CREATING SUBSIDIZED EMPLOYMENT OPPORTUNITIES FOR LOW-INCOME PARENTS:

The Legacy of the TANF Emergency Fund

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Introduction

Amidst the worst downturn since the Great Depression, Congress included the Temporary Assistance for Needy Families (TANF) Emergency Fund[1] in the 2009 Recovery Act to help states cover the costs of providing more assistance to low-income families suffering from the ill effects of the downturn. The Fund provided $5 billion over two years for increased state or federal TANF spending in three categories of aid to TANF-eligible families[2] with children: (1) basic assistance, (2) non-recurrent, short-term (or emergency) benefits, and (3) subsidized employment.

The fund expired on September 30, 2010. Some 39 states, the District of Columbia, Puerto Rico, the Virgin Islands, and eight Tribal TANF programs received approval to use $1.3 billion from the fund to create new subsidized employment programs or expand existing ones. The remaining $3.7 billion in the fund was approved to cover increased costs associated with providing basic assistance and non-recurrent, short-term benefits, such as assistance to avoid eviction and potential homelessness.

TANF Emergency Funds (EF) were available to cover 80 percent of a state's *increased* costs in each of the three categories.[3] This meant states had to spend more on needy families to obtain the funds and had to cover 20 percent of the increased expenditures with other funding sources (including federal TANF block grant funds or state maintenance-of-effort funds). For subsidized employment programs, states could count as state spending the employer costs to supervise and

Subsidized Jobs Created by the TANF Emergency Fund:

- Placed more than 260,000 low-income adults and youth in paid jobs during a time of high unemployment.
- Supported local economies by putting money into the hands of individuals most likely to spend it.
- Helped states sustain work-focused TANF programs.
- Provided direct and timely support to help businesses, non-profits, and local governments weather the recession.
- Provided opportunities for low-income parents and youth to maintain a connection to the labor force and build new skills.
- Created new partnerships between TANF agencies, workforce agencies, businesses, foundations, advocates, and local nonprofit service providers.
- Demonstrated the feasibility of creating cost-effective, publicly funded jobs in the private and public sectors on a large scale during a downturn.

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[1] Statutory language refers to the "Emergency Contingency Fund" but, to avoid confusion with the TANF Contingency Fund which was created in 1996 when the TANF block grant was created, the U.S. Department of Health and Human Services referred to it as the Emergency Fund, a convention we follow throughout the paper.

[2] States could – and many did – serve broader low-income populations than just families eligible for TANF cash assistance.

[3] For the basic assistance category, a state also had to have a caseload increase which many states did because of the recession. A state did not have to experience an increase in its assistance caseload to draw down Emergency Funds for the non-recurrent short-term benefits and subsidized employment categories, but did have to show increased spending. Increased spending (and for basic assistance, increased caseload) is measured relative to a base year that was either 2007 or 2008, whichever was lower.

train subsidized employees, which made it possible to operate a subsidized employment program with minimal financial resources beyond the federal funds available from the EF.[4]

A key feature of the TANF EF was its flexibility: states decided how best to use the funds to serve families in need, such as how best to structure their subsidized employment programs. This made it possible for states to operate large statewide countercyclical programs, as well as smaller programs targeted to population groups or geographical areas that face particular labor market challenges, such as non-custodial parents and rural communities with high rates of unemployment.

This paper presents the results of a telephone survey of the subsidized employment programs funded all or in part with funds from the TANF EF, conducted by staff from the Center on Budget and Policy Priorities (CBPP) and the Center for Law and Social Policy (CLASP) during the summer and fall of 2010. We collected this information with two goals in mind: (1) to understand how states used the flexibility they were given to design and implement subsidized employment programs and what challenges they faced in getting them up and running, and (2) to provide a written record of states' experiences that could be used to inform future efforts. We targeted our data collection efforts to the 33 states operating employment programs that served adults. We were successful in conducting telephone interviews with 30 of the states and gathered basic information from written documents from the other states. During the interviews, we obtained information on the populations that states decided to serve, how they structured their wage subsidies, the types of jobs they provided, how they operated their programs, how many individuals were employed, and their plans to continue programs after the end of the EF.[5]

This paper opens with a brief description of subsidized employment programs that preceded those created through the TANF EF. The second section presents information on EF-supported programs. Subsequent sections describe several key elements of state programs: (1) program purpose; (2) target population; (3) subsidy structure; (4) types of jobs provided; and (5) administrative structure. The paper concludes by highlighting the following lessons that can be drawn from states' experiences:

- It is possible (though challenging) to get large-scale, countercyclical job creation programs up and running relatively quickly and to engage the private sector in creating job opportunities.

- Subsidized jobs targeted to disadvantaged individuals benefit not only participating workers and businesses but also entire communities and society at large.

- Flexibility makes success possible in many different environments.

- New targeted funding can provide the catalyst for innovation and increased collaboration.

- Subsidized employment programs can be implemented at reasonable cost.

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[4] Supervision and training expenses up to 25 percent of the costs of wages could be claimed without explicit documentation on the costs of training and supervision. Actual expenses exceeding 25 percent could be claimed only with explicit documentation of the costs.

[5] Because of the way ARRA was written, subsidized jobs created with the Emergency Fund were not included in the number of jobs created by the Recovery Act that states reported.

- Subsidized employment programs serve a variety of purposes; their performance should be judged on measures that are consistent with their purpose.

Subsidized Employment Programs That Preceded the TANF Emergency Fund

Subsidized employment programs have operated periodically in the United States since the Great Depression in the 1930s. The first large-scale subsidized employment programs were created as a part of the New Deal. The Works Progress Administration (WPA) was created in the 1930s to provide income support to jobless individuals during a time of very high unemployment. At its peak in 1938, the WPA provided jobs for 3.3 million unemployed Americans. The workers hired through the WPA built 617,000 miles of new roads, 124,000 bridges and viaducts and 35,000 buildings.[6] The Civilian Conservation Corps (CCC), created during the same era, provided jobs preserving natural resources to 500,000 young men.[7] Both programs ended in the early 1940s, after the Great Depression ended.

The next national subsidized jobs program of substantial size, the Public Sector Employment (PSE) component of the Comprehensive Employment and Training Act (CETA), was not created until about 30 years later, in 1973. The program started out small, operating in areas of high unemployment, and grew as the economy weakened. At its peak, it employed more than 700,000 individuals in state and local government positions.[8]

Beginning in the 1960s, a number of small subsidized employment demonstration projects were created, primarily aimed at improving the employment prospects of welfare recipients, youth, and other individuals with significant barriers to employment. These programs differed from WPA, CCC, and PSE in several important ways. First, they operated on a much smaller scale. Second, they targeted individuals who exhibited substantial barriers to employment. Third, they aimed to improve participants' employability by providing them with a paid work experience. Many provided substantial support to help individuals address their employment barriers and to help them stay employed. Examples of programs targeted to welfare recipients include the National Supported Work Demonstration and the Aid to Families with Dependent Children (AFDC) Homemaker Home Health Aid Demonstration.[9]

In addition, Minnesota created the Minnesota Employment and Economic Development program (MEED) in the mid-1980s to address two goals: expand the supply of jobs available to unemployed

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[6] Clifford Johnson, "Shattering the Myth of Failure: Promising Findings from Ten Public Job Creation Initiatives," Center on Budget and Policy Priorities, December 22, 1997, http://www.cbpp.org/cms/index.cfm?fa=archivePage&id=1222jobcr.htm.

[7] "Civilian Conservation Corps Legacy," www.ccclegacy.org.

[8] William Mirengoff, Lester Rindler, Harry Greenspan, and Charles Harris, *CETA: Accomplishments, Problems, Solutions*, Upjohn Institute for Employment Research.

