyond what they normally would receive from GAIN. WorkSource centers provided some case management, and CalWORKs offered supportive services to those who qualified. These services included child care, transportation assistance, reimbursement for ancillary costs, and an allowance for work clothing. CalWORKs also made available a one-time work allowance to those who became ineligible for TANF because of their earnings, and child care support continues in California for up to two years after termination of CalWORKs. Some participants were eligible for services from partner agencies, such as English as a Second Language classes and services to expunge past criminal offenses.

Out of the total, 2,240 participants (19 percent) had CalWORKs cases that were closed because they were earning above the eligibility limit. After September 30, 2010, when the TSE program ended, all TSE cases were kept open, even if the participant was above the eligibility limit, and kept in a special pool of cases until around December. If participants became eligible for CalWORKs again, they moved back into the regular caseload without an interruption in service because they had to reapply for benefits.

## **After the TANF Emergency Fund Ended**

With the end of the TANF Emergency Fund, Los Angeles County returned to its former model of subsidized employment — four months of an \$8 per-hour subsidy. DPSS is reimbursed by the state for 50 percent of subsidized wage costs. The program currently serves only TANF recipients and hoped to pay for 1,600 to 1,800 placements in the fiscal year ending June 2011. Los Angeles DPSS staff remain enthusiastic about their subsidized employment program. They are in the process of modifying the program for 2012 to improve unsubsidized employment placement rates by creating a financial buy-in on the part of for-profit employers. In an atmosphere of budget-cutting across the state, they have identified subsidized employment as a priority for their CalWORKs program.

## Mecklenburg County, NC: The Opportunity Project (TOP)

<b>Key Features</b>	
Eligibility:	Income up to 200% of the federal poverty level
Target population:	Work-ready individuals who completed training and/or preemployment preparation from a partnering organization
2010 program size:	473
Subsidy structure:	100% reimbursement
Wages paid:	Prevailing wage as set by employer
Types of jobs:	Nonprofits, public agencies, and small private businesses
Site visit:	Mecklenburg County, North Carolina, Department of Social Services, partner organizations, and select employers

### Program Design

North Carolina has a county-administered Temporary Assistance for Needy Families (TANF) program. As a result, the state's subsidized employment program under the TANF Emergency Fund operated at the county level, with flexibility in its design. Counties were invited on a voluntary basis to participate; Mecklenburg County was one of 24 counties (out of 100) that opted to participate. The county successfully partnered with community nonprofit organizations in operating its subsidized employment program. Mecklenburg's program employed 473 low-income clients in jobs with 93 different employers.

Mecklenburg County's subsidized employment program was known as The Opportunity Program (TOP). TOP operated out of the Department of Social Services (DSS) Community Resources Division. DSS collaborated with existing Work First community partners to operate the TOP program. The five community partners included: the Urban League, Goodwill Industries, Arbor Education and Training (ResCare), Center for Community Transitions (an organization that works with formerly incarcerated persons), and Jacob's Ladder (a small organization providing job-readiness services).

The TOP program was designed to help eligible, work-ready clients gain work experience and skills in real work environments, including small private businesses. The express goal was to place clients in jobs where labor market demand existed and to prepare them for a career path. Clients were paid prevailing wages; employers received a 100 percent subsidy to offset the wages and to allow for extra supervision and training.

TOP allowed DSS to fill a perceived gap in services. In its regular Work First program, clients received an array of services, but unpaid work experience was the only option for those who had completed training. TOP offered DSS the opportunity to fill this gap, expand its

continuum of services, and help clients acquire job skills and make the transition from public assistance to self-sufficiency.

## **Participant Outreach, Recruitment, and Intake**

Following the planning phase, TOP was launched in February 2010 with the goal of employing 500 people from February through September 30, 2010. Income eligibility was set at 200 percent of the federal poverty level, and DSS was particularly careful to screen for eligibility because the county would be liable for costs of participants whose income was found to be over the 200 percent limit.

DSS and its community partners began screening active clients in the DSS Work First program. In addition, DSS hosted two application fairs in March 2010 seeking TANF-eligible persons who had not applied to Work First. These job fairs brought in over 1,000 job seekers who were screened for eligibility. DSS fast-tracked clients who met TOP eligibility.

## **Employer Recruitment**

Employers in TOP included public agencies, nonprofits, and private businesses. Each community partner hired a job developer who was responsible for recruiting prospective employers. Job developers were seen as a “sales force” that educated local employers about TOP and the population being served and explained the benefits of participating. After securing job orders, a written agreement was signed detailing expectations, responsibilities, and the reimbursement process.

Job developers were central to building relationships with employers. They remained in close contact with employers until the job request had been filled, ensuring a smooth hand-off. Once the job was filled, site coordinators took over as the employer’s main contact, troubleshooting when problems arose and providing assistance to clients.

In addition to partners’ recruitment efforts, DSS held two orientations for employers; about 60 employers attended. Over time, word of mouth became another means for recruiting employers.

## **Matching Process**

The job matching process was centralized; job orders from all community partners were put into a common pool that could be filled by any client in the system, with the goal of making the best matches. Job orders and eligible DSS clients were tracked in a dedicated database. Job orders



specified the skill set needed for the job. Likewise, information on each eligible client included data on his or her skills.

Each week, job developers from all partners and the DSS director met to match clients to available jobs. Not relying on the computerized output alone, they reviewed the list of clients and identified those whom they felt had the desired skill set and should be sent to an employer for an interview. Initially, community partners resisted this approach because it meant that job developers could not necessarily place clients from their own agency in jobs they had identified. However, interviewees reported that the pressurized environment of TOP helped the partners to let go of traditional turf issues and work together.

## **Services for Participants**

Before placing a participant in a subsidized job, partners offered job readiness and job skills training, life skills training, and job coaching. TOP site coordinators/job coaches were in weekly contact with employers and employees. They provided support to the client during the subsidized employment period and mediated between clients and their employers. Work First participants were eligible for child care and transportation benefits.

## **After the TANF Emergency Fund Ended**

After the TANF Emergency Fund ended, DSS implemented a smaller subsidized employment program called Job Boost. Job Boost differs from TOP in important ways. With an automated system, known as SepWeb, along with local community partners and DSS Work First social workers, two temporary staffing agencies are being used to recruit employers and match clients with jobs. Additionally, wages are subsidized at 75 percent by DSS and 25 percent by the employer, with a commitment from the employer to hire the clients who complete the 20-week program successfully.

The Job Boost Program now employs:

1. a Job Boost Program Manager whose primary goals are to establish new and innovative community collaborations, while maintaining ongoing community partnerships and resources;
2. a Job Boost Social Worker who works with clients and Work First Social Workers to assess barriers to continued employment and connects with employers through job site visits; and,

3. a Job Boost Administrative Coordinator who focuses on client eligibility requirements, screening for income eligibility, and various data necessary to promote program sustainability.

