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Transitional Jobs: Helping TANF Recipients with Barriers to Employment Succeed in the Labor Market

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The Temporary Assistance for Needy Families (TANF) provisions in the fiscal year 2006 federal budget bill—known as the “Deficit Reduction Act of 2005” (DRA)—will require most states to substantially increase the number of TANF recipients participating in work-related activities.¹ Since many of the families who continue to receive cash assistance under TANF have significant barriers to employment, it is essential that state strategies to increase participation address the needs and circumstances of these families.

This paper highlights transitional jobs, a promising strategy that can help TANF recipients with barriers succeed in the labor market while simultaneously helping states meet higher participation rates by engaging more participants in work activities. It is one of a series of papers being issued by the Center for Law and Social Policy to help state legislators, program administrators, and advocates understand the new TANF rules, the choices before them, and the research and experience that can aid in program design and implementation.

Transitional jobs programs provide a bridge to unsubsidized employment by combining time-limited subsidized employment with a comprehensive set of services to help participants overcome barriers and build work-related skills. These programs are consistent with a work-first approach in that they aim to help participants begin work as quickly as possible; however, they typically offer a more nurturing work environment, additional training, and enhanced connections to other services that help individuals succeed in the labor market.² Since transitional jobs programs are a form of

“Policymakers should give welfare recipients who face serious barriers to work a real chance to succeed, rather than placing them in work environments where they will almost inevitably fail. Transitional jobs programs provide clients with the skills and the experience they need to succeed on their journey toward economic independence.”

- Richard C. Greenwald,
President and CEO,
Transitional Work
Corporation

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subsidized public or private employment, participation in these programs counts towards all hours of a TANF recipient's required hours of participation under the TANF rules, if the individual participating is receiving earnings from the subsidized job *and* a residual TANF grant.³

Transitional Jobs Programs Serve TANF Recipients with Barriers to Employment

Research has shown that a significant percentage of TANF recipients have certain characteristics that act as barriers to securing and maintaining steady employment—these may include substance abuse, poor mental and physical health, disability, low educational attainment, limited work experience, limited English proficiency, low basic skills and domestic violence.⁴ In 2001, the Government Accountability Office (GAO) conducted interviews with TANF program administrators in six states and found that the administrators believed that TANF recipients with one or more of the barriers listed above had the most difficulty entering the workforce.⁵

Although the presence of barriers does not necessarily prevent work, research by the Urban Institute demonstrates that participants with multiple barriers are significantly less likely to be working than those with no barriers. An analysis of 2002 National Survey of America's Families found that while 51.3 percent of participants with no barriers were working, only 29.5 percent of participants with one barrier, and only 13.1 percent of those with two or more barriers were working. Almost 50 percent of long-term welfare recipients had two or more barriers to employment.⁶

The high prevalence of barriers among welfare recipients—especially long-term recipients—and the strong correlation between the presence of barriers and low work participation rates suggest that there is a need for welfare-to-work strategies that can help TANF recipients with barriers enter and succeed in the workforce. Transitional jobs programs are designed to serve the needs of participants with barriers; they allow participants to gain work experience in a highly supervised supportive environment, while simultaneously engaging in barrier-reduction activities. A study of six transitional jobs programs in five states, found that participants receive more intensive support, supervision, and assistance addressing barriers than they would in other programs designed to serve TANF recipients.⁷

States and localities across the country have implemented transitional jobs programs for populations with barriers, including TANF recipients, homeless individuals, at-risk youth, ex-offenders, refugees and immigrants, and disabled individuals. Transitional jobs programs for TANF recipients typically target those with identified barriers to employment and/or those who have not had success in other work activities and are reaching the time limit.⁸

Key Design Features of Transitional Jobs Programs

Paid Work and Wrap-Around Services

Transitional jobs programs place participants in temporary jobs that are subsidized with public (and in some cases private) funds. The transitional job gives participants the opportunity to gain valuable work experience, develop a work history, and earn a reference from an employer, which can be critical factors in securing unsubsidized employment. Demonstrating success in a workplace environment can significantly increase the likelihood of getting hired in an unsubsidized job for participants with a criminal record, little or no work experience, or no work history in the United States.

