Subsidized and Transitional Jobs: Creating Work Opportunities for Long-Term Unemployed

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Unemployment Insurance: Keeping the Promise Today and Tomorrow

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Subsidized and Transitional Jobs:
A Strategy for Providing Paid Employment Opportunities to Unemployed Workers

• Subsidized Jobs
  • Paid employment where wages are paid with government (or foundation) funds
  • Jobs may be in public or private sector
  • Targeted to unemployed individuals

• Transitional jobs
  • Subsidized jobs plus personal support
  • Jobs most often are in the private, non-profit sector
  • Targeted to unemployed individuals with personal and family challenges
ARRA TANF ECF provided $5 B to states for 2009 and 2010

- Reimbursed states for 80% of increased state or federal TANF spending (up to a max per state) in:
  - Basic assistance
  - Short-term non-recurrent benefits
  - Subsidized employment

- When it expired September 30, 2010, all $5 B had been authorized for state spending with $1.3 B for subsidized jobs

- All states but Wyoming accessed the fund. 40 states ran subsidized jobs programs with this funding.
Subsidized Jobs under ARRA TANF Emergency Fund Were a Historic Boost in Use for Welfare Reform

Largest scale use of subsidized employment in decades.

- Earlier programs as part of New Deal (WPA, CCC) were larger as was CETA Public Service Employment program of 1970s.

- Welfare demonstration projects in subsequent decades were smaller scale

- Before this, there was little use of subsidized employment since 1996 welfare law
  - Subsidized jobs represented 2% (or less) of TANF work activity participants nationally
Over a Quarter-Million Subsidized Jobs Placements Were Supported by TANF Emergency Fund

40 states used $1.3 B of ECF to support 262,520 subsidized jobs for adults and youth.

- 33 states operated programs targeted to adults and 25 states targeted to youth; 19 of these states covered both

- About half were summer youth jobs and other half were year-round adult positions

- Some states served only families on TANF cash assistance while most states served a broader group of low-income families with children (or young adults)
Number of TANF ECF Subsidized Job Placements

Source: Data collected by the Center on Budget and Policy Priorities and the Center for Law and Social Policy from state program administrators or state documents. Programs may be funded all or in part with funds from the TANF Emergency Fund.
### TANF Emergency Fund Subsidized Job Placements

Total placements for US and the 5 top states (those with the most placements)

<table>
<thead>
<tr>
<th>State</th>
<th>Year-Round Program (Adults)</th>
<th>Summer Youth</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>19,847</td>
<td>27,337</td>
<td>47,184</td>
</tr>
<tr>
<td>Illinois</td>
<td>29,092</td>
<td>6,624</td>
<td>35,716</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>14,000</td>
<td>13,000</td>
<td>27,000</td>
</tr>
<tr>
<td>Texas</td>
<td>2,594</td>
<td>22,305</td>
<td>24,899</td>
</tr>
<tr>
<td>Georgia</td>
<td>2,300</td>
<td>14,800</td>
<td>17,100</td>
</tr>
<tr>
<td>US Total</td>
<td>124,470</td>
<td>138,050</td>
<td>262,520</td>
</tr>
</tbody>
</table>
States Had a Great Deal of Flexibility in How to Design their TANF Subsidized Jobs Programs

This flexibility allowed each state to design its program to further its primary goals and the designs differed depending on goals:

• To create new (if temporary) jobs in the private and public sector
• To accelerate and/or expand hiring by private sector businesses
• To provide incentives to businesses to influence who they hire
• To create transitional job opportunities for individuals who face personal and family challenges that limit their employment prospects
• To create pathways to better jobs

• When measuring success, need to look back at primary goals and evaluate in terms of what the program was designed to do.
Program designs differed with respect to target population, employer outreach and obligations, subsidy structure and administration:

- **Put Illinois to Work**: Primary goals were stimulus — job creation (even if only temporary) for families and struggling businesses.
  - Served broader group of low-income families
  - Paid 100% of $10/hr wage and FICA/workers comp
- **South Carolina**: Key goal was to connect TANF applicants with work
  - Subsidy of $7.25/hr for 20 hrs per week; employers could add $ for higher wages or more hours
- Some state designs encouraged retaining beyond the subsidy period
  - Mississippi – expectation that would retain unsubsidized
  - Oklahoma – 4 months of subsidy but withheld half of subsidy (for months 2-4) until 6 months after subsidy period ended
Most states scaled scope back substantially or extended only temporarily

- Some states stopped program completely while a few are still continuing or newly implementing full-scale program

- Program was widely popular with states, businesses, workers placed in jobs

- Many states looking for ways to continue or restart program and ways to fund job subsidies including
  - Designs that stretch subsidy dollars further
  - Other sources of potential funding
The American Jobs Act Includes Funding for Subsidized Jobs

AJA includes a new *Pathways to Work Fund* to provide work opportunities for low-income youth and adults

- Summer and year-round jobs for youth -- $1.5 billion
- Subsidized jobs for unemployed low-income adults -- $2 billion
- Promising and innovative local work-based job and training initiatives to place low-income adults and youth in jobs quickly -- $1.5 billion
Learning from the Past; Looking to the Future

Drawing down maximum federal dollars quickly in recession shaped design in many states; ongoing programs may need to be re-shaped:

• Stretching subsidy dollars: Seek employer sharing in wage costs
  • Mississippi and Oklahoma – examples of ramped down subsidies
• Increase employer retention expectations as condition of placement
• Look for funding sources:
  • North Carolina – foundation funding
  • Oregon – uses SNAP (food stamp) dollars toward subsidy
• Narrow target populations to stretch funding
  • Limit to long-term unemployed or TANF families rather than the broader groups many states served in TANF ECF
  • Target those with barriers who might be more risky hire
Translating Lessons and Experience to Future Subsidized Jobs Programs

- Flexibility: continuing flexibility to design programs – encourage innovation
- Measuring outcomes
  - standardized tracking and measuring of outcomes to provide compelling evidence of benefits to individuals and employers
  - Look to outcomes beyond demographic information about who participants are:
    - For example, Illinois study looks at federal and state income taxes, Medicare and Social Security contribution, child support collections through wage garnishment