## Minnesota: Supported Work Program

### Key Features

Eligibility:	Adult MFIP (TANF) recipients
Target population:	Varied by provider
Q4/2010 program size:	1,263
Subsidy structure:	Most providers fully reimbursed wages
Wages paid:	Minimum wage, up to \$15 per hour
Types of jobs:	Private sector, nonprofits, government
Site visit:	Ramsey and Hennepin Counties, Minnesota

### Program Design

Minnesota began dedicating funds to subsidized employment, referred to as “Supported Work,” for its Minnesota Family Investment Program (MFIP) recipients in July 2007, although it was an allowable use of funds at county discretion before then. From the funding allocated by the legislature, the Minnesota Department of Human Services (DHS) provided an allocation to the counties based on the percentage of MFIP recipients in the county. While they were already appropriated funds for supported employment activities before implementation of the Temporary Assistance for Needy Families (TANF) Emergency Fund, the additional funding allowed the counties to expand their efforts in FY 2009 and FY 2010.

The state gives counties substantial flexibility in determining the parameters of their Supported Work program. As a result, there is no one model for Minnesota. Counties may contract with employment providers to provide Supported Work opportunities to MFIP recipients or run the program in-house.

Ramsey County (which includes St. Paul) and Hennepin County (which includes Minneapolis) place the largest numbers of participants in subsidized jobs in the state. Ramsey County contracts with six providers; Hennepin County contracts with one provider, and also operates a county-run program. The MFIP employment counselors (that is, case managers) refer candidates to one of the Supported Work providers. In both Ramsey and Hennepin Counties, the counselors choose the provider to which to refer a client.

The team from the Subsidized and Transitional Employment Demonstration visited three providers in Ramsey County and one provider in Hennepin County. A brief overview of the programs is below:

- HIRED runs the STEP program in Ramsey County. TANF employment counselors refer participants to a two-week orientation, followed by interviews with private-sector employers in the community and placement in

what is referred to as an “internship.” The county makes about 100 STEP placements every year.

- Goodwill in Ramsey County currently serves about 50 to 100 clients a year. It relies on its retail store for placements. Participants with higher-level work skills are placed in jobs off site with employers in the community.
- Rise, a Ramsey County contractor, places 100 or more clients every year. Many of the referrals it receives from MFIP employment counselors are refugees and immigrants with limited English proficiency. Rise does not screen or turn away referrals to its Supported Work program. Participants work at a production plant, generally doing low-skilled packaging and assembly work.
- Tree Trust, a Hennepin County contractor, makes about 600 Supported Work placements a year with employers in the community. Some individuals who have fewer work skills might be placed in a crew doing work for the county (for example, planting trees or removing snow).

Table B.1 provides specific information on each provider.

<b>Table B.1: Comparison of Minnesota Supported Work Providers</b>				
	Goodwill	HIRED	Rise	Tree Trust
Orientation	3 days (2 hours each day)	2 weeks	2 days	One meeting with counselor
Length of Supported Work job	12 weeks	Varies from 4-12 weeks	12 weeks	12 weeks
Subsidized hours per week	32.5	40	40	22
Hourly pay	\$7.50	\$7.50	\$7.50	\$7.25
Typical referrals	Individuals with barriers to employment	Individuals who are a “good fit” for potential jobs <sup>5</sup>	Refugees and immigrants	Broad base
Placements	Goodwill store; some community placements	For-profit and nonprofit employers	Packaging and assembly production plant	All sectors

<sup>5</sup>The HIRED program advises employment counselors to consider the following before making a referral to the program: What strides has the candidate made to improve his or her life? What skills, training, or experience can this candidate offer in his or her specified area of employment interest? Has the candidate built a strong support network? Does this candidate have a visible accountability track record?

## **Participant Outreach, Recruitment, and Intake**

As mentioned above, participants are referred to one of the various Supported Work programs in the county by their MFIP employment counselors. Each provider in Ramsey County has different requirements and expectations for the types of clients who can take part in its program. HIRED, for example, thoroughly screens referrals to identify the most job-ready and willing-to-work participants. The majority of referrals to its STEP program are from MFIP employment counselors who are internal to the organization.<sup>6</sup> Tree Trust also requests referrals for more job-ready clients; however, they serve all MFIP clients referred. In contrast, Goodwill and Rise accept participants with much higher barriers to employment. While Goodwill will occasionally not accept a referral when the client lacks reading skills or another basic ability, Rise has no language or education requirements for placements. Rise primarily serves refugees and immigrants in Ramsey County.

Once clients are referred to and accepted in a Supported Work program, providers require participation in an orientation. It generally includes an introduction to the program and its expectations, basic job skills training, and in the case of Rise, a discussion of cultural and safety issues. At HIRED and Tree Trust, participants are also asked about their job interests, goals, skills, and qualifications. Orientations can run from one day to two weeks and are often conducted in groups. Tree Trust holds individual orientations at the site of the client's case management, and is often the only point where Tree Trust staff interact in person with participants.

At HIRED, clients who do not immediately start their internship after orientation are enrolled in a two-week computer skills class. If production demands are low at Rise, clients will be placed on a waiting list for placement.

## **Employer Recruitment**

Supported Work employers are recruited by word of mouth, cold calls, networking, and face-to-face meetings. Most job developers target smaller employers who can make employment choices on their own, rather than working with large chains with corporate Human Resources offices. Job developers at HIRED noted that the timing of recruitment and the cycle of orientations were important: If employers are contacted too early, they will forget about the opportunity by the time developers return with a client. If contacted too late, it will be a struggle to place a large number of participants in a timely manner.

Rise and Goodwill conduct more limited employer recruitment, as most of their clients are placed in positions within their organizations. At Rise, these internal positions are in on-site

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<sup>6</sup>HIRED has a contract with the county to provide employment counseling services.

warehouses and assembly lines. At Goodwill, the types of work experience could include sorting donated goods, assisting customers with questions and creating displays, working in the e-commerce department, assisting in the restoration of medical equipment, performing janitorial tasks, or providing administrative assistance. Both organizations also work on some job development in the community for their most promising clients. Because HIRED and Tree Trust rely more completely on external employers for their placements, job development is a more central component of their program. Examples of the types of employers each program approaches are listed below:

- **Goodwill:** primarily Goodwill retail store; external employers include nursing homes, offices, and nonprofits
- **HIRED:** child care, retail, customer service, and administrative
- **Rise:** primarily production plants; a small program targets warehouses, stocking and distribution centers, health care services, grocery chains, and medical electronics assembly
- **Tree Trust:** child care, maintenance, retail, food service, janitor services, and adult care

## Matching Process

In cases where participants are matched to external private or public employers, the Supported Work programs defer to the employer's decision whether or not to take on a client. Employers have the opportunity to interview the client. HIRED matches are driven by employers' needs and clients' qualifications and goals. In about a third of HIRED's cases, participants come in with job leads for their Supported Work assignment. At Tree Trust, clients can choose among several options for supported work employment; it also offers internal placements in its warehouses and ground crews for ex-offenders and clients with particularly high barriers to employment. Employers are under no obligation to hire a participant full time at the end of either of these programs; however, HIRED expects employers to make a "good-faith decision." If a participant is well matched and the employer is willing to hire a participant earlier, HIRED does not offer the employer the full 12-week subsidy in order to reserve funding for other positions. This is an additional incentive for the program to make strong matches between clients and employers.