[9] Dan Bloom, "Transitional Jobs: Backgrounds, Program Models, and Evaluation Evidence," MDRC, February 2010, http://supportinghealthymarriage.org/publications/553/full.pdf.

residents in the wake of a deep and prolonged recession and help small businesses that had the potential to expand their operations but lacked the "working capital" they needed to hire additional employees and tap potential new markets. About 19,000 unemployed individuals were placed in jobs through MEED, more than two-thirds of them in the private sector. More than half of the participating employers reported they could not have expanded their payrolls without the MEED subsidies.[10]

Most recently, subsidized employment programs have largely been associated with two groups: welfare recipients and ex-offenders. As a part of efforts to shift the focus of their public assistance programs to work, some state and county welfare agencies have used their regular TANF funds to create subsidized employment programs for individuals who have not been successful at finding unsubsidized employment; others have created work-study programs to help students enrolled in post-secondary institutions meet their work requirements while pursuing their education. The federal government has also provided special funding to help states launch initiatives for ex-offenders through the Serious and Violent Offender Reentry Initiative, the Prisoner Reentry Initiative, and, most recently, the Second Chance Act of 2008.

Many subsidized employment programs targeted to welfare recipients and ex-offenders have come to be known as transitional jobs (TJ) programs because they often provide a short-term, temporary subsidized job along with personal support. In 2000 a national coalition of non-profits formed the National Transitional Jobs Network to support the development of transitional jobs programs. Early evaluation results from several TJ programs show significant increases in employment when a subsidized job is provided, but individuals offered a subsidized job are no more likely to work after the subsidized job ends than those who were not given the chance to work in a subsidized job.[11]

The New Hope Project, implemented in Milwaukee as a companion to welfare reform efforts in Wisconsin, provides a notable example of a program that included subsidized employment as part of a comprehensive package of work supports. The project, which was not targeted only to welfare recipients, offered residents of two low-income neighborhoods earnings supplements, child care assistance, and health care coverage on the condition that they work 30 hours per week. Individuals who could not find employment were guaranteed a subsidized community service job for 30 hours per week, enabling them to receive all the work supports provided to others who worked in unsubsidized jobs for the same number of hours. The results were highly encouraging: poverty rates declined among families that participated in the program, and employment and earnings increased among participants who were not initially working full time.[12]

While a number of subsidized employment programs for TANF recipients and other disadvantaged groups predated the TANF Emergency Fund, most operated on very small scale and were targeted at narrow segments of the population. With so few programs in place, no one knew how states would respond to the new opportunity that the Emergency Fund created. In the end, the outcome was remarkably successful on a number of fronts — the number of individuals who were placed in subsidized jobs in such a short period of time, the number of states that created programs

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[10] Johnson.

[11] Bloom.

[12] Greg J. Duncan, Aletha C. Huston, and Thomas S. Weisner, *Higher Ground: New Hope for the Working Poor and Their Children*, Russell Sage Foundation, 2008.

(many of which had never operated subsidized employment programs before), the number and diversity of private-sector businesses that embraced the program, and the state and local collaboration that speeded program implementation.

Size and Scope of Emergency Fund-Supported Programs Exceeded All Expectations

While the programs created or expanded through the TANF Emergency Fund did not reach the size of earlier countercyclical programs such as the WPA, they achieved impressive results in the short time they were in operation, placing about 260,000 low-income individuals in subsidized jobs (see Table 1). Most state programs did not start until late in calendar year 2009 or early 2010, so these results were achieved in less than two years.

The placements were split almost equally between year-round programs that served mostly adults and summer and year-round programs that served youth (up to age 24). California, Illinois, Pennsylvania, and Texas each placed more than 20,000 individuals in subsidized jobs. Illinois operated the largest year-round program, placing almost 30,000 adults in subsidized jobs in less than six months. California and Texas operated the largest summer youth programs, placing about 27,000 and 22,000 youth in jobs, respectively. Pennsylvania's placements were almost equally split between adults (14,000) and youth (13,000).

By the time the TANF Emergency Fund expired on September 30, 2010, some 39 states and the District of Columbia had created new subsidized employment programs or expanded existing ones (see Figure 1). A total of 33 states operated programs targeted to adults, and 24 states and the District of Columbia operated programs targeted to youth; 19 states operated programs for both adults and youth.[13]

The majority of states that operated programs did so as a part of a broader, multi-pronged strategy to serve needy families during the recession. Except for North Dakota, whose unemployment rate never rose above 4.4 percent during the recession, all states that received approval to use TANF EF funds for subsidized employment also received funds to provide increased basic assistance or to provide short-term, non-recurring benefits, and the vast majority (33 states and the District of Columbia) received approval for funding for all three Emergency Fund purposes (see Appendix, Table A-1). In 11 states, subsidized jobs accounted for at least half of the TANF EF funds the state received.[14] Some states operated their programs statewide, while others delegated responsibility to counties (not all of which chose to operate programs). Some states allocated special funding to counties hardest hit by the recession.

[13] We do not have information on who was served in Alaska.

[14] States often received approval based on estimated expenditures. When all expenditures are reported and adjustments are made, the total amount of funds received by a state and/or its distribution among the three purposes may change.

Table 1

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
Alabama	1,984	971	2,955
Alaska	a	a	a
Arkansas	0	1,870	1,870
California[c]	19,847	27,337	47,184
Colorado	1,724	0	1,724
Connecticut	800	5,700	6,500
Delaware	143	1,054	1,197
District of Columbia	0	b	b
Florida	5,588	0	5,588
Georgia	2,300	14,800	17,100
Hawaii[d]	2,040	5,806	7,846
Illinois	29,092	6,624	35,716
Iowa	0	635	635
Kansas	0	b	b
Kentucky	4,848	5,993	10,841
Maryland	100	0	100
Michigan[d]	1,365	0	1,365
Minnesota[d,e]	6,802	3,500	10,302
Mississippi[f]	3,378	2,682	6,060
Missouri	0	5,530	5,530
Montana	444	374	818
New Jersey	624	868	1,492
New York	4,217	0	4,217
North Carolina	1,036	0	1,036
North Dakota	600	0	600
Ohio	1,759	15,034	16,793
Oklahoma	923	1,500	2,423
Oregon[d]	2,305	233	2,538
Pennsylvania	14,000	13,000	27,000
Rhode Island	735	0	735
South Carolina	667	0	667
South Dakota	0	334	334
Tennessee	1,725	0	1,725
Texas	2,594	22,305	24,899
Utah[g]	2,500	700	3,200
Vermont	90	0	90
Virginia	340	0	340
Washington[d]	7,200	0	7,200
West Virginia	200	1,200	1,400
Wisconsin[g]	2,500	0	2,500
Total	**124,470**	**138,050**	**262,520**

