
September 2, 2010

WALKING AWAY FROM A WIN-WIN-WIN

Subsidized Jobs Slated to End Soon Are Helping Families, Businesses, and Communities Weather the Recession

By Liz Schott and LaDonna Pavetti

An emergency jobs program through which 37 states have provided subsidized jobs for nearly 250,000 otherwise unemployed parents and youth — helping families, businesses, and communities across America weather the recession — will end September 30 unless the Senate joins the House in voting to extend it.

The TANF Emergency Fund, which President Obama and Congress created in last year's Recovery Act, has given states over \$1 billion to operate subsidized jobs programs that have proved successful on multiple fronts. The fund has been a “win-win-win,” helping unemployed families find work, businesses expand capacity in a difficult economic environment, and local economies cope with the recession. Without the fund, some 120,000 young people would not have had summer jobs and some 130,000 parents would not have had jobs to provide for their families' basic needs; they would also have lost a valuable opportunity to build skills for the future. (Appendix Table 1 lists the number of job placements by state.)¹

As the Emergency Fund's September 30 expiration looms, states are ramping down their subsidized jobs programs, stopping new placements and giving notice that existing jobs will end. (While some of the subsidized positions were summer youth jobs that were slated to end in late August, most were for unemployed parents.) For example, Illinois plans to send notices shortly after Labor Day to 26,000 workers participating in Put Illinois to Work to inform them that their jobs will end on September 30. In San Francisco, where all except a few hundred subsidies will end on September 30, letters have already gone out to employers and workers.

Some states — generally with smaller subsidized jobs initiatives — will continue making some job placements after September 30 using other funding, but these programs will be significantly smaller than if Congress were to extend the Emergency Fund for another year. (The House has already voted twice to extend the fund for one year, which would cost \$2.5 billion.) In short, failure to extend the fund would eliminate tens of thousands of jobs and squander an opportunity to create many more jobs for parents who are desperately seeking work.

¹ For additional details about subsidized jobs created by the TANF Emergency Fund, see additional papers by the Center at <http://www.cbpp.org/research/index.cfm?fa=viewAll&id=42>.

The fund's scheduled expiration comes at a time when long-term unemployment is at historic highs and data suggest the nation faces a slow and long road ahead to providing sufficient jobs for unemployed workers. Moreover, some of the states facing the largest jobs losses if the fund is not extended have unemployment rates above the national average: Illinois, which has more than 20,000 jobs at stake, has an unemployment rate of 10.3 percent, for example, and California, also with about 20,000 jobs at stake, has an unemployment rate of 12.3 percent.

This paper provides examples of unemployed workers and small businesses that have benefited from the TANF Emergency Fund.

Fund Is Helping Provide Jobs and Income to Workers with Limited Employment Prospects

States and localities are using the TANF Emergency Fund to subsidize jobs for some 250,000 parents and youth who are otherwise unemployed, many of whom have been without work for some time. Those placed in jobs can include families receiving cash assistance through the state's TANF (Temporary Assistance for Needy Families) welfare program, but most subsidized jobs programs serve a broader group of low-income workers — parents of minor children (including noncustodial parents) and older youth (up to age 24 in some states). In some cases, these jobs have helped families leave cash assistance or avoid going on cash assistance in the first place. South Carolina officials, for example, note that their state's TANF caseload, which had been rising during the recession, dropped after the state launched its subsidized jobs program.

Families obtaining subsidized jobs often are from the less well-educated sector of the workforce, a group that has suffered disproportionate job loss in the recession — with employment shrinking by 18 percent. Many of these families would otherwise be facing long-term unemployment.