At Rise and Goodwill, most referrals are matched to positions within the organization. However, as discussed above, the most promising participants are matched to external work opportunities. At Goodwill, 5 to 10 percent of Supported Work clients are referred to an external job, where they work for the remainder of their subsidy period. Rise recently imple-

mented a small program that provides a four-week subsidy to external employers; these are entry-level positions, but participants may be expected to speak English. In either case, the participants must show motivation and reliability in addition to meeting the external employer's needs. As with HIRED and Tree Trust, employers interview the participants and make an independent decision to hire. Rise staff will offer supportive services for translation of materials, job coaching, and mediation of on-the-job issues to make the match more appropriate.

## **Services for Participants**

Job search assistance is the most commonly provided service among the Ramsey County Supported Work programs. Goodwill allows for six paid hours of job search per week of the subsidy period, and both Goodwill and Rise offer job club activities for a short time after the placement ends. Rise also offers gas vouchers and bus passes.

HIRED's services are focused on work skills training. Computer skills and customer service training sessions are offered to clients who are not immediately placed in Supported Work positions. Tree Trust is not involved in case management and provides minimal supportive services.<sup>7</sup>

## **After the TANF Emergency Fund Ended**

The Supported Work program was in place before the TANF Emergency Fund became available. It was expanded under the Emergency Fund and is now scaled back. The state appropriation to the counties is expected to end in June 2012. Counties can continue their programs using their appropriated TANF funding (MFIP Consolidated Fund), but it is not known how many counties will continue their programs after June.

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<sup>7</sup>The exception to this is Tree Trusts, Supported Work Plus program, which serves up to 52 African-American and Native American clients per year. Program staff check in with participants via phone three times over the job period. Clients receive follow-up job search assistance from Tree Trust if they are not immediately placed in unsubsidized employment at the end of the Supported Work period. This program is in its final year, funded by a three-year grant. Staff said that they believe the additional supports of this program model provide more probability of success than the standard Supported Work program.

## New York City: Parks Opportunity Program

<b>Key Features</b>	
Eligibility:	TANF and Safety Net recipients
Target population:	Job-ready TANF and Safety Net recipients with limited barriers to employment
2010 program size:	Around 3,000 participants (2,500 enrolled on average throughout the year)
Subsidy structure:	40 hours per week (32 hours of employment; 8 hours job training and job search) for up to 9 months
Wages paid:	\$9.21 per hour (though could be higher for some specialized subprograms)
Types of jobs:	Public agency placements
Site visit:	Parks Opportunity Program, Queens, New York

### Program Design

The New York City Parks Opportunity Program (POP), a transitional jobs program operated through a partnership between The New York City Department of Parks and Recreation and the Human Resources Administration (HRA), has existed in its current form since 2001 and has placed over 12,000 clients in unsubsidized positions to date. The program grew out of the unpaid Work Experience Program, which placed over 6,000 welfare recipients in jobs in the parks throughout the 1990s. POP gives public assistance recipients paid jobs in the Parks Department for up to nine months, while also delivering group and individual employment counseling, job search assistance, adult education, and vocational training one day a week. The types of jobs include maintenance, landscaping, staffing park events, security, and clerical positions. Clients, called Job Training Participants, move through stages of employment/job readiness counseling (typically 14 sessions) and then into a job search phase, when they work with a job developer to apply for unsubsidized positions outside of the Parks Department.

The general POP programming was unaffected by the Temporary Assistance for Needy Families (TANF) Emergency Fund. However, POP did use the fund to create two specialized programs — POP Spark and POP Connect — for participants interested in jobs in the electrical field (Spark) and 18- to 24-year-old participants interested in college or vocational training opportunities (Connect). The Emergency Fund was used to support approximately 30 participants in the Spark program and 400 participants in the Connect program. POP also used other American Recovery and Reinvestment Act (ARRA) subsidized employment funds to expand the specialized programs focused on horticultural education (POP Education Horticulture) and training and job development in weatherization and green jobs (POP Weatherization).

In the POP program, most Job Training Participants not in specialized placements are placed in work crews or assignments at various parks and facilities maintained by the Parks



Department throughout the city. Crews are generally composed of around four to 10 participants and are supervised by at least one full-time Parks Department employee. Whenever possible, POP tries to maintain work crews with a mix of clients who are new to POP and Job Training Participants clients who have been in POP for a few months. This supports the effectiveness of the work crew, as there are usually at least some experienced workers on the crew, and allows more experienced participants to gain experience in managing and training new participants. During the site visit, work crews were observed carrying out a variety of tasks, including power-washing graffiti at a skate park and plant maintenance, such as removing dead limbs from trees, pruning, and trimming shrubs.

While POP's subsidized jobs are in the public sector, the program tries to simulate private sector conditions as much as possible to ready participants for unsubsidized employment. For instance, when jobs for the Parks Department require equipment different from that usually used by private companies (due to the scale of a Parks Department job), the program will purchase at least one version of the equipment used in the private sector for training purposes so that participants learn directly transferable skills. Participants also gain subject matter expertise (for example, horticulture, weatherization, security, electrical technical skills) to make them competitive for later unsubsidized employment.

POP is designed to serve a population identified by HRA as relatively job-ready. Only public assistance recipients are eligible, and eligibility is limited to recipients who have received at least 12 months of public assistance (not necessarily consecutive), are the head of household on their cash assistance case, are English-conversant (although English literacy can be low), have no unresolved service needs upon referral, such as child care or transportation, that could be a barrier to employment, have no work-related medical limitations, and have a reasonably clean criminal record.<sup>8</sup>

Participants are paid a wage of \$9.21 per hour (though the wage can be higher for some specialized subprograms), work 40 hours per week, and are members of District Council 37, the New York City public employees' union. Participants' public assistance cases (with HRA) must remain open during their participation with POP, and their TANF work requirement is satisfied by the program's combination of 32 hours per week of subsidized employment and eight hours of job training.

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<sup>8</sup>Staff exercise discretion in terms of what criminal offenses they consider disqualifying for participation in POP: Decisions are based on the type of crime, how recently it was committed, and whether the individual has a long criminal history. The program runs full background criminal and fingerprint checks. If a potential participant's name is listed on the state sexual offense registry, he or she is automatically disqualified.