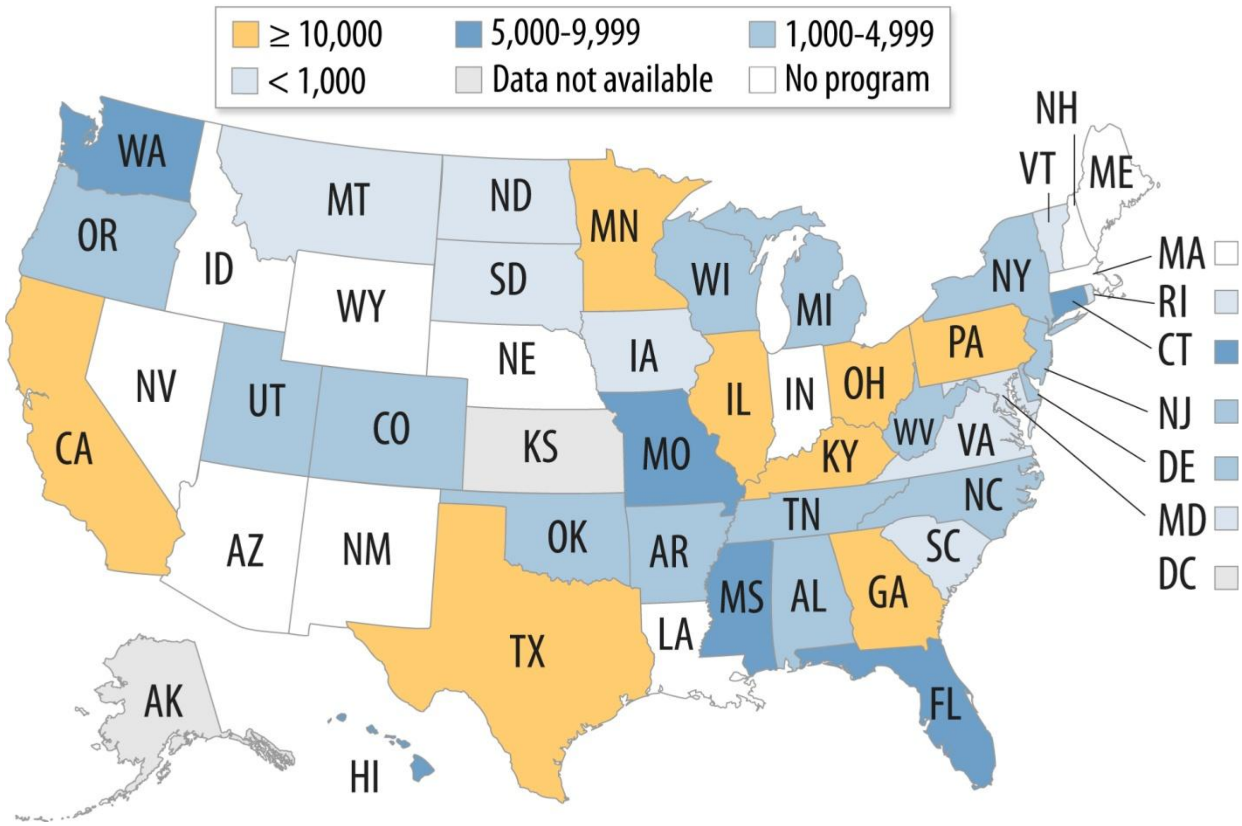
Note: Programs may be funded in whole or in part with TANF Emergency Funds.

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 as reported by 1/31/2011.

Figure 1:

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.

Notes to Table 1 and Figure 1

[a] No information available.
[b] Unable to obtain data on the number served at the time information was collected.
[c] Breakdown between adults and youth is estimated. Data is only for FY 2010.
[d] Expanded an existing program with funds from the TANF Emergency Fund. Number of placements is for entire program, not just additional placements.
[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.
[f] Mississippi's numbers include 142 participants in a special program to help individuals start their own business.
[g] State is planning to use funds earned from the TANF Emergency Fund for other expenditures for subsidized employment. Numbers include placements projected beyond September 30, 2010.

Subsidized Employment Programs Used Variety of Strategies to Create Job Opportunities

Using the flexibility afforded to them under the Emergency Fund legislation, states used the TANF EF in a number of ways to expand the job opportunities available to low-income parents and working-age youth. The recent recession and current economic downturn have been characterized by high unemployment rates, extended periods of unemployment, and very limited net job creation in the private sector. This has created a severe shortage of labor market opportunities for individuals who are looking for work — when unemployment was at its peak, there were nearly six unemployed individuals available to fill every open position.[15] The shortage was especially severe for individuals with limited education. For example, in January 2010, when many states were starting their programs and some already had them up and running, individuals with less than a high school diploma had an unemployment rate of 15.1 percent, compared to 9.7 percent for all unemployed workers.

States' most common strategies in using TANF EF funds to help create job opportunities in this difficult environment included:

- **Creating new temporary jobs in the private and public sectors.** The largest subsidized employment programs worked with private-sector businesses and government agencies to create new temporary jobs that otherwise would not have existed. These jobs usually were targeted to job-ready individuals who were sometimes eligible for child care assistance but did not receive any other special support. Employers were not required to hire individuals at the end of the subsidy period but were encouraged to consider their subsidized employees for any permanent positions that became available during their tenure.

  In the two largest programs of this type, operated in Illinois and Los Angeles, all individuals were paid the same wage: $10 per hour for up to 40 hours per week. In both programs, the majority of jobs created were in the private sector. Individuals were on the payroll of an intermediary, a non-profit organization in Illinois and a Workforce Investment Board in Los Angeles. In other smaller programs, employers put workers directly on their payrolls and were then reimbursed for some or all of their wage-related costs.

- **Expanding hiring by private-sector businesses.** The recession forced many businesses, especially small ones, to put on hold their plans to hire new employees and/or rehire laid-off employees. By significantly reducing the cost and risk associated with hiring an employee, TANF EF subsidized employment programs encouraged some businesses to hire new workers they otherwise would not have hired. In other cases, the subsidy effectively made it possible for businesses to purchase equipment to expand their efficiency or reach new markets, enabling them to add new employees to their payroll on a permanent basis.

[15] According to the Bureau of Labor Statistics the unemployment rate reached its peak of 10.1 percent in October 2009. The total number of nonfarm job openings that month was 2.546 million while the total number of unemployed workers 16 years and older was 15.628 million. This means that the ratio of unemployed workers to job openings was 6.1-to-1, or nearly six unemployed individuals for every opening. Note that this does not signify the number of applicants per job.

To cite just one example, Tennessee's subsidized employment program enabled a pastry business to increase production, which in turn allowed the firm to expand its distribution area and purchase a packaging machine to increase its efficiency. This expansion proved successful; the firm found new customers — and then hired all of the subsidized workers as regular employees.

- **Giving businesses incentives to hire individuals with the least favorable employment prospects and the most to lose from extended unemployment.** Some programs used subsidies to influence employers' hiring decisions. Because the programs were targeted to low-income families and youth, many of whom have lower levels of education and more limited job histories, the subsidies provided an incentive for businesses to hire individuals they might not otherwise hire, especially when they have a large pool of applicants from which to choose.[16]

  For example, South Carolina targeted its subsidized employment program to job-ready TANF applicants. By subsidizing part of individuals' wages, the state encouraged chain grocery and department stores to hire TANF applicants, which the state had been unable to accomplish in the past.

- **Creating transitional job opportunities for individuals who face personal and family challenges that limit their employment prospects even when the economy is stronger.** A non-trivial portion of the TANF caseload faces significant challenges that limit their ability to work full time in regular, unsubsidized employment. Often, these individuals need intensive personal support and a supportive work environment to succeed in the workplace. These individuals often get left behind, especially when many others with far better employment prospects also are eager to find work. With the extra resources provided by the TANF EF, states that had programs in place to serve such families were able to maintain and expand them, and a few states created new programs. For example, Washington, Oregon, and San Francisco all used funds from the TANF EF to expand long-standing programs that serve individuals with employment barriers. Non-profit organizations that are able to create job opportunities for individuals with employment barriers (often with other non-profits) and provide support to individual participants throughout the program played an important role in the implementation of these programs.

- **Creating career-ladder initiatives that include a subsidized jobs component.** A few states used the TANF EF to create or expand programs that help low-income individuals with limited skills combine work and training to move into higher-paying jobs. For example, New York used the TANF EF to create training and employment opportunities for green jobs and health careers, while Maryland created a career advancement program that uses wage subsidies to encourage employers to hire low-income individuals as trainees in entry-level jobs that have higher starting wages (usually between $10 and $12 per hour) and the potential for career growth.

[16] Jobs subsidized with funds from the TANF EF were not required to be new positions, but existing workers could not be replaced with a subsidized employee. Subsidized employment programs also needed to comply with any applicable state or local anti-displacement protections.

Knowing the intent of a particular program is important in measuring the program's success. Countercyclical programs are intended to provide temporary jobs to large numbers of individuals who would otherwise be unemployed; thus, the best measure of their success is the number of unemployed individuals placed in any job, not the number placed in permanent jobs. In contrast, transitional jobs programs are designed to provide individuals who have employment barriers with paid employment opportunities and personal support to help them both gain work experience and then find permanent unsubsidized employment; thus, the best measures of their success are *both* the number of people placed in temporary jobs *and* the number who find unsubsidized employment when the temporary job ends.