Transitional job placements vary in length, depending on program design. Some programs develop placements that last for a specified amount of time, while others determine placement length based on the needs of the individual participant. Most programs work with participants individually to place them at a worksite; there may be only one participant working at the worksite, or there may be a few. Some programs place participants in work crews—typically five to seven participants under the direction of one supervisor—that go to different worksites to perform jobs.⁹

Placements can be made in the nonprofit, public, or private sector, however, the majority of transitional work takes place in nonprofit organizations. These organizations will often provide enhanced supervision and developmental opportunities for participants, and in exchange, receive employees that they might not usually be able to afford.¹⁰ Transitional jobs programs that make placements in governmental units or in the private sector typically collaborate with local representatives from organized labor to ensure that unsubsidized workers are not displaced as a result of the program.¹¹ (See page 5, below, for a discussion of worker displacement issues.)

Many transitional jobs programs include a skill development component in addition to the job placement. Participants may engage in work for a certain number of hours per week, and participate in education and training related to the target job for another set of hours. In addition to work experience and skill development, transitional jobs programs typically provide the following kinds of services:

- Pre-placement assessments to identify barriers, develop short- and long-term employment and career goals, and match participants to work assignments that fit their interests, needs, and circumstances;
- Life skills and job readiness training (such as adhering to workplace norms);
- Work-focused case management to help participants address personal problems that could negatively impact their ability to sustain employment and to connect to other social services (such as substance abuse treatment);
- Enhanced worksite supervision to help participants learn basic skills, acquire good work habits, ensure that they have significant job responsibilities, receive training, and make contributions to their employers;
- Connection to work supports, such as child care and transportation subsidies, which can be critical to job retention; and

- Unsubsidized job search and job placement activities.

In addition to the above services, most programs provide employment retention services, such as ongoing case management and connections to work supports. Some transitional jobs programs also provide financial incentives to promote employment retention—for example, participants may receive a retention bonus after completing the program and remaining employed in an unsubsidized job for a certain period of time.¹² Other programs use non-financial incentives to promote retention, such as peer recognition through program newsletters, and invitations to serve as mentors to new program participants.¹³

Participant Wages

Participants in transitional jobs programs are paid employees, and are subject to minimum wage and other Fair Labor Standards Act (FLSA) protections. Depending on a state's earned income disregard policy—which allows workers to keep a portion of their welfare payment that they would have otherwise lost because of earnings from a job—participants might receive a paycheck for the amount of hours they work, as well as a welfare payment, thereby boosting their income considerably. As paid employees, participants pay into the Social Security system (thus building quarters of work needed for future eligibility) and may qualify for federal and state Earned Income Tax Credits (EITC) and Unemployment Insurance, leading to increased long-term economic security.

In addition to increasing income, receiving a paycheck creates a direct connection between work and wages, and achieves the goal of “making work pay.” Qualitative research indicates that earning wages can also lead to increased self-esteem and motivation to stay on the job. As one participant in a transitional jobs program in New York noted, “We get a paycheck that we earn every two weeks. That paycheck is what really gave me the drive to go out and work every day.”¹⁴ Another participant in a transitional jobs program in Minnesota also highlighted the benefits of wages, “I think that [it] is...being a good role model for your child...My kids know that I am going to work and coming home and they know that I get a paycheck to get them things and that makes me feel good.”¹⁵

Program Costs

The cost of transitional jobs programs varies depending on the length of the program, the types of services offered, and the service delivery structure each program adopts. Higher-cost programs offer more comprehensive services, including intensive case management and skill upgrading activities during the pre- and post-employment period. The previously referenced evaluation of six transitional jobs programs found that service costs per participant ranged from \$856 to \$1,871 per month, and that wage costs ranged from \$287 to \$749 per month. Job placements ranged from three to nine months, with some programs offering one to two years of retention support.¹⁶