Earnings from subsidized jobs have helped families to meet their basic needs, reducing hardship and improving family stability. Participants have also gained valuable work experience and new skills. For example:

- J. D. in Chicago had been unemployed for a year before starting work at a local non-profit in June through the Put Illinois to Work program. The position afforded him an opportunity to learn new administrative skills in an office environment. "Put Illinois to Work has helped me become more of a responsible father to my kids," he explains. "I now can say without hesitation that I can pay the bills for my family and keep a solid roof over our heads."
- J. P. in South Carolina had been unemployed for seven months before starting work in a subsidized job in health care, referring patients to specialists for further treatment and obtaining insurance authorizations for medical procedures. The single mother of a six-year-old daughter, she has been able to move into her own apartment using her new earnings; she plans to continue health care training.
- R. B. in Minnesota had been unemployed for several years before obtaining a short-term, subsidized position at the Books for Africa Warehouse in St. Paul. Based on good reviews from his manager, he was then offered another subsidized position at Permac Industries, a precision manufacturing company, in the spring of 2010. Permac subsequently offered him an

unsubsidized, ongoing position and he is now making \$10 an hour. The single father of a three-year old daughter, R.B. is now earning enough to no longer qualify for TANF cash assistance.

- B. I. in Pennsylvania was placed at the Greater Philadelphia Coalition Against Hunger in June 2010 through Pennsylvania's Way to Work program. A single mother of two children, she had recently escaped a physically abusive relationship and rented an apartment of her own. She started at an hourly wage of \$13 and within a month was hired permanently into an unsubsidized position as a bilingual hotline counselor.

As these stories illustrate, even a temporary job can help parents build a better future for their families.²

Fund Has Helped Businesses Expand Despite Recession

The jobs subsidized by the TANF Emergency Fund are in the private, non-profit, and public sectors and span many types of work, including administrative, retail, construction, health services, and landscaping. The subsidized jobs programs vary by state (and in some states, by county); some cover 100 percent of a worker's wages, with the employer contributing in-kind supervision of training, while others provide a lesser subsidy that ramps down over time or lasts only for a limited period.³

Some programs have focused on helping businesses to expand or avoid layoffs. Some programs taking this approach require employers to commit to hire the worker at the end of the subsidy period. For example, Mississippi's STEPS program provides a subsidy that shrinks over a six-month period, at the end of which the employer is expected to retain the employee.

Other programs have focused on providing employment until the economy recovers and more permanent jobs become available, even if the specific placement will not continue. For example, Put Illinois to Work created over 20,000 jobs in a remarkably short period of time, but these subsidized positions will not (and were not intended to) continue after the TANF Emergency Fund expires. Even under this approach, participants may be retained in an unsubsidized position with the same firm or use the skills and work experience they gained in the subsidized job to obtain a permanent position with a different employer.

The job subsidies provided by the TANF Emergency Fund have been especially helpful to small businesses, helping them to add new jobs and expand their businesses, but they also have helped larger businesses and non-profits. Below are two examples.

² Stories from dozens of participants in San Francisco's JOBS NOW! Program have been posted at <http://www.archive.org/stream/readtheletters/extendTANF-final#page/n0/mode/2up>.

³ For more detail on program design issues, see LaDonna Pavetti, "Going, Going, Gone: Job-Creating TANF Emergency Fund Set to Expire," Center on Budget and Policy Priorities, July 26, 2010, <http://www.cbpp.org/files/7-26-10tanf.pdf>.

Example: Laundry Locker in San Francisco Bay Area

Laundry Locker is a dry cleaner with six retail stores and drop-off lockers throughout San Francisco, enabling customers to pick up and drop off their laundry 24 hours a day, seven days a week. The combination of the recession and a major investment in a new eco-friendly dry cleaning plant put a severe squeeze on the business, but Laundry Locker was able to hire several employees through the city's JOBS NOW! program, ultimately adding four full-time, subsidized positions.

The owner states: "Before JOBS NOW!, we had 12 employees and were struggling to make payroll. We now have 21 employees — four are subsidized by JOBS NOW! and five are recent hires. We have been able to fill critical jobs with JOBS NOW! employees, freeing up funds for us to spend on growth areas, such as marketing. This has enabled us to substantially grow our business, doubling our revenue in the last year and turning the corner to profitability. . . . [W]ithout the JOBS NOW! program, there is a good chance we would be another casualty of the recession, which would have meant 21 more people on unemployment or other social services."