For programs designed to help businesses weather the recession or encourage them to hire individuals with fewer skills or less work experience, success is best measured by the share of participants who remain employed with the employer once the subsidy ends. Finally, programs that aim to create career paths are best judged on the extent to which participants' earn more than they would have in the absence of the program, especially over time.

Most Programs Assisted Broad Range of Low-Income Unemployed Individuals

States had the same flexibility to set eligibility requirements for their subsidized employment programs that they have for their TANF programs. States are required to set objective criteria for defining eligibility for TANF programs and services, but they can decide what those criteria are, including setting forth their own definitions of a "needy" family. They also can use different limits for subsidized jobs or other services than they do for cash assistance. States could use criteria set forth in their state plans to define eligibility for their subsidized employment programs or amend their plans to establish new criteria.

Individuals in subsidized jobs supported by the TANF EF had to be members of families with children. While a needy family must include a minor child to qualify for cash assistance, the Department of Health and Human Services (HHS) provided guidance to states that made it possible for them to use a broader definition of a child for providing services that do not count as "assistance" — including subsidized jobs programs. In order to use a broader definition, a state had to demonstrate that it used such a definition for other programs in the state. In its communication with the states, HHS indicated that it considered age 24 a reasonable upper bound for state definitions of a child.[17] This made it possible for states to provide subsidized jobs to older youth without children of their own. However, many states

> "Put Illinois to Work has helped me become more of a responsible father to my kids. I now can say without hesitation that I can pay the bills for my family and keep a solid roof over our heads."
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> **—JD, Worker-Trainee, Black Wall Street, Chicago, IL**

[17] Elizabeth Lower-Basch, "Creating Summer Jobs for Youth," Center for Law and Social Policy, April 2010, http://www.clasp.org/admin/site/publications/files/TANFSummerJobs.pdf.

expressed frustration that they could not serve long-term unemployed individuals who did not have children.

States targeted their programs to different segments of the low-income working-age population (see Table A-2). The target populations included:

- **TANF cash assistance recipients and applicants.** Even though unemployment rates are very high, TANF applicants and recipients of cash assistance under TANF are still required to participate in work activities and states are required to meet work participation rates of 50 percent for all families and 90 percent for two-parent families. (These rates are reduced by the extent of caseload decline, if any, in the state since 2005.) States that previously had subsidized employment programs in place were able to use funds from the TANF EF to expand their programs in response to increased demand, and states that did not have programs were able to create them. A handful of states (Minnesota, Oregon, South Carolina, Vermont, and Washington) served *only* TANF applicants or recipients in their subsidized employment programs, but most states with subsidized jobs programs included TANF recipients as one of their primary target groups.

- **Low-income families.** In many states, TANF cash assistance provides a safety net for only a small minority of needy families with children. To serve a larger group of families, a number of states targeted their subsidized employment programs to a wider pool of low-income families with children. The income levels that states used to define eligibility for their programs varied widely: ten states set income limits at or below 200 percent of the federal poverty line and six set their limits above 200 percent of the federal poverty line. Colorado set a flat income amount (less than $75,000) for eligibility, and Connecticut set its eligibility at 75 percent of state median income. Oklahoma based eligibility on a family's participation in any of several public assistance programs, including TANF, the Supplemental Nutrition Assistance Program (SNAP), medical assistance, and subsidized child care.

> "My last job before finding employment through the Way to Work Philly was with the temporary employment agency Kelly Services. I was out of work from June 2008 to August 2010. The Way to Work Philly program has been the open door I needed because my unemployment benefits were exhausted and I had no income for two months. As a single parent with children, this job has helped me manage my household, continue with my education, and do what I love to do- be an assistant to the President of my company."
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> **—DW, Philadelphia Way to Work Participant**

- **Youth.** Young people have been experiencing extremely high unemployment rates.[18] The 2009 Recovery Act provided special funds for youth jobs programs in 2009 and 2010, but these funds were largely exhausted before the summer of 2010. Acting on joint guidance provided by HHS and the Department of Labor, 24 states and the District of Columbia created partnerships between their TANF and workforce development agencies to create youth employment programs that met the TANF eligibility requirements. In some cases, these programs were targeted narrowly to youth in families receiving TANF, but in most cases, they were targeted to youth in a more broadly defined group of "TANF-eligible" families. While the majority of youth programs operated only during the summer, some were created as year-round programs and operated until the TANF EF expired on September 30, 2010. Many states served young adults through age 24 through their youth programs.

- **Special sub-groups.** Within the three broad eligibility groups described above, a number of states conducted targeted outreach efforts or developed special programs for subgroups with special employment needs. For example, in addition to serving TANF recipients, North Dakota created a subsidized employment program to provide job opportunities to non-custodial parents who were behind on their child support payments and youth who would soon be transitioning out of foster care. Wisconsin created a new employment program targeted to low-income parents who are not eligible for TANF cash assistance or unemployment insurance. Texas and Utah targeted their programs to unemployment insurance claimants who earned less than $15 per hour in their last job. Tennessee and West Virginia targeted the areas of the state with the highest unemployment rates. Illinois, Oregon, Washington, Cleveland, and San Francisco all operated subsidized employment programs for TANF recipients with substantial barriers to employment.

States Used Numerous Subsidy Configurations to Contain Costs and Attract Employers

Nearly all of the subsidized employment programs were primarily structured as wage subsidy programs — that is, they subsidized part or all of participants' wages and sometimes covered other wage-related costs, but provided no other assistance. (The small number of programs targeted to populations with substantial barriers to employment provided additional services.) Therefore, the key differences among these programs concerned the structure of the wage subsidies (see Table A-3), specifically:

- **Amount of wage subsidized.** Most states subsidized 100 percent of wages, but Oklahoma and Mississippi reduced their subsidy over time, paying 100 percent only in the first month. Georgia reimbursed employers for 80 percent of the costs of wages. In Colorado, counties decided how much of the wage to cover — the range was from 50 to 100 percent.

- **Maximum wage eligible for a subsidy.** The majority of states paid participants the prevailing wage for the job for which they were hired. Some states that paid the prevailing wage

[18] The unemployment rate for 16 to 19 year-old white men and women was 24.9 percent in October 2009, while prior to the recession in October 2007 it was only 13.5 percent. African-American young men and women started the recession from a much higher baseline, an unemployment rate that stood at 26.8 percent in October 2007. Their unemployment rate peaked at 49.2 percent in September 2010.

constrained costs by setting a maximum wage rate for which they would provide reimbursement. For example, Florida set its maximum hourly wage at $19.51, the wage level at which a full-time year-round worker would earn the state's average annual earnings of $40,579. In South Carolina, employers were required to pay participants the prevailing wage but they could only be reimbursed for the minimum wage of $7.25 per hour. Some states set maximum total per-participant amounts for the subsidy. Some programs set a fixed wage in which all participants received the same hourly wage; for example, participants in Washington state all received $8.55 per hour.

- **Coverage of payroll costs.** Some states covered payroll costs such as Social Security taxes, unemployment insurance, and worker's compensation in addition to wages. If all were covered, this increased costs by about 15 percent.
- **Number of hours.** Almost all states subsidized wages for up to 40 hours per week, and a few covered overtime costs. South Carolina only covered the costs of wages for 20 hours per week, even though many recipients worked full time. Some states also required that employers provide a minimum number of hours to be eligible to receive a subsidy.
- **Duration of wage subsidy.** The wage subsidy lasted from four to 18 months. Because states only planned to operate their programs through the end of September 2010, when the program was scheduled to end, many did not set an explicit maximum number of months for the subsidy.

Taken together, these factors produce very different wage subsidy structures and costs, as Table 2 illustrates. Among these illustrative states, the total subsidy costs for a placement of no more than six months at the maximum wage ranged from $2,000 in Texas to $23,849 in Florida (where the maximum wage was rarely paid). Texas provided a flat subsidy of $2,000 per subsidized employee, meaning that the subsidy did not vary with the wage or the number of hours a participant worked. The low end for programs in which the wage subsidy was explicitly tied to wages was South Carolina, with a maximum cost of $4,432 per participant.