## **Participant Outreach, Recruitment, and Intake**

HRA caseworkers identify potential Job Training Participants and ask them if they would like to enter the program; participation is voluntary. Clients are referred to a central Parks Department office in each borough for processing, where they fill out paperwork related to employment and are fingerprinted for background checks. A representative from HRA is always present during processing and usually also a union representative. Processing takes place either twice a week, once a week, or twice a month, based on positions available and seasonal needs.

There are two phases to orientation: orientation and field orientation. From the first day of orientation, participants are considered Parks Department employees, are introduced to their union representative, and are given their uniforms (T-shirts that clearly identify them as a Job Training Participant, boots, raincoats, a seasonal cap, and a name tag). During orientation, participants receive a manual outlining POP and Equal Employment Opportunity and right-to-know safety information about working with hazardous materials.

On the first day of field orientation or counseling (whichever comes first, as this can vary by location and client situation), participants complete extensive paperwork to assess their skills, educational and employment history, and personal goals. Field orientation consists of touring the parks, learning the rules and terminology, receiving light equipment training, practicing locking and unlocking gates, and learning how to maintain facilities. Once participants complete orientation, they receive their assignments and begin work.

## **Employer Recruitment**

The development of training programs is focused on preparing participants for unsubsidized placement after the program. The program maintains a network of employers for unsubsidized jobs and conducts outreach to recruit new potential employers. If an employer needs several candidates with specific skills, POP can design a training program specialized to the industry. In other instances where a company has multiple available positions, POP hosts recruitment days for employers to meet many potential employees at once.

POP staff regularly study employment trends to forecast potential employment opportunities, with the goal of preparing candidates for various fields before positions become available. For instance, during the early phases of the recession, POP staff forecast that the health care field would continue to grow and offer jobs across the city, particularly at hospitals and in direct care. The program soon began placing individuals at these locations.

In some instances, POP can recruit participants and have them train in internships at an organization or business before they are hired. POP also works with staffing agencies and

Business Improvement Districts to find jobs for participants. Each summer POP hosts a networking event designed to strengthen their existing partnerships and create new relationships.

To ensure a consistent message, the program developed “POP Business Connect,” branded marketing materials for employers with information about the program. Staff regularly send these materials to prospective employers. They also make cold calls to potential employers and follow up with in-person meetings.

## Matching Process

During processing and continuing through orientation, staff begin to look at participants’ skills and assess who might be candidates for specialized programs and positions, such as clerical and Park Enforcement Patrol positions, which are needed throughout the Parks Department. POP has several other specialized subprograms that can be offered to participants based on their situations and interest. It first began developing such programs in 2006 to address service shortcomings for subgroups of Job Training Participants and used the TANF Emergency Fund and other ARRA funds to expand some program offerings and develop two entirely new programs:

- **POP Connect (Created with the TANF Emergency Fund):** Over six months, disconnected youth between the ages of 18 and 24 received work readiness training, basic skills/General Educational Development certificate instruction, occupational training, placement services and, once employed, 12 additional months of follow-up services. The POP Connect program served 225 participants using the TANF Emergency Fund.
- **POP Spark (Created with the TANF Emergency Fund):** The Metropolitan Transit Authority approached the POP program when the authority had a shortage of electrical technicians. POP created a curriculum in conjunction with the New York City College of Technology (part of the City University of New York system) and the Small Business Services Department to train 35 Job Training Participants (of which 31 were paid for by the TANF Emergency Fund). Almost all the participants successfully transitioned to unsubsidized employment.
- **POP Education Horticulture (Expanded with ARRA funds other than the TANF Emergency Fund):** POP has a specialized track for individuals who are interested in learning about horticulture.
- **POP Weatherization (Expanded with ARRA funds other than the TANF Emergency Fund):** Weatherization is the practice of protecting a

building and its interior from sunlight, precipitation, and wind, and of modifying structures to reduce energy consumption and optimize energy efficiency. Participants in the program conduct tasks such as painting roofs white and “greening” recreational centers to offset energy costs. Since the jobs are considered seasonal, Weatherization Job Training Participants are paid the city’s seasonal wage of \$11.11 per hour, more than typical participants.

POP has two other specialized programs that were not funded by ARRA: (1) POP Youth Engagement Services (“YES”), which provides parents who are between the ages of 18 and 20 with services tailored to their needs, and (2) POP Plus, which serves individuals between the ages of 18 and 26 and emphasizes intensive counseling and educational and life skill services, in addition to traditional job training and services to meet development goals.

## **Services for Participants**

One day a week, Job Training Participants receive employment counseling in group and individual sessions. Clients go through 14 sessions (3.5 months) before moving on to job development. (Some clients can move through the process faster if they are considered more job-ready.) During this period, participants go through a variety of exercises and lessons to build their readiness for the workplace, such as in interviewing, computer skills, building a résumé, appropriate behavior, and taking direction.

Once participants have gone through employment counseling, they move into job development. During this time, they meet individually with a job developer who refers and connects them to open positions. Participants have dedicated time to use the computer lab, and the program has its own job search database. Some job developers specialize in placing particular clients, such as ex-offenders. Job development and placement for unsubsidized employment after the program ends is highly individualized based on the needs and circumstances of each participant (for example, a criminal record, a particular level of skills, or barriers to employment).

POP participants are eligible to receive work supports such as transportation vouchers and child care assistance and are offered budgeting classes developed with the Department of Consumer Affairs Office of Financial Empowerment. The program also has a Client Services Unit designed to respond to clients’ needs.

## **After the TANF Emergency Fund Ended**

While POP used the TANF Emergency Fund to expand and create the specialized POP Spark and POP Connect programs, it did not increase the number of slots for the general (nonspecial-

ized) POP track. That program has thus remained largely the same in scale as it was before the TANF Emergency Fund became available. Both Spark and Connect were discontinued following the expiration of the Emergency Fund, but POP's other specialized tracks — Education Horticulture and Weatherization — which were expanded using ARRA non-TANF emergency funds, remain a part of the program.

## Oregon: JOBS Plus

<b>Key Features</b>	
Eligibility:	TANF recipients or SNAP recipients
Target population:	TANF recipients with children
2010 program size:	1,142
Subsidy structure:	Up to 40 hours per week for 6 months; employer reimbursed for minimum wage (\$8.50 per hour) in the first month and \$7.50 in months 2 to 4 (\$1 goes into an Individual Education Account) plus 11.7% of actual wages paid
Wages paid:	Prevailing wage
Types of jobs:	Private, public
Site visit:	Multnomah County and Lane County, Oregon

### Program Design

JOBS Plus, Oregon's subsidized employment program, is part of the state's broader JOBS program, which provides employment and training services to Temporary Assistance for Needy Families (TANF) recipients. JOBS Plus has operated for 23 years. It was larger before 2005, when both TANF and UI recipients could participate; in 2005, participation was limited to TANF recipients. The TANF Emergency Fund helped maintain the size of the program in the face of declining state revenue. In 2010, the program had about 320 active placements in each month and served 1,142 people over the course of the year. JOBS Plus participants are generally more job-ready than participants in other components of the JOBS program, and often are required to work their way up into JOBS Plus by showing signs of success in other work activities such as supported work and unpaid work experience.