Example: Comfort Suites in Chicago

Last year Comfort Suites opened a new hotel in the heart of downtown Chicago. As with any new location, profit margins were tight, and the hotel was unable to hire additional staff to improve its service delivery. But through Put Illinois to Work, the hotel added four trainee-workers, including "Welcome Ambassadors" to greet guests, assist them with their luggage, and provide information on popular tourist destinations.

The hotel management believes that the addition of these trainee-workers has significantly increased the hotel's ratings on Trip Advisor, where reviews specifically mention the Welcome Ambassadors as a key reason for their positive experience at Comfort Suites. These positive reviews led to additional business and extended stays. The hotel management would like to hire the Welcome Ambassadors as permanent employees after the close of Put Illinois to Work, though they do not yet have the profit margin to keep both positions and are concerned that the loss of these positions will have a negative impact on their customer service ratings and business.

In addition to the Welcome Ambassadors, Comfort Suites also hired two trainee-workers in their housekeeping division, one of whom may be kept on as an unsubsidized employee in a supervisory position. These additional workers have also led to improved customer experience and improved customer service ratings for the hotel.

Fund Encourages Public-Private Collaboration

The TANF Emergency Fund has also fostered new collaborations in local communities that could produce long-term benefits. For example, several state and county TANF administrators have noted that this experience has led to a much closer working relationship with private employers than TANF work programs have been able to forge in the past. As the director of the human services agency in Mecklenburg County, North Carolina explains regarding the county's subsidized jobs program, The Opportunity Project:

The word “opportunity” is appropriate not only because this stimulus-funded, subsidized employment program gives individuals a chance to build their skills and provide for their families; it is also an opportunity for DSS [the county agency] to collaborate with community partners and willing employers in a way that will make a real difference to struggling families in our community. It’s really amazing the difference you can make when you have the right people around the table. Without these partners and their true collaborative spirit, The Opportunity Project would not be the reality it has become.

Other examples of community-focused collaborations using the TANF Emergency Fund include:

- In Perry County, Tennessee, a small rural community with about 7,600 residents, the unemployment rate soared above 27 percent after a local auto parts plant closed. State agencies, local officials, and private employers in the community combined efforts to put Perry County residents back to work using subsidized job placements mostly in the private sector. This initiative created 718 jobs, 220 of which were funded through the Emergency Fund. The initiative reduced the county’s unemployment rate by one-third.⁴
- In Marion County, Florida, the TANF Emergency Fund helped spark an innovative partnership that resulted in the creation of a call center in the city of Ocala. The call center provides needy residents with information about how to obtain food stamps, Medicaid, or other services. The call center started with 76 workers in subsidized jobs supported by the Emergency Fund; as one employee observed, “A lot of us were in the same position [as the people calling to ask for help]. This job provides for us, and it’s a great way to give back to the community.”⁵ The project emerged from a unique collaboration among state, county, and local officials, catalyzed by a desire to address high local rates of unemployment and increased requests for public assistance. It has proved so useful that the state has decided to continue the call center with other funding after September 30.

Conclusion

The subsidized jobs supported by the TANF Emergency Fund have helped families get work and income and have helped employers maintain and even expand in tight times. That, in turn, has given a needed boost to communities trying to recover from the recession. Moreover, families that are stable, housed, and employed are better able to support the community — economically and otherwise — and are less likely to require local social services.

⁴ For more information about the initiative in Perry County, see Testimony By The Honorable Virginia T. Lodge, Commissioner, Tennessee Department of Human Services, before the U.S. House of Representatives Subcommittee on Income Security and Family Support, October 8, 2009, <http://waysandmeans.house.gov/Hearings/Testimony.aspx?TID=2269>, and a summary of the Perry County effort, <http://peerta.acf.hhs.gov/uploadedFiles/Perry%20County%20TN%20Subsidized%20Employment%20Summary.pdf>.