Funding

A key challenge in designing effective transitional jobs programs, as for many social programs, is funding. In the past, TANF and Welfare-to-Work¹⁷ grants were the principal sources of funding for transitional jobs programs. Since Welfare-to-Work funds

have been exhausted, and there is growing competition for TANF funds, securing funding for transitional jobs programs for TANF recipients has become more challenging. However, states may be able to meld TANF and non-TANF funding streams to support transitional jobs programs. Depending on the population served, states may be able to use other federal funding sources for transitional jobs programs, such as Workforce Investment Act funds, Food Stamp Employment and Training funds, Hope VI funds for public housing initiatives, Federal IV-D Child Support Funds, and federal funds dedicated to serving individuals with criminal records.¹⁸

Non-displacement of Other Workers

Transitional jobs program participants should not displace workers in the for-profit or nonprofit sectors. Both TANF (42 U.S.C. § 607(f)) and the Workforce Investment Act of 1998 (WIA) (29 U.S.C. § 2931(b)(3)) include non-displacement provisions for work activities funded through the programs established by these two laws.¹⁹ Program administrators often create mechanisms to ensure that worker displacement does not occur as a result of the program. An evaluation of a transitional jobs program in New York City concluded that it is important to take the following measures to avoid worker displacement: involve unions in the development of job placements, keep wages of transitional workers at the same level as wages of other workers performing similar work, and place participants at many different worksites to ensure that no one employer or agency can replace their workforce with transitional workers.²⁰

Effectiveness of Transitional Jobs Programs: Research Findings

Although to date no random assignment evaluations of transitional jobs programs have been completed²¹, a number of non-experimental studies have found that transitional jobs programs can have positive effects on employment for participants with barriers, as the following examples illustrate.

- An extensive 2002 review of program data for six transitional jobs programs found high employment rates—between 81 to 94 percent—among individuals who had completed the programs. The median hourly wage for those entering employment ranged from \$5.75 per hour to \$9.00 per hour. Programs with well-defined job placement components had the highest rates of job placement. One program that used in-house job developers was able to place 94 percent of program completers into unsubsidized jobs.²² Although the study documented positive employment outcomes for program completers, about half of the clients referred to the programs did not complete them.²³
- An evaluation of Washington State’s Community Jobs program—which operates statewide—found that the program had strong positive impacts on employment and earnings. The average participants had eight barriers to employment and were the least work ready of all welfare recipients in the state, yet after the program, 72 percent of participants (who may or may not have completed the program) entered unsubsidized employment and had average income increases of 60 percent during the first two years in the workforce compared to pre-program income.²⁴

- In 2002, the Mid-America Institute on Poverty (MAIP) conducted an evaluation of the Catholic Charities Community Transitional Jobs program. The evaluation compared the employment outcomes of participants who received a transitional job (the Subsidized Job group) to those who received employment services, but no transitional job (the Limited Services group). Six months after program exit, the Subsidized Job group had average quarterly earnings of \$2,407, a 196 percent increase from the average earnings of \$811 in the quarter before entering the program.²⁵ Earnings for the Subsidized Job group were 32 percent higher than those in the Limited Services group. Six months after program exit, 64.9 percent of participants in the Subsidized Job group were employed in an unsubsidized job, compared to 47.2 percent of those in the Limited Services group.²⁶
- A 2004 study comparing participants in the standard Minnesota Family Investment Program (MFIP)—which provides basic job search assistance, basic jobs skills classes, and limited placement assistance—with those enrolled Advancement Plus, a paid transitional jobs program with intensive case management, found that the latter helped clients with severe barriers obtain unsubsidized employment. These clients included ex-offenders, homeless participants, and victims of domestic violence. Among the findings: 48 percent of homeless participants who had been receiving welfare for 52 weeks before being placed in the transitional jobs program obtained unsubsidized employment at the conclusion of the program, compared to 34 percent of the homeless welfare recipients who were not in the transitional jobs program.²⁷

In addition to the quantitative research summarized above, qualitative research has shown that elements of transitional jobs programs, including earning a paycheck, working with an involved supervisor, and having a clear work plan, help program participants to gain skills that are transferable to future employment and to feel positively about their participation.²⁸ A survey of program staff and participants in six transitional jobs programs across the country found that transitional work has a positive personal, professional and financial impact on program participants.²⁹

Recommendations for Program Design and Implementation

A review of the research on transitional jobs programs and the implementation experience of program operators form the basis for the following recommendations for program design and implementation.³⁰

- **Build staff capacity to identify and address barriers to employment.** Transitional jobs programs should design in-depth assessments to identify barriers. Experts believe that the identification of employment barriers is critical to the provision of appropriate work activities and services for individuals with barriers.³¹ Programs should provide training to build staff capacity to identify and address severe barriers to employment such as domestic violence, and to make appropriate referrals to other service providers when necessary.