Employers serve as the employer of record for JOBS Plus participants, and pay them the prevailing wage. Reimbursement is centralized at the state level in Oregon, and employers are reimbursed up to minimum wage plus 11.7 percent of the actual wage paid to cover payroll expenses. Employers who were interviewed stated that the reimbursement process runs smoothly and that they receive payment in a timely fashion. After the first month, the employer is reimbursed \$1 an hour less, and this money goes instead into an Individual Education Account for the participant (see Services for Participants). Participants are not eligible to receive Supplemental Nutrition Assistance Program (SNAP) or TANF benefits during the six-month program, and the foregone benefits offset part of the program's cost. Oregon has a "no harm" policy, though; if participants' wages for a month are less than what their total TANF and

SNAP benefits would have been, the state will give them a check for the difference.<sup>9</sup> Since reductions in benefits generally only cover part of the subsidy, and because of the no-harm policy, JOBS Plus is more expensive than simply providing benefits.

Employers can be private for-profit or nonprofit, or public agencies. About 50 percent of jobs in Oregon's program are with for-profit employers, 35 percent are with nonprofits, and 15 percent are with public employers. No single employer employs more than 2 percent of all JOBS Plus participants, and participants cannot make up more than 10 percent of the business's workforce (although all businesses are allowed one JOBS Plus worker, regardless of size). The most common types of jobs include office and administrative support, sales, food preparation and services, and health care support. Employers do not have to commit to hiring the participant at the end of the subsidy, although many do choose to retain good workers at the end.

## **Participant Outreach, Recruitment, and Intake**

Although SNAP recipients do not have to be on TANF to participate in the program, there are almost no SNAP-only participants. The vast majority of clients are TANF recipients with children. Some TANF applicants who are considered job-ready go through a 45-day period of Job Search as part of a "Pre-TANF" program, during which they receive "diversion assistance," before becoming officially enrolled in TANF. If clients appear unlikely to be successful in Job Search and do not need vocational rehabilitation, they are sent into the JOBS program once their TANF case is officially opened. Department of Human Services (DHS) case managers interviewed said that they do not like to send people directly into JOBS Plus; they would rather start clients out in a supported work or unpaid work experience position to ensure that the client will be successful in a paid position where a higher level of performance is expected. They look for clients who have a good track record in at least three months of experience in supported work or unpaid work experience.

When clients are sent to the JOBS program, the JOBS contractor and the DHS caseworker work together to determine the activities in which they should participate. Then the contractor meets with the client to do assessments and find appropriate placement options. While there are a limited number of JOBS Plus slots available at any given time, an unlimited number of people can participate in the supported work and unpaid work experience activities.

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<sup>9</sup> This typically happens only when participants have a large family and therefore receive a high level of benefit, or when unexpected circumstances prevent them from working the full number of hours. Caseworkers note that there are delays in receiving this reimbursement, and some try to encourage participants who would regularly receive it to consider other options, such as unpaid work experience.

## **Employer Recruitment**

As stated above, the program recruits all types of employers. JOBS Plus staff are responsible for developing new, appropriate job sites and maintaining good relations with current and past employers. Contractors around the state have varying strategies for recruiting employers. For example, in Multnomah County, staff give regular presentations at community college Small Business Development Centers. In Lane County, some staff put less focus on job development and instead teach JOBS Plus clients how to develop their own position. Often, work experience placements can be converted into JOBS Plus placements if the employer is happy with a participant's performance. JOBS staff say that aggressive marketing can lead to more employer demand than they can meet, which makes for unhappy employers. Instead, by reaching out to employers only as needed, they can better balance the needs of clients with the needs of participating employers.

Whenever new employers are interested in participating in JOBS Plus, a staff member will meet with them to verify that they are eligible to participate, to ensure that they understand their role and responsibilities, and to answer questions.

## **Matching Process**

Matching participants to appropriate work sites is the crucial part of the JOBS Plus program. JOBS Plus staff find that if clients are not excited and engaged by their job, they will not be successful. At the same time, if the participant does not meet the employer's expectations, neither will have a good experience. Some staff try to identify specific positions for clients before they are invited into JOBS Plus, so matching is often relatively simple.

Staff say that the easiest slots to fill are those with pre-existing employers. Each JOBS contractor has a database with information about all open positions at any given time. Some employers have regular needs and request a new participant every six months. Others only have openings every few years but maintain their relationship with JOBS Plus so that it is easy to repost a position. Employers have the option to interview participants who are referred to them just as they would interview any job applicant.

## **Services for Participants**

After the first month of JOBS Plus, participants are eligible for an Individual Education Account (IEA). The state automatically reduces the amount it reimburses the employer by \$1 an hour in months two to six of the placement and directs it into an IEA. If participants work 40 hours a week for the full six months, their IEAs will have about \$800 at the end of the program. IEAs can only be accessed after participants have been employed in an unsubsidized job for one



month. The funds are available for five years and can be used by the individual or anyone in their immediate family. IEA funds can be used for anything that relates to education, including community college classes, books, vocational training, and certification classes. If the money is not used within five years, it goes back into Oregon's general scholarship fund.

The IEAs are not a big selling point for the program in comparison with earning a paycheck and receiving on-the-job training. Most people who do use the funds use them for their children, but the majority of participants never access their IEA at all. JOBS staff think that once participants have found unsubsidized employment, they are afraid to give it up to go back to school and cannot handle doing both at the same time.

Employers who do not intend to hire participants must also give their employees one paid day off per week during months five and six of the placement to search for a job. If participants are unsuccessful during this time, they are usually referred back to job search at the end of the placement. Those who do find unsubsidized employment or retain their position are eligible for post-TANF benefits for a year, which provide Medicaid and \$50 a month. Participants are also eligible for other TANF services, including subsidized child care and transportation.

## **After the TANF Emergency Fund Ended**

The TANF Emergency Fund helped maintain the size of the program despite declining state revenue in 2009 and 2010. Without the Emergency Fund, the state would have had to make major reductions to JOBS Plus. Oregon faced a huge budget shortfall again in the FY 2012-2013 biennium budget, but managed to maintain funding for JOBS Plus. The state intends to continue providing about 350 JOBS Plus slots at any given time, which is about the same as in FY 2010. However, other aspects of the JOBS program were subject to significant cuts, and JOBS services for people in supported work and work experience activities ended on June 30, 2011.