The last column of Table 2 shows the cost of a six-month placement with a top wage of $10, which is close to the average wage reported by programs that have these data available. While the cost differential among programs is smaller than when one compares the total cost at the maximum wage amount that the programs could subsidize (the previous column), considerable variation remained. This illustrates the important role that the details of the subsidy structure play in determining a program's cost.

The cost of fully subsidizing the wages and all payroll costs for a full-time job paying $10 per hour for six months is $12,226. States lowered their costs below this level in a number of different ways.

- Alabama only paid the employee portion of payroll costs.
- Pennsylvania provided no reimbursement for payroll costs.
- Washington and South Carolina paid wages lower than $10 and covered only the cost of part-time employment.
- Mississippi lowered its costs by providing a subsidy that gradually declined over a six-month period.
- Oklahoma's subsidy declined over time and lasted no longer than four months. To encourage employers to keep employees on their payroll beyond the subsidy period, Oklahoma provided an incentive equal to 50 percent of the costs of three months' wages if an employee was still

Table 2

Illustrative Examples Of The Costs Associated With Subsidizing Wages

State	Maximum wage eligible for reimbursement	Amount of wage subsidized	Coverage of payroll costs: FICA, Unemployment Tax (UT) and Worker's Compensation (WC)	Maximum hours per week	Total cost (6 month placement with maximum wage)[c]	Total cost (6 month placement with maximum wage of $10)
Alabama	$15	100%	Employee portion of FICA	40	$16,780	$11,187
Florida	$19.51	100%	FICA, UT and WC	40	$23,849	$12,226
Illinois	$10	100%	FICA and WC	40	$11,551	$11, 551
Mississippi	$17.92[a]	100% in month 1 & 2 75% in month 3 50% in month 4 & 5 25% in month 6	FICA	40	$13,365	$7,457
Oklahoma	$12[b]	100% in month 1 50% in months 2-4 (balance of subsidy for months 2-4 paid to employer if employee still working in month 10)	None	40	$8,313 with incentive $5,196 without incentive	$6,928 with incentive $4,330 without incentive
Pennsylvania	$13	100%	None	40	$13,510	$10,392
South Carolina	$7.25[b]	100%	FICA, UT and WC	20	$4,432 (20 hours)	$4,432 (subsidy capped at $7.25 per hour)
Texas	No maximum specified	Flat subsidy of $2,000 over four months	Employer can use $2000 or a portion of it to cover payroll costs	No maximum specified	$2000	$2000
Washington	$8.55	100%	FICA, UT, and WC	20	$5,227 (20 hours)	$5,227 (wages at $8.55)

[a] The state pays up to the average wage plus 11 percent to allow for wage increase for the specific job classification. This wage amount is the average wage for all workers for all occupations plus the 11 percent.
[b] Participants may be placed in jobs that pay more than the maximum wage eligible for reimbursement. When this is the case, employers pay the difference between the wage paid to the employee and the amount reimbursed by the program.
[c] We use 4.33 weeks per month to calculate the total cost for the 6 months.

employed four months after placement.[19] For a full-time job paying $10 per hour, the incentive portion of the subsidy was worth about $2,600.

- As noted above, Texas provided a flat subsidy of $2,000.

While costs are important in deciding how to structure a wage subsidy, other considerations are important as well. Full-time jobs provide families with more income, making it easier for them to meet their living expenses. Higher maximum wages also provide more income and open up a larger pool of employment opportunities, including jobs that are more likely to provide benefits and advancement opportunities. Subsidies that pay a greater share of wage and payroll costs may be more attractive to employers, thereby encouraging more employers to participate. On the other hand, if employers are asked to share in the cost of hiring an employee, there will be a smaller increase in costs when the subsidy ends, and employers that have already invested their own funds may be more likely to keep an employee on their payroll when the wage subsidy runs out. The optimum subsidy design depends on the combination of the funding available, the target population, and the goals for the program.

States Used Existing and New Structures to Run Subsidized Employment Programs

The availability of additional funds for subsidized employment brought together government agencies and sometimes non-profit service providers and foundations to identify the most cost-effective and efficient ways to administer new or expanded programs. In some cases, states and local communities built on existing partnerships; in others, new collaborative partnerships were created. Two dimensions of program administration distinguish TANF EF-funded subsidized employment programs from one another: how they are delivered within a state and whose payroll the individual participant is on (see Table A-4). Described below are three different service delivery structures through which states administered their programs. In a few cases, states or counties built new structures to deliver their programs, but most built on existing structures.

- **Workforce Investment Act (WIA) agency.** Many states operated their subsidized employment programs in collaboration with the state WIA agency and local Workforce Investment Boards. When states transferred responsibility for operating their subsidized employment programs to agencies other than those that operate state TANF programs, the arrangement often had two parts: (1) an agreement with the state labor agency for administrative and fiscal oversight of the program, and (2) agreements with local workforce boards to operate the program in their local communities.

  The local workforce agencies sometimes established guidelines for the program; other times they implemented guidelines developed by the state. In either case, they recruited eligible participants and employers to participate and matched participants with jobs that were suitable for their experience and skill level. In nearly all programs that were operated by the workforce

[19] Oklahoma initially provided the incentive payment if the participant was employed ten months after, but had to reduce it to four months because all funds had to be paid before the TANF EF expired on September 30, 2010.

agencies, participants were on the payroll of the employer and the employer submitted an invoice to the operating agency documenting the hours worked and detailing the total reimbursement due to them. Many programs required that an individual agreement be put into place for each employer participating in the program.

Florida provides an example of a program that was operated entirely through the workforce system (which also operates the regular TANF work program) and was fully integrated with other employment services. Florida recruited all employers and participants through the local workforce boards. Subsidized jobs were listed alongside all other available jobs but were tagged with a special notice that individuals interested in those positions had to apply for them in person. Employers signed an agreement with the workforce board and then submitted paperwork to get reimbursed for the wages and payroll costs associated with the subsidized job.

- **Intermediary/contractor.** A few states and counties (including two of the largest programs, Illinois and Los Angeles) used a third-party intermediary to run the entire subsidized employment program, including acting as the employer of record.

  Illinois contracted with a nonprofit with a long history of operating and providing technical assistance for transitional jobs programs, Heartland Human Care Services, to administer its statewide subsidized employment program. Heartland then subcontracted with 26 community-based providers across the state. The subcontractors were responsible for identifying employers willing to participate in the program and for recruiting and placing eligible individuals. Once placed with an employer, all subsidized employees were on Heartland's payroll. Heartland was paid a fixed per-person fee for managing the payroll, and subcontractors received a fixed fee for each subsidized placement. They were paid an additional fee for any placement in an unsubsidized job.

  Los Angeles used a similar structure, but used the South Bay Workforce Investment Board as the intermediary. That Board managed both the program *and* acted as the employer of record for all participants. (This arrangement was atypical, as in most programs operated by workforce investment agencies, participants were on the employer's payroll.) In both programs, employers provided the intermediary with time sheets for each subsidized employee, which triggered the processing of a paycheck to the individual worker. Some smaller programs used for-profit placement firms or staffing agencies in similar roles.

Lessons for Program Design and Implementation

States' and counties' experience with the Emergency Fund suggests that there is no single best model for a subsidized jobs program. But there are tradeoffs depending on the goal of the program. (See also Appendix B, Key Tasks in Implementing Effective Subsidized Employment Programs.)

If the goal is to place large number of participants quickly, programs should:

- Pay a larger share of costs.
- Open up the program to unemployed and/or low-income workers generally, not just those receiving cash public assistance.
- Use intermediaries with good connections to employers and the ability to handle payroll for multiple employers.
- Identify employers (including public-sector employers) that can take multiple workers.
- Impose minimal expectations on employers regarding continued employment after the subsidy ends.
- Publicize the program widely.