- **Design programs according to the needs of the population served.** Programs should tailor services to individuals with barriers. Some participants may require a more flexible and supportive work environment so that they can adjust to work, while simultaneously engaging in barrier removal activities such as substance abuse treatment. Programs can gradually build up both the hours of work and the responsibilities of employees as they develop more proficiency at job tasks, and can expand the use of group placements for participants who need more support to succeed in the workplace.
- **Develop a diverse array of transitional job placements in industries that are in demand.** To meet the diverse needs and interests of program participants, a variety of transitional jobs placements should be available in different industries and in different job types within industries. Job placements should provide workers with transferable skills that are in demand in the local labor market. Research on targeted industry employment and workforce development interventions has found that job characteristics, such as industry and occupation, appear to be associated with higher average annual earnings and greater job quality for single mothers on welfare.³²
- **Include an education and training component in program design.** Training and education should be related to skills in demand in the local labor market, and targeted at industries that pay higher wages. Training should also be applicable to the worksite, and wherever possible lead to skill certifications or credentials.
- **Develop guidelines for the selection of participating employers and worksites.** Programs should develop guidelines to ensure participating employers comply with all relevant fair labor laws and regulations and do not displace workers who are not in the transitional jobs program. Programs that place participants in the private or public sector should work with unions to ensure that displacement of current workers does not occur. (See page 4 for a discussion of worker displacement issues.)
- **Ensure adequate supervision at the worksite to help participants develop skills and address problems as they arise.** Supervisors play an important role in the identification of barriers at the worksite, in addition to helping participants understand workplace norms and build skills. Keeping the ratio of participants to supervisors small will ensure more intensive supervision takes place at the worksite. Programs can also provide training for supervisors about how to effectively supervise transitional workers who may need more support than other employees. In addition, case managers should maintain good contact with supervisors to help address problems that may occur at the worksite.
- **Develop strong job placement activities and employment retention services.** Transitional jobs programs should develop strong job placement activities, to connect participants to high quality unsubsidized jobs. Retention activities help to ensure continued success after the transitional job placement ends, and can

include case management, and financial and non-financial incentives. Retention services should also include connections to work supports such as the Earned Income Tax Credit (EITC), childcare subsidies and transportation assistance.

- **Improve communication and collaboration between program partners.** Many transitional jobs programs require collaborations between the private and public sector and multiple service providers. As a result, it is important that mechanisms are established early on to ensure ongoing communication between program partners so that they can identify and resolve issues as they arise.³³
- **Design and implement quality data systems.** Transitional jobs programs should use data systems to track client progress and employment outcomes, and make program improvements on an ongoing basis, based on the data collected.³⁴

Conclusion

Quantitative and qualitative research suggests that transitional jobs programs have the potential to help individuals with barriers to employment successfully transition into the labor market. Since many of the families who continue to receive cash assistance under TANF have significant barriers, states seeking an effective approach to serving this population while simultaneously meeting stricter participation requirements mandated by the DRA, should consider creating and/or expanding wage-paying transitional jobs programs. As one transitional jobs program administrator noted in a 2002 Brookings Institution report, “While transitional work programs cost more than some welfare to work strategies, the return on investment is high...Transitional jobs programs provide clients with the skills and experience they need to succeed in their journey toward economic independence.”³⁵

More information about the various components of transitional jobs programs and assistance in creating or expanding existing programs is available from CLASP (www.clasp.org) and the National Transitional Jobs Network (www.transitionaljobs.net), a coalition of transitional jobs programs, policy organizations, and other sponsoring organizations that helps to develop and expand transitional jobs programs nationwide.³⁶

¹ For a full discussion of these changes, see: Greenberg, Mark. *The TANF Participation Rate Structure under the Budget Reconciliation Bill: A Summary of the Rules*. 2006. Washington DC: Center for Law and Social Policy.