## San Francisco: Jobs Now! 1

<b>Key Features</b>	
Eligibility:	CalWORKs recipients; those with income under 200% of the federal poverty level. All had to have dependent children and be residents of San Francisco.
Target population:	Unemployed and low income
2010 program size:	4,127
Subsidy structure:	Varied based on tier; up to 40 hours per week of work
Wages paid:	Wage Subsidy participants (varied); Public Service Trainees (\$12.21 per hour); Transitional Employment participants (\$11.03 per hour)
Types of jobs:	Private sector, public agencies, nonprofits
Site visit:	Human Services Agency, City and County of San Francisco, California

### Program Design

San Francisco's "Jobs Now! 1" model put interested participants into one of three tiers: (1) Wage Subsidy, which placed job-ready participants in private sector jobs (both nonprofit and for-profit); (2) Public Service Trainee, which placed those with some job experience and some employment barriers in public agencies; and (3) Transitional Employment, which placed those with limited to no job experience and significant barriers to employment in positions with nonprofits. The second and third tiers (Public Service Trainee and Transitional Employment) offered six-month positions; there was no limit on the length of employment in the Wage Subsidy tier, aside from the September 30, 2010, end date of the Temporary Assistance for Needy Families (TANF) Emergency Fund.

When the TANF Emergency Fund was made available to San Francisco, the Human Services Agency (HSA) was able to move quickly due to the agency's previous experience operating a similarly structured program, as well as the commitment and enthusiasm of the mayor.

San Francisco used a broad definition of eligibility for "Jobs Now! 1." CalWORKs (California's TANF program) recipients were eligible, as well as all residents whose income was below 200 percent of the federal poverty level and who had a dependent child — though not necessarily a custodial child. To determine financial eligibility, HSA looked only at income within the past 30 days.

This eligibility definition opened “Jobs Now! 1” to a far larger pool of individuals than just CalWORKs recipients, and many in this larger pool had considerable job experience and skills. This in turn led the first tier (Wage Subsidy) to become the largest. More than half of “Jobs Now! 1” participants worked at for-profit and nonprofit private sector jobs at the prevailing wage, which was reimbursed to employers at 100 percent by San Francisco. Wages at for-profit jobs averaged \$19.49 per hour, while wages at nonprofits averaged \$14.96 per hour.

Another 20 percent of “Jobs Now! 1” participants were placed in the second tier (Public Service Trainee). These individuals worked in a number of San Francisco government agencies, typically in clerical, maintenance, and support services positions. Participants could elect to take paid release time and participate in training in computer software and soft skills.

Finally, 23 percent of participants were placed in the Transitional Employment tier, where Goodwill, a contractor, took the lead in placing them with community-based nonprofit organizations in the Community Jobs Program. Arriba Juntos was also a Community Jobs Program contractor that initially worked exclusively with participants categorized as Limited English Proficient; later the contractor also worked with English-speakers when Goodwill hit its agency capacity. Participants worked at their job site for 25 hours a week and spent another seven hours in paid training, which ranged from General Educational Development certificate preparation to basic skills and job search skills.

The goal of “Jobs Now! 1” was economic stimulus — to get as many eligible unemployed people working as quickly as possible and to assist local small businesses to expand their capacity. A later goal was to move participants into unsubsidized jobs. HSA strongly encouraged participating private sector employers to consider hiring their subsidized employees as regular employees after the program ended. The program did not expect many city agencies or Community Jobs Program nonprofits to have the fiscal capacity to do much hiring, although some employees proved so valuable that some city departments were able to find ways to transition them into unsubsidized employment.

After “Jobs Now! 1” ended, 45 percent of participants were able to retain their position for at least some time. (Although the Transitional Employment tier was officially a six-month position, it could be extended to nine, depending on the participant’s performance and status.) Some Public Service Trainee participants were reluctant to move out of their position to a Wage Subsidy position or even to actively look for a nontrainee job. One of the trainee program liaisons interviewed speculated that these participants were comfortable in their positions and recognized that their wages and hours could be less favorable outside the program. Near the end of the program, HSA tried to move as many Public Service Trainee and Community Jobs Program participants as possible into the still available Wage Subsidy slots).

## **Participant Outreach, Recruitment, and Intake**

Job seekers were connected to the program through CalWORKs referrals or learned about it through an extensive advertising campaign by the mayor's office. Response was immediate and strong, perhaps largely due to San Francisco's high unemployment rate (over 9 percent for most of 2009 and 2010). Staff reported that word of mouth was the program's strongest marketing tool. Over 7,500 applicants came through HSA's doors and were screened as eligible for the program. First, applicants had to meet four basic eligibility criteria: (1) San Francisco resident, (2) legal ability to work, (3) CalWORKs recipient or income below 200 percent of the federal poverty level, and (4) proof of a minor dependent (especially important for noncustodial parents). The Workforce Development Division of HSA also conducted an assessment and looked at applicants' job history to track them into one of the three tiers.

Since the Transitional Employment tier was housed in Goodwill, those participants underwent additional intake. After being assessed by HSA and sent to Goodwill, participants attended an orientation in groups of 12 to learn about Goodwill's Community Jobs Program. Participants were then connected with their career adviser, who determined whether they had any special needs in housing, transportation, or child care. At this meeting, participants also discussed their career interests.

## **Employer Recruitment**

**Wage Subsidy Tier:** The Business Account Services Unit, which had six staff members at the height of "Jobs Now! 1," was responsible for developing relationships with employers and connecting program participants with open job orders. Most of these employer relationships were initiated through cold calling. The mayor's office also conducted outreach through the San Francisco Chamber of Commerce, the small business office at City Hall, and neighborhood merchant associations. One of the enduring successes of "Jobs Now! 1" was the creation of these relationships and goodwill between HSA and the private sector, which had not existed previously. Program participants also played an active role in seeking out employers by taking a voucher, which explained the program and subsidy, to businesses where they were interested in working. "Jobs Now! 1" worked with more than 800 private employers, the vast majority local businesses with fewer than 20 employees.

On the whole, employers reported satisfaction with the program and the employees. Some noted that these employees required a bit more training and supervision. Several employers also reported slow reimbursement and payment of invoices, though these problems seemed to be resolved over time. A significant finding from the meetings with employers was that "Jobs Now! 1" benefited not only the individuals who participated in the program but also the small businesses that were able to enjoy heavily subsidized labor (employers had to cover fringe

benefits costs.) For many of these small businesses, which were struggling with the economic downturn, the availability of free employees meant that they could instead spend money on marketing, equipment, and other investments that helped them grow. Two employers interviewed claimed that “Jobs Now! 1” enabled their small businesses to survive and grow — and in this way, it was an economic recovery strategy that led to their being able to hire outside the program.

**Public Service Trainee Tier:** The Public Service Trainee program had existed before “Jobs Now! 1,” although it greatly expanded when the additional funds became available. During the program, more than 800 individuals worked in 34 city departments. HSA alone had 183 participants. In the process of designing “Jobs Now! 1,” HSA and the city’s Department of Human Resources worked with public sector unions to explain the program and secure their buy-in by highlighting that these positions would exist for a limited time.