If the goal is to affect participants' employment after the subsidy ends, programs should:

- Invest up front in job development and placement in order to have the best matches between workers and employers. Individual or small-group placements probably work better than placing a large cohort of participants with a single employer.
- Target placements to employers that can reasonably expect to continue jobs for participants, and ask for a commitment to do so.
- Target placements at growing industries, and ones where participants are not in direct competition with large numbers of displaced workers with more experience.
- Provide less than 100 percent subsidies (or phase them out over time) in order to target subsidies at employers that are more invested in workers and able to keep them at the end of the subsidy period.
- Consider providing incentives for placements that last beyond the subsidy period.
- If the goal is to improve people's employability in *later* jobs, identify ways to leverage the experience into credentials, references, and work-readiness certificates.

If the goal is to serve harder-to-employ populations, states should:

- Understand the difference between outcomes and impacts, and recognize that more disadvantaged workers will have less favorable outcomes than workers with fewer barriers to employment, but the impacts (i.e., improvements resulting from participation in the program) may be much greater.
- Focus on job development and placing workers with employers that understand their circumstances and are perhaps more flexible in their expectations.
- Consider multi-stage programs, where disadvantaged workers must demonstrate their ability to participate in community service or job readiness activities before they are placed in a subsidized job.
- Work closely with employers to help participants make the transition to a permanent job.

If the goal is to limit costs, states should:

- Limit the hourly wage that can be paid.
- Ask employers to pay a greater share of the program costs.
- Limit the duration of the subsidy.

- **TANF agency expansion.** Several states used their existing TANF employment services infrastructure to deliver the programs. In some cases, these programs were operated jointly with the local workforce agency; when this was the case, the human service agency most often assumed responsibility for determining eligibility, and the workforce agency assumed responsibility for recruiting employers and placing individuals in available jobs. In other cases, TANF employment services staff employed by the TANF agency or its employment services contractor were responsible for determining eligibility and finding placements. If a state operated its TANF employment services program through a contractor, subsidized employees were sometimes on the contractor's payroll; when this was not the case, subsidized employees were on the payroll of the employer or of a temporary staffing agency.

  Agencies handled reimbursement for wages and other employee expenses in many different ways. Contractors often simply added reimbursement for wages to their regular billing. Other agencies used their contracting offices to develop agreements and to reimburse employers. A few agencies contracted with another government agency (such as the state Department of Labor) that had the capacity to issue regular payments to reimburse employers for their expenses.

None of these service delivery and payment arrangements stands out as better than the others. Rather, they illustrate the important role that flexibility played in states' abilities to mount subsidized employment programs targeted to different groups and to achieve different goals. Not surprisingly, the states and counties that mounted the largest countercyclical programs placed all employees on the payroll of one organization. The paperwork involved in processing reimbursement separately for a very large number of employees and employers almost certainly would have delayed implementation and could have made it harder, if not impossible, for these programs to serve such large numbers of people in such a short period of time. In addition, fewer employers may have been willing to participate if they had to assume responsibility for paying individuals and then getting reimbursed for their expenses. But employer-based structures were successfully implemented in many smaller programs.

Regardless of the service delivery structure, states and local human service and workforce agencies drew on existing relationships with employers and built new ones to provide employment opportunities to individuals who would otherwise have been unemployed. Many state administrators noted that a long-term benefit of the program was the development of closer working relationships between the human service and labor agencies and between TANF employment service staff and local employers.

Participants Were Placed in Variety of Jobs, Mostly in Private Sector

Unlike previous large, federally funded subsidized jobs programs, which were concentrated in the public sector, the majority of the subsidized jobs provided through the TANF EF programs were provided by private-sector businesses, although many programs provided both public- and private-sector job opportunities to unemployed individuals. The positions in the private sector in which individuals were placed were extremely diverse, including administrative, sales, construction, customer service, food service, and health care.

In addition, nonprofit service agencies that faced unprecedented demand for their services were able to use subsidized employees to assist more people. Some human service agencies were able to use subsidized employees to help meet the increased demand for assistance, and some states were able to develop training opportunities in government agencies that otherwise would not have existed. For example, San Francisco worked with their local unions to develop a paid, temporary government trainee position that allowed participants to build their skills for the future. Alabama worked closely with the Department of Corrections to provide temporary staff for that agency.

Subsidized Employment Programs Provided Substantial Benefits to Small Businesses

Program administrators noted that small businesses were especially supportive of the program, as the extra resources gave them much-needed help in weathering the economic downturn. A study of employers in Illinois found that two-thirds had fewer than 15 employees when they began participating in the subsidized jobs program.[20] Subsidizing all or much of an employee's wage costs for a period of time was of particular help to small businesses that were not certain when they would be able to fully support the costs of hiring new workers and that faced particular difficulties in obtaining credit during the recession. (Although some TANF subsidized jobs programs required employers to hire the individual at the end of the subsidy period, others simply encouraged employers to do so.) The fund helped small firms in three ways:

- **Improving financial health and sustainability.** Employers reported that the subsidies allowed them to achieve a more secure financial footing. Many reported that the additional employees allowed them to serve more

> "What a blessing the Hire CO program has been for my company. From the time we instituted it to today, we have seen an increase in revenues of 31.6 percent. Is that amazing, or what!?"
>
> "I truly believe that my ability as an owner to get out and promote my business, as well as to hire a salesperson, have been major contributing factors to our recent success. I was able to get out from underneath the minutia of everyday paperwork, and go find customers to walk in our door. Because of this, I have two new employees that are going to be able to stay on with my company indefinitely. These are employees that, in May, I would not have been able to hire on my own, nor possibly entertain keeping."
>
> **—AM, Owner, Any Lab Test Now Colorado Springs, CO**

[20] Social IMPACT Research Center, *Put Illinois to Work Evaluation. An Early Look,* 2010, http://www.heartlandalliance.org/whatwedo/advocacy/reports/pitw-evaluation-early-look-final.pdf

customers or improve the quality of work and customer service. [21]

- **Promoting business expansion.** The recession forced many small firms to put expansion plans on hold. By reducing a portion of the costs (and therefore the risk) associated with expanding, the fund allowed some small businesses to proceed with planned expansions. For example, a solar company indicated that the program was integral in allowing it to generate $1 million of new business, which in turn allowed other businesses they worked with to hire additional workers to install the solar products. Some single-person companies were able to bring on their first employees, allowing the owner-operators to dedicate more of their time to bringing in new business.

- **Supporting new business start-ups.** Starting a new business can be especially difficult during a period of weak demand because the risk of failure is much greater and credit is harder to access. This is unfortunate because new businesses are essential to the long-term economic viability of communities that have faced significant job losses before and during the recession. Some of these communities used the TANF Emergency Fund to attract new firms and help businesses that are just starting to increase their chances of success. Mississippi, for example, created a program called New Start that provided low-income individuals with up to $5,000 to start new businesses. Other states worked with their business community to use subsidized wages to entice businesses to locate in their communities.

Policy Implications

The TANF Emergency Fund ended on September 30, 2010, although the need for employment opportunities remains great and may grow for a period of time as more individuals exhaust their unemployment insurance benefits. In a short period, programs funded by the TANF Emergency Fund placed a substantial number of people in subsidized jobs; for many states and communities, the program was a bright spot in an otherwise dismal time. Although most states were unable to sustain their subsidized employment programs at their previous levels after the fund expired, many states are attempting to maintain scaled-down versions of these programs (see Table A-5).

The experience of the TANF Emergency Fund provides important lessons for both policymakers and program operators. The most basic lesson is simply that subsidized employment programs can be an effective way to place low-income workers in jobs during an economic downturn. Program administrators were uniformly positive about their experience operating the subsidized employment programs and reported that they had learned much that they would like to integrate into their ongoing TANF employment programs as they move forward. Prior to this experience, many administrators had doubts about whether either unemployed workers or employers would be interested in a subsidized employment program; the TANF Emergency Fund proved that the answer to both questions was a resounding yes.

[21] Social IMPACT Research Center.