² Pavetti, Ladonna, et al. *Work-Based Strategies for Hard-to-Employ TANF Recipients: A Preliminary Assessment of Program Models and Dimensions*. 2001. Washington DC: Mathematica Policy Research, Inc.

³ In order to be counted in a state’s participation rate an individual must be receiving “assistance” as defined by TANF regulations. The regulatory definition of “assistance” excludes wage subsidies to employers (45 C.F.R. § 260.31). As a result, if the only TANF-funded benefit received by an individual (or

family) is a TANF-funded wage through a wage subsidy to the employer, the individual is not receiving “TANF assistance,” and therefore cannot be counted in the state’s participation rate calculation. However, an individual who receives both earnings from a subsidized job *and* a residual TANF grant will be counted in the state’s participation rate calculation.

⁴ Government Accountability Office (GAO). *Welfare Reform: Moving Hard-to-Employ Recipients into the Workforce*. 2001. Washington DC: GAO.

⁵ Government Accountability Office (GAO). *Welfare Reform: Moving Hard-to-Employ Recipients into the Workforce*. 2001. Washington DC: GAO.

⁶ Zedlewski, Sheila. *Work and Barriers among Welfare Recipients in 2002*. 2003. Washington DC: Urban Institute.

⁷ Hill, Heather, Gretchen Kirby, and LaDonna Pavetti. *Lessons from the Field - Transitional Jobs: Stepping Stones to Unsubsidized Employment*. 2002. Washington DC: Mathematica Policy Research, Inc. Available online at: <http://www.mathematica-mpr.com/PDFs/lessonsbrief.pdf>.

⁸ The National Transitional Jobs Network. *Transitional Jobs Programs Break Through Barriers to Work*. 2004. Available online at: <http://www.transitionaljobs.net/Resources/Downloads/TJProgramsBreakBarriers.pdf>.

⁹ See: <http://www.transitionaljobs.net>

¹⁰ Kirby, Gretchen, et al. *Transitional Jobs: Stepping Stones to Unsubsidized Employment*. 2002. Washington DC: Mathematica Policy Research, Inc. Available online at: <http://www.mathematica-mpr.com/publications/PDFs/transitionalreport.pdf>.

¹¹ Ibid

¹² Transitional Work Corporation (TWC). *Budgets for Transitional Employment Programs, An Overview*. National Transitional Jobs Network. Available online at: <http://www.transitionaljobs.net/Resources/Downloads/TJBudgetOverview.pdf>.

¹³ Heartland Alliance for Human Needs & Human Rights. *Transitional Jobs Program Design Elements*. 2004. National Transitional Jobs Network. Available online at: <http://www.transitionaljobs.net/Resources/ProgramDesignElements.pdf>.

¹⁴ Ibid.

¹⁵ EnSearch, Inc. *2004 Comparison Study: An Evaluation that Compares Outcomes for a Multi-State Transitional Jobs Program with Random Samples of Participants in the Minnesota Family Investment Program (Minnesota’s TANF Program)*. 2004. Minnesota: Lifetrack Resources.

¹⁶ Kirby, Gretchen, et al. *Transitional Jobs: Stepping Stones to Unsubsidized Employment*. 2002. Washington DC: Mathematica Policy Research. Available online at: <http://www.mathematica-mpr.com/publications/PDFs/transitionalreport.pdf>.

¹⁷ The Balanced Budget Act of 1997 authorized the U.S. Department of Labor to provide Welfare-to-Work Grants to states and local communities to design and implement employment programs for TANF recipients. States and local areas could use grant funds to provide job placement services, transitional employment, and other support services to help welfare recipients’ transition into unsubsidized jobs.

¹⁸ For more information about funding transitional jobs programs, visit the National Transitional Jobs Network (NTJN) website at www.transitionaljobs.net.

¹⁹ For a fuller description of non-displacement protections, see: Dietrich, Sharon, Maurice Emsellem, and Jennifer Paradise. *Employment Rights of Workfare Participants and Displaced Workers*. 2000. New York, NY: National Employment Law Project.