**Transitional Employment Tier:** The Transitional Employment tier was subcontracted by HSA to Goodwill (and Arriba Juntos, as mentioned previously), which has worked with the city for years through its equivalent Community Jobs Program. Goodwill has a host site developer, who recruits nonprofits such as Mercy Housing, American Red Cross, and Housing Rights Committee of San Francisco, to work with Goodwill and host its job programs’ participants in six-month, part-time positions. Goodwill itself also provides a significant number of positions for those who are interested in retail, warehouse, and janitorial jobs.

## Matching Process

Individuals who approached HSA to participate in “Jobs Now! 1” were immediately assessed by case managers and tracked into one of the three tiers based on their previous job experience and identifiable barriers to employment. Those who were in the Wage Subsidy and Public Service Trainee tiers were then matched with their positions through a competitive screening and interview process, while those in the Transitional Employment tier were placed by Goodwill at a host site.

Participants were referred to open work orders by the Business Account Services Unit. The case managers, who were housed in another section of HSA called CORE (Comprehensive Occupational Representatives), did some screening of individuals and helped them prepare for the interview with employers. The Business Account Services Unit also screened individuals by using a standardized rating sheet that scored them for each position. Those with the top scores would fill the 12 available interview slots for each position. Employers would conduct interviews at weekly job fairs, which brought together employers and job seekers. Participants could interview for multiple positions. HSA would make separate arrangements for those employers who were not able to attend the scheduled job fair.

Because the Wage Subsidy and the Public Service Trainee positions were competitive, not all of those who signed up for “Jobs Now! 1” were able to get jobs. Thirty-five percent of the participants whose income was under 200 percent of the federal poverty level found jobs through the program, compared with 20 percent of CalWORKs participants.

Those in the Transitional Employment tier were assigned a Goodwill career adviser. These advisers had an average caseload of 25. Career advisers met with participants and discussed their vocational goals. Based on this conversation, advisers would give participants two or three job descriptions and schedule interviews with the host sites. Participants would then be placed at the host site where they felt most comfortable. Although there was an interview, it was a noncompetitive process.

## **Services for Participants**

Because those in the Wage Subsidy tier had considerable job experience and skills, they did not receive special services beyond being connected with a subsidized job.

All Public Service Trainee tier participants received the same staff development training that regular city employee trainees receive. Additionally, they had the option of taking paid release time to receive training in computer software and soft skills. Participants were assigned a liaison from HSA, who acted as a case manager, paid visits to their work sites every two months, helped with interview preparation and résumé writing, and tried to link them to other jobs. During “Jobs Now! 1,” the caseload for a Public Service Trainee liaison was as high as 150 people. These participants did not receive any fringe benefits, although many were already receiving health care, child care support, and transportation passes through CalWORKs. After the six-month Public Service Trainee position ended, liaisons continued to stay in touch with their clients for another two months.

Relative to those in other tiers, Transitional Employment participants received the most extensive services. Their career advisers worked with participants to identify their areas of need and matched them with educational and professional development activities that filled their weekly seven paid nonwork hours. Career advisers met with clients at least once or twice a week to work on continuing issues and reached out to their supervisors for feedback on their performance.

## **After the TANF Emergency Fund Ended**

When the TANF Emergency Fund expired, HSA committed to continue the successful program in some form. With fewer funds, HSA started “Jobs Now! 2,” which followed the same three-tier model but offered employers reimbursement for the first \$2,500 in wages rather than 100

percent continuously. Policymakers were disappointed by the lack of interest among employers. The subsidy difference changed the dynamic of the program. Interviewees reported that when the wage subsidy was 100 percent, employers were able to create jobs that would not have existed without the funding; with the wage subsidy at \$2,500, it could act only as an incentive to hire from a certain group.

In February 2011, HSA raised the subsidy amount to \$5,000 and reframed “Jobs Now! 2” as an opportunity for employers to take an employee for a “free test drive.” However, since “Jobs Now! 2” was restricted to CalWORKs recipients rather than to those with income under 200 percent of the federal poverty level, the higher subsidy level was still not a sufficient incentive for many employers; it had been the higher-income individuals who often had qualifications and skill sets that matched employers’ needs. As a result, participation in the Wage Subsidy tier was lower than expected. Nevertheless, HSA exceeded its target of 1,000 placements for “Jobs Now! 2”: the program ended on June 30, 2011, with 1,156 placements in all.

In June 2011, the City and County of San Francisco was awarded an Enhanced Transitional Jobs Demonstration grant from the Department of Labor. The proposed project will follow the three-tier model of “Jobs Now!,” with some modifications in the amount of wage subsidy and an expansion of wraparound services. The program will target noncustodial parents.

## Washington: Community Jobs

<b>Key Features</b>	
Eligibility:	TANF recipients with significant barriers to employment
Target population:	Hard-to-employ TANF recipients
2010 program size:	3,600
Subsidy structure:	20 to 30 hours per week of employment for nine months, plus 20 hours per week of unpaid education and activities to remove barriers to employment
Wages paid:	Minimum wage (\$8.67 per hour)
Types of jobs:	Nonprofits, public agencies
Site visit:	Career Path Services, Spokane, Washington

### Program Design

Washington's Community Jobs (CJ) program has been in operation since 1998. The state contracts with 18 local organizations to operate the program across the state. The program aims to serve about 3,600 people per year, combining 20 hours of subsidized employment per week with a required 12 hours of education and eight hours of activities to help overcome barriers to employment (such as drug rehabilitation, housing assistance, doctor appointments). Although only the employment hours are subsidized, the other activities are required to meet federal participation requirements. Program funding expanded under the TANF Emergency Fund, allowing it to offer more slots, increase subsidized hours from 20 to 30 hours per week for some people, and extend the subsidy period from six to nine months.

The CJ program is designed to serve a population that is not yet job-ready. Only Temporary Assistance for Needy Families (TANF) recipients are eligible, and they must have first been unsuccessful in a full-time job search. They must also exhibit substantial barriers to employment. Typical employment barriers can be categorized into three broad categories: personal/life issues, financial/legal issues, and employment/educational issues. Examples of common barriers are listed below. Caseworkers typically refer TANF recipients to the program who face multiple barriers to employment. Although the CJ contractors have some discretion as to what constitutes a barrier, the Department of Commerce audits participants' records to make sure the program is serving the intended population.

CJ places participants only in positions with public agencies, tribal agencies, and non-profits.<sup>10</sup> Under the Emergency Fund, placements were made for 20 to 30 hours per week for

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<sup>10</sup>Career Jump, a subprogram of Community Jobs, places participants with private, for-profit employers. The employer is required to make a commitment to hire the employee at the end of the subsidy period. Because participants must still have  
(continued)



nine months. After the expiration of the Emergency Fund, placements were made at the same levels as were offered before the fund became available: 20 hours per week for six months. The CJ contractor pays participants directly, and all participants are paid the state minimum wage, which is currently \$8.67 per hour. The state disregards 50 percent of wages to determine the TANF benefit, and because participants only work part time, most still receive reduced TANF benefits.