Specific lessons include:

- **It is possible (though challenging) to get large-scale, countercyclical job creation programs up and running relatively quickly and to engage the private sector in creating job opportunities.** While not all states used their TANF Emergency Funds to develop large-scale countercyclical job creation programs, the ones that did demonstrated that it is possible to launch subsidized employment programs quickly and to provide meaningful employment for large numbers of individuals who would otherwise be employed.

  Illinois and Los Angeles provide the best examples. Los Angeles had the advantage of having a small program in place on which to build, but Illinois built its program from scratch. While it took longer to get private-sector employers on board, both programs ended up placing the majority of recipients in private-sector placements.

- **Subsidized jobs targeted to disadvantaged individuals benefit not only participating workers and businesses but also entire communities and society at large.** The TANF EF subsidized jobs programs were targeted to disadvantaged families and paid relatively low wages. Because low-income individuals have few reserves on which to draw, they generally spend all the money they earn to meet their day-to-day expenses. This means that their earnings go quickly back into the local economy, helping to keep other businesses afloat and other individuals employed. In addition, as a result of their employment, these workers will pay taxes and be able to meet at least a portion of their child support obligations.

- **Flexibility makes success possible in many different environments.** A key distinguishing feature of the TANF EF fund was its flexibility. Programs designed for, say, rural Alabama generally would not be as effective in large urban areas like Chicago and Los Angeles; the flexibility afforded states allowed them to design and implement programs in ways suited to the resources and administrative structures in their communities. While some of the subsidized programs contained common elements, no two were exactly alike.

- **New targeted funding can provide the catalyst for innovation and increased collaboration. S**tates had little or no experience operating subsidized employment programs and had limited examples upon which to draw. The availability of new funding brought agencies together that had not collaborated in the past to pursue a common goal: providing employment opportunities for low-income parents. New collaborative relationships were established, and agencies shared responsibility for designing and implementing programs to maximize their chance of success. At the same time, the fact that these funds were restricted to a narrower set of activities than is ordinarily allowed with TANF funds encouraged states to develop new employment programs and prevented states from diverting these funds and using them to substitute for other state spending.

- **Subsidized employment programs can be implemented at reasonable cost.** States adopted a number of strategies to contain program costs. In some cases, they shared costs with employers; in others, they capped the hourly wage or the number of hours that could be subsidized. Some states provided a fixed subsidy that did not vary from job to job; other states set a maximum on the amount of subsidy they would provide on behalf of any one participant.

- **Subsidized employment programs serve a variety of purposes; their performance should be judged on measures that are consistent with their purposes.** Countercyclical programs designed to create new temporary jobs should be judged on the extent to which they place otherwise-unemployed people in jobs. Transitional jobs programs designed to provide individuals with work experience and to help people make the transition to *un*subsidized employment should be judged on the extent both to which they provide temporary jobs and to which they help people improve their chances of finding unsubsidized employment. When subsidies are used to create pathways to better jobs, they should be judged on the extent to which individuals earn more initially *and* over time than they would have earned without the subsidy.

Conclusion

The subsidized employment programs operated with funds from the TANF Emergency Fund demonstrated that unemployed individuals in large numbers — whether receiving TANF or not — will seize the opportunity to work when provided with a paying job. Some subsidized programs exceeded their goals: Illinois intended to place about 15,000 individuals in subsidized jobs but ended up placing more than 30,000, and had about 60,000 apply.

Other programs fell short of their goals, often because of administrative problems. In some cases, it took longer than anticipated to get the program up and running; in others, there was a mismatch between the skills that employers willing to hire needed and the skills of individuals eligible for the program. Most of the states that did not meet their goals reported they believed they would have been able to do so, given additional time.

Participants reported many benefits from the program. Most obviously, they earned pay that typically exceeded the unemployment benefits they would have received — and far exceeded welfare benefits. They also reported improved self-esteem from the opportunity to contribute to society. Subsidized jobs also gave individuals who had limited employment prospects an opportunity to build new skills and make contact with employers that may be able to hire them in the future.

These programs also demonstrated that it is possible to engage private-sector businesses in efforts to provide jobs to individuals in need. Tens of thousands of businesses participated in TANF EF-funded subsidized employment programs. (Nearly 2,000 businesses across the country signed a letter of support for extending the program for another year.) Concerns about "welfare stigma" did not prove to be a barrier to participation, and in at least some states, businesses were willing to pay a portion of participants' wages.

Historically, businesses have been reluctant to participate in programs that encourage them to provide jobs to individuals with lower skill levels and more limited job experience. Tax credits provided to businesses for hiring unemployed or underemployed individuals often have very low take-up rates, with small businesses rarely participating. In contrast, administrators of EF-funded subsidized jobs programs regularly reported that businesses were eager to participate because it was easy to do so. States worked to keep the paperwork to a minimum and to provide businesses with employees whose skills matched their needs.

By helping families get work and helping employers maintain and even expand in tight times, the subsidized jobs programs gave a needed boost to communities trying to recover from the recession. These accomplishments should not be ignored until the next recession hits; rather, they should become part of any conversation about how to build pathways to a better future for unemployed individuals who face dim employment prospects that get dimmer with each additional month they are unemployed.

The lessons learned from the TANF Emergency Fund also have implications for federal TANF and Workforce Investment Act reauthorization. States' experiences operating subsidized employment programs have been overwhelmingly positive; these lessons should not be lost simply because the program has ended. Changes are needed to both TANF and the Workforce Investment Act to increase their effectiveness as employment programs for low-income workers and families, to increase the programs' responsiveness during hard economic times, and to support the use of subsidized employment as a tool for building skills and helping individuals who are not otherwise successful at finding employment.

The TANF Emergency Fund has ended, but the need for jobs remains. Its legacy should be used to create the next generation of public-private initiatives that will help restore the country's strength and build tomorrow's labor force.

APPENDICES

Table A-1				
TANF Emergency Fund Approvals by Category (in millions of dollars, as of September 30, 2010)				
State	**Basic Assistance**	**Non-Recurrent Short-Term Benefits**	**Subsidized Employment**	**Percent of Total Dedicated to Subsidized Employment[a]**
Alabama	$8.2	$26.5	$8.2	19%
Alaska	$2.6	$0	$0.4	13%
Arkansas	$0.4	$2.3	$3.9	59%
California	$729.0	$116.1	$408.5	33%
Colorado	$20.7	$16.8	$0.5	1%
Connecticut	$3.7	$20.7	$14.5	37%
Delaware	$3.7	$4.4	$0.4	5%
District of Columbia	$9.6	$13.0	$18.7	45%
Florida	$45.1	$6.0	$129.4	72%
Georgia	0	$14.2	$69.2	83%
Hawaii	$4.0	$7.4	$15.8	58%
Illinois	$7.9	$50.7	$194.3	77%
Iowa	$10.4	$21.0	$2.9	9%
Kansas	$3.7	$24.5	$0.05	<1%
Kentucky	$6.7	$0	$42.5	86%
Maryland	$35.4	$30.1	$2.3	3%
Michigan	$10.8	$221.3	$0.5	<1%
Minnesota	$21.7	$54.6	$13.7	15%
Mississippi	$1.0	$1.1	$25.8	93%
Missouri	$4.5	$26.4	$18.4	37%
Montana	$4.9	$0.2	$5.1	50%
New Jersey	$15.4	$167.9	$18.7	9%
New York	$32.5	$665.0	$25.6	4%
North Carolina	$1.1	$66.6	$11.7	15%
North Dakota	$0	$0	$5.7	100%
Ohio	$188.2	$0	$56.5	23%
Oklahoma	$4.8	$10.5	$11.5	43%
Oregon	$71.8	$8.1	$3.6	4%
Pennsylvania	$2.0	$34.7	$61.0	62%
Rhode Island	$0	$3.3	$4.8	59%
South Carolina	$14.9	$2.4	$1.9	10%
Rhode Island	$0	$3.3	$4.8	59%
South Carolina	$14.9	$2.4	$1.9	10%
South Dakota	$2.8	$1.2	$2.9	43%
Tennessee	$23.5	$6.5	$20.3	40%
Texas	$6.0	$149.2	$88.0	36%
Utah	$14.2	$0.9	$0.4	3%
Vermont	$1.3	$11.3	$0.8	6%
Virginia	$24.3	$5.5	$1.9	6%
Washington	$95.9	$1.3	$17.2	15%
West Virginia	$10.1	$37.1	$2.9	6%
Wisconsin	$13.2	$33.1	$4.2	8%
Total[b]	**$1,604.6**	**$2,074.3**	**$1,321.1**	**26%**

[a] Note that percentages were calculated using direct ACF data and may differ slightly from the numbers presented in the chart due to rounding. See: http://www.acf.hhs.gov/programs/ofa/tanf/apprTANFemerfund.html.