²⁰ Youdelman, Sondra, with Paul Gestos. *Wages Work! An Examination of the New York City’s Park Opportunities Program (POP) and its Participants*. 2004. New York, NY: Community Voices Heard. Available online at: <http://www.cvhaction.org/english/reports/WagesWork.pdf>.

²¹ MDRC is in the process of evaluating a transitional jobs program for ex-offenders in New York City, and a transitional jobs program for TANF recipients in Philadelphia, as part of the multi-site demonstration project “Enhanced Services for the Hard-to-Employ.” The project is being funded by the U.S. Department of Health and Human Services, the U.S. Department of Labor, and other project partners. MDRC expects results from this study by 2007. More information is available online at: http://www.mdrc.org/project_20_8.html.

²² Kirby, Gretchen, et al. *Transitional Jobs: Stepping Stones to Unsubsidized Employment*. 2002. Washington DC: Mathematica Policy Research. Available online at: <http://www.mathematica-mpr.com/publications/PDFs/transitionalreport.pdf>.

²³ Ibid

²⁴ Burchfield, Erin. *Community Jobs Program Moves People from Welfare to a Career Track: Outcomes Assessment Summary*. 2002. Seattle, WA: Economic Opportunity Institute.

²⁵ Rynell, Amy and Beachy-Quick, Kristy. *Transitional Community Jobs, Chicago, Illinois: A Summary Report of the Program and its Outcomes*. 2003. Chicago, IL: The Heartland Alliance Mid-America Institute on Poverty (MAIP).

²⁶ Ibid

²⁷ EnSearch, Inc. *2004 Comparison Study: An Evaluation that Compares Outcomes for a Multi-State Transitional Jobs Program with Random Samples of Participants in the Minnesota Family Investment Program (Minnesota's TANF Program)*. 2004. Minnesota: Lifetrack Resources.

²⁸ Youdelman, Sondra, with Paul Gestos. *Wages Work! An Examination of the New York City's Park Opportunities Program (POP) and its Participants*. 2004. New York, NY: Community Voices Heard. Available online at: <http://www.cvhaction.org/english/reports/WagesWork.pdf>.

²⁹ Kirby, Gretchen, et al. *Transitional Jobs: Stepping Stones to Unsubsidized Employment*. 2002. Washington DC: Mathematica Policy Research, Inc. Available online at: <http://www.mathematica-mpr.com/publications/PDFs/transitionalreport.pdf>.

³⁰ See: Kirby, Gretchen, et al. *Transitional Jobs: Stepping Stones to Unsubsidized Employment*. 2002. Washington DC: Mathematica Policy Research, Inc. See also: Greenwald, Richard C. *Transitional Jobs: The Philadelphia Story*. 2002. Washington DC: The Brookings Institution. Also: Youdelman, Sondra, with Paul Gestos. *Wages Work! An Examination of the New York City's Park Opportunities Program (POP) and its Participants*. 2004. New York, NY: Community Voices Heard. Also: Burchfield, Erin. *Community Jobs Program Moves People from Welfare to a Career Track: Outcomes Assessment Summary*. 2002. Seattle, WA: Economic Opportunity Institute.

³¹ Government Accountability Office (GAO). *Welfare Reform: Moving Hard-to-Employ Recipients into the Workforce*. 2001. Washington DC: GAO.

³² Foster-Bey, John and Lynette Rawlings. "Can Targeting Industries Improve Earnings for Welfare Recipients Moving from Welfare-to-Work?: Preliminary Findings." 2002. Washington DC: Urban Institute.

³³ Greenwald, Richard C. *Transitional Jobs: The Philadelphia Story*. 2002. Washington DC: The Brookings Institution.

³⁴ Ibid

³⁵ Greenwald, Richard C. *Transitional Jobs: The Philadelphia Story*. 2002. Washington DC: The Brookings Institution.

³⁶ The National Transitional Jobs Network provides links to several transitional jobs programs around the country. To learn more about individual programs, please visit: <http://www.transitionaljobs.net/Programs/Programs.htm>.