## **Participant Outreach, Recruitment, Intake**

As stated above, participants must be TANF recipients. Referrals into the program are made by Department of Social and Health Services (DSHS) TANF case managers, and CJ practitioners are responsible for making the final eligibility determination. In some areas such as Spokane, DSHS and the CJ contractor are located in the same office and regularly meet to discuss which participants exhibit barriers to work and would likely benefit from the program. Although CJ practitioners often make recommendations, the DSHS TANF case manager must officially refer all participants to the program.

Once a TANF caseworker refers a participant to CJ, he or she goes through an intake session with a CJ practitioner. This enrollment session must happen within five days of the referral from the DSHS case manager. After that, the practitioner has 10 days to place the participant at a work site. During the intake, the practitioner does some initial assessments, including identifying the participant's key barriers to employment to determine eligibility and getting information on the participants' skills and interests. During this first intake meeting, the practitioner also begins to look for suitable placements and helps the participant to arrange educational activities and take steps to overcome barriers to employment.

## **Employer Recruitment**

CJ uses both private and public work sites, such as community centers, churches, schools, food banks, hospitals, senior centers, city halls, courthouses, animal shelters, construction companies, and social service organizations. CJ practitioners are responsible for recruiting sites as well as providing case management services to participants.

Practitioners have different strategies for targeting employers. Some search Internet job listings or nonprofit databases; others ask participants where they want to work. They also try to expand or continue relationships with current and previous employers. For example, they might

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multiple barriers to employment to participate in the program, few are ready for this level of work. Career Jump represents less than 5 percent of all Community Jobs placements. Its structure is somewhat different from Community Jobs, but is not discussed in this summary due to its relative insignificance.

try to get a site to take several people at a time instead of just one. Given the tight time frame for placing participants, practitioners try to recruit employers proactively.

When establishing a new relationship with employers, practitioners meet with them and give them the CJ Supervisor's Handbook, which explains employers' role in the program and includes a work site agreement. The practitioners emphasize that they are available to work closely with employers and will address questions and issues as they arise throughout the program. All the employers must do is submit bimonthly timesheets — they have no other payroll responsibilities.

## **Matching Process**

When matching participants to work sites, practitioners focus on their interests and longer-term career goals. Practitioners have found that participants are more engaged in their placements and their job retention is higher when they play a more active role in the placement process. Each employer has requirements that employees must meet. Good attendance is crucial at some sites; others can employ only people with clean criminal records. Practitioners take these requirements into account when making placements, even if the positions do not require hard skills.

Employers have the option to interview and select referred participants. Some larger employers conduct regular group orientations in lieu of interviews while others choose to interview multiple candidates before making a selection. The participant's supervisor fills out a monthly performance evaluation to submit to the practitioner along with the time sheet and can arrange meetings if issues come up at other times. Practitioners are required to have at least one contact per month with the participant's work site supervisor. If the placement does not work out, the employer can end it at any time. As work sites are considered training opportunities for participants, there is no requirement or expectation to hire at the end of the subsidized job.

## **Services for Participants**

In addition to employment, all CJ participants spend 20 hours per week in education and activities to overcome barriers to employment.<sup>11</sup> Although CJ contractors may not provide these services directly, they have partners that offer a variety of services. Most practitioners focus on

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<sup>11</sup>CJ practitioners stated that the strict requirement regarding education and activities to remove barriers to employment was one weakness of the program. Not all participants benefit from education, and many are unable to handle a 40-hour week plus transportation time. Additionally, having required activities in three or more locations is often a barrier in areas with limited public transportation. Practitioners feel that more flexibility in the program's requirements would allow them to better meet the needs of participants and improve their employability.

preparation for a General Educational Development certificate (GED) for those participants who do not already have a high school diploma or a GED. Other educational options are available for participants who do have a diploma or a GED. Participants can go to classes for computer skills, child care certification, and Certified Nursing Assistant training. Examples of activities to remove barriers to employment include medical appointments, drug and alcohol counseling, meetings to receive housing assistance, and court appointments. Participants must log the hours spent on all of these activities.

The program has some support service funds to subsidize activities related to overcoming barriers to employment. For example, practitioners can give participants bus passes, pay for driver's tests, or pay for a special training class on an individual basis. As TANF clients, most participants also have access to assistance with child care through DSHS.

The CJ program also provides job readiness services. Many practitioners practice interviewing with participants, edit résumés, and help fill out master applications throughout the program. Participants who do not find an unsubsidized job by the end of their subsidized job are referred back to their DSHS case manager. TANF case managers typically then refer those CJ participants to a full-time job search to meet their TANF participation requirement.

## **After the TANF Emergency Fund Ended**

When the Emergency Fund expired, the program reverted to its earlier configuration, with funding coming exclusively from TANF dollars. The annual budget is approximately \$23 million. Going forward, the budget will depend on funding availability, but the program has strong support in the state from both the legislative and executive branch.



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## About MDRC

MDRC is a nonprofit, nonpartisan social and education policy research organization dedicated to learning what works to improve the well-being of low-income people. Through its research and the active communication of its findings, MDRC seeks to enhance the effectiveness of social and education policies and programs.

Founded in 1974 and located in New York City and Oakland, California, MDRC is best known for mounting rigorous, large-scale, real-world tests of new and existing policies and programs. Its projects are a mix of demonstrations (field tests of promising new program approaches) and evaluations of ongoing government and community initiatives. MDRC's staff bring an unusual combination of research and organizational experience to their work, providing expertise on the latest in qualitative and quantitative methods and on program design, development, implementation, and management. MDRC seeks to learn not just whether a program is effective but also how and why the program's effects occur. In addition, it tries to place each project's findings in the broader context of related research — in order to build knowledge about what works across the social and education policy fields. MDRC's findings, lessons, and best practices are proactively shared with a broad audience in the policy and practitioner community as well as with the general public and the media.

Over the years, MDRC has brought its unique approach to an ever-growing range of policy areas and target populations. Once known primarily for evaluations of state welfare-to-work programs, today MDRC is also studying public school reforms, employment programs for ex-offenders and people with disabilities, and programs to help low-income students succeed in college. MDRC's projects are organized into five areas:

- Promoting Family Well-Being and Children's Development
- Improving Public Education
- Raising Academic Achievement and Persistence in College
- Supporting Low-Wage Workers and Communities
- Overcoming Barriers to Employment

Working in almost every state, all of the nation's largest cities, and Canada and the United Kingdom, MDRC conducts its projects in partnership with national, state, and local governments, public school systems, community organizations, and numerous private philanthropies.