⁵ Jackie Alexander, “DCF Call Center is Answer for Ocala Area Jobless,” ocala.com, December 17, 2009, <http://www.ocala.com/article/20091217/ARTICLES/912171011?p=1&tc=pg>.

The current economic recovery is far too fragile to end these programs now. Rather than walk away, Congress should extend the TANF Emergency Fund for one more year so that states can continue subsidized jobs placements in local communities.

APPENDIX A

TANF Emergency Fund Subsidized Job Placements

(State estimates of total placements with funds available through September 30, 2010)

State	Year-Round Program (Adults)	Summer Youth	Total	Plans if Fund Is Not Extended
Alabama	1,592	782	2,374	Will operate a substantially smaller program
Arkansas	300	600	900	Will operate through January 2011
California	20,000	25,000	45,000	Will end program
Colorado	1,582	0	1,582	Will end program
Connecticut	752	5,525	6,277	Will operate a substantially smaller program
Delaware	143	791	934	Will operate a substantially smaller program
District of Columbia	0	b	b	d
Florida	6,000	0	6,000	Will end program
Georgia	1,558	14,800	16,358	Will end program
Hawaii ^a	2,040	5,300	7,340	Will continue pre-existing program
Illinois	27,487	3,806	31,293	Will end program
Iowa	0	840	840	d
Kentucky	1,000	9,700	10,700	Will continue program
Maryland	100	0	100	Will continue program
Michigan	b	0	b	b
Minnesota ^{a,e}	6,802	3,500	10,302	Will continue at substantially lower pre-TANF Emergency Fund levels
Mississippi	3,300	2,000	5,300	Will end program
Missouri	0	4,600	4,600	d
Montana	410	351	761	May continue smaller program
New Jersey	1,500	c	1,500	b
New York	4,217	0	4,217	Will operate a substantially smaller program
North Carolina	1,300	0	1,300	Will end program
North Dakota	525	0	525	Will end program
Ohio	1,479	7,664	9,143	Will continue through May 2011 with already-allocated funds

APPENDIX A (cont.)

TANF Emergency Fund Subsidized Job Placements

(State estimates of total placements with funds available through September 30, 2010)

State	Year-Round Program (Adults)	Summer Youth	Total	Plans if Fund Is Not Extended
Oklahoma	900	1,500	2,400	Will operate a smaller program only for TANF recipients
Oregon ^a	2,305	233	2,538	Will continue pre-existing program
Pennsylvania	12,864	7,854	20,718	Will end program
Rhode Island	2,000	0	2,000	Newly created program will end; small program for TANF recipients will continue
South Carolina	650	0	650	Will continue September 2010 placements through December 2010
South Dakota	0	319	319	d
Tennessee	1,725	0	1,725	Will end program
Texas	14,409	25,371	39,780	Will continue through part of FY 2011, until state funds run out
Utah	2,500	700	3,200	Will continue program until reach 2,500 placements
Virginia	340	0	340	Will continue the smallest of three programs
Washington ^a	7,200	0	7,200	Will continue pre-existing program
West Virginia	200	1,200	1,400	Will end program
Wisconsin	2,500	0	2,500	Will continue program through June 30, 2012
Total	129,680	122,436	252,116	

Note: Programs may be funded in whole or in part with TANF Emergency Funds.

^a Expanded an existing program with funds from the TANF Emergency Fund. Number of placements is for entire program, not just additional placements.

^b Information not available.

^c No information available on whether state is operating a program.

^d Only operating a summer youth employment program that will end before September 30, 2010.

^e Minnesota does not currently have available an unduplicated count of individuals served by the program. This number represents the cumulative number of people served in each quarter between the first quarter of 2009 and the second quarter of 2010. Placements are short so the state expects this is a reasonable representation of the total number of placements.

Source: Information was collected directly from state officials or from published documents by the Center on Budget and Policy Priorities and the Center for Law and Social Policy.

Data are current as of 09/01/2010.