[b] The total represents the amount approved for all states, the District of Columbia, the territories and Tribal TANF programs. The subset of states represented here are those that received approval for subsidized employment programs.

Table A-2
Groups Served through TANF EF Subsidized Employment Programs

State	Eligible Groups			Groups targeted through explicit outreach or specialized programs
	TANF Primary or Only	Low-Income Parents	Youth	
Alabama	X	300% FPL	X	TANF recipients with disabilities SNAP and Medicaid recipients Independent youth High school students in career tech program
Alaska	a	a	a	a
Arkansas			X	
California	X	200% FPL	X	Decisions are made at the county level. Information presented here is for San Francisco and Los Angeles. San Francisco operates a three-tier program that includes a program targeted to TANF recipients with barriers. Los Angeles targets TANF recipients and participants in their Refugee Employment Program who are unsuccessful at finding employment.
Colorado		< $75,000		UI claimants and exhaustees
Connecticut	X	<75% SMI	X	
Delaware	X	600% FPL (working) 185% TANF Standard of Need (not working)	X	
DC			X	
Florida		200% FPL		Targeted outreach to TANF recipients and UI claimants
Georgia		300% FPL	X	
Hawaii	X	300% FPL	X	UI claimants
Illinois		200% FPL	X	Unemployed and underemployed Special transitional jobs program for individuals with employment barriers in Chicago
Iowa			X	
Kansas			X	
Kentucky	X	200% FPL	X	New subsidized employment program for TANF and other low-income individuals. (This new program was separate from the work-study program Kentucky operates for TANF recipients enrolled in education or training programs.)
Maryland	X[b]			Non-custodial parents who owe child support Transitioning foster care youth Youth in TANF households
Michigan	X			
Minnesota	X		X	
Mississippi	X	250% FPL	X	Targeted to SNAP and TANF recipients

Table A-2 (cont.) Groups Served through TANF EF Subsidized Employment Programs				
State	Eligible Groups			Groups targeted through explicit outreach or specialized programs
	TANF Primary or Only	Low-Income Parents	Youth	
Missouri			X	
Montana	X	185% FPL	X	Initially, eligible for TANF cash assistance but not receiving assistance. TANF cash assistance recipients added in May 2010.
New Jersey	X		X	
New York	X			Safety Net cash assistance recipients Non-custodial parents TANF and Safety Net supportive service recipients (Note: Safety Net is a New York State-funded cash assistance program)
North Carolina	X	200% FPL		
North Dakota	X			Non-custodial parents Foster care youth ages 16-18
Ohio	X	200% FPL	X	
Oklahoma	X	Families with children receiving a public benefit (SNAP, medical assistance, child care)	X	
Oregon	X		X	TANF recipients with employment barriers
Pennsylvania	X	235% FPL	X	SNAP recipients
Rhode Island	X	225% FPL		SNAP and medical assistance recipients
South Carolina	X			TANF applicants
South Dakota			X	
Tennessee	X	135% FPL		High unemployment communities
Texas			X	UI claimants and exhaustees who earned less than $15 per hour
Utah			X	UI claimants who earned less than $15 per hour with 10 or more weeks of benefits remaining
Vermont	X			
Virginia	X			
Washington	X			TANF recipients with employment barriers
West Virginia	X	100% FPL	X	High unemployment areas
Wisconsin				Not eligible for TANF cash assistance or UI benefits
Total	25	19	25	

[a] Information not available.

[b] Maryland uses other funds to serve non-TANF-eligible groups using the same model. This number includes only the TANF-eligible individuals served.

Table A-3				
Wage Subsidy Structure for TANF EF Subsidized Employment Programs				
State	**Maximum wage eligible for reimbursement**	**Amount of wage subsidized**	**Coverage of payroll costs: FICA, Unemployment Tax (UT), and Worker's Compensation (WC)**	**Hours per week eligible for reimbursement**
Alabama	$15	100%	Employee portion of FICA	Up to 40
California	Varies by county	Varies by county	Varies by county	Varies by county
Colorado	Prevailing wage; $11.12 is the average	50-100% depending on the region	Employer must cover most payroll costs; program covers workers' compensation	Set by employer; usually 32 to 40.
Connecticut	$10	100%	FICA, UT, and some UE	30-35
Delaware	$14	100% (generally for six months)	FICA, UT, and WC	Determined by employer: usually 30-40
Florida	$19.51	100%	FICA, UT and WC	Up to 40
Georgia	$19.88[a]	80%	None	Up to 40
Hawaii	Prevailing wage, reimbursement dependent on amount of wage paid	100% of the state minimum wage ($7.25), plus 50 cents for each $1 per hour paid over the minimum wage	Additional 14% to cover FICA, UT, and WC	24-40
Illinois	$10	100%	FICA and WC	Up to 40
Kentucky	At least $7.25, no maximum	100%	FICA	25-40
Maryland	At least $10.00, no maximum	100% (duration varies by sector)	None	Up to 40
Michigan	Information not available	Information not available	Information not available	Information not available
Minnesota	Varies by county	Varies by county	Varies by county	Varies by county
Mississippi	$12.74	100% in months 1 & 2 75% in month 3 50% in months 4 & 5 25% in month 6	FICA	Up to 40
Montana	Prevailing wage; average is $11.42	Usually up to 100% for 6 months	FICA, UT, and WC	No weekly max, but 1,040 hours max per participant
New Jersey	None	100%	None	Up to 40
New York	Statewide programs: Green Jobs Corp, Health Care Jobs and Transitional Jobs (TJ) vary by locality NYC version of above programs- $10	Statewide Programs-vary by locality NYC programs-100% for 6 months	Statewide Programs-vary by locality NYC programs-None	Statewide max: Green Jobs Corp-35 Health Care Jobs-40 TJ-40 NYC Programs-35 for Green jobs; 40 for Health Care and TJ

Table A-3 (cont.) Wage Subsidy Structure for TANF EF-Subsidized Employment Programs				
State	**Maximum wage eligible for reimbursement**	**Amount of wage subsidized**	**Coverage of payroll costs: FICA, Unemployment Tax (UT), and Worker's Compensation (WC)**	**Maximum hours per week eligible for reimbursement**
North Carolina	None	100%	None	Up to 40
North Dakota	None	100% up to 12 months	FICA, UT and WC	40, but overtime can also be reimbursed
Ohio	Varies by county	Varies by county	Varies by county	Varies by county
Oklahoma	$12	100% in month 1 50% in months 2-4 (balance of subsidy for months 2-4 is paid to employer if employee is still working in 10th month)	None	Up to 40
Oregon	$8.40	100%	FICA and WC for 6 months	Up to 40
Pennsylvania	$13	100%	None	Up to 40
Rhode Island	Subsidized employment program: prevailing wage Transitional Jobs: $8	Subsidized employment: 100% until program ends TJ: 100% for 6 months	Subsidized employment: none TJ: FICA and WC	Subsidized employment: None TJ: 35
South Carolina	$7.25	100%	FICA, UT, and WC	Maximum of 20; employer pays full wage for hours beyond 20
Tennessee	$15.85	100%	WC	Up to 40
Texas	Prevailing wage; average is $9.71	Flat subsidy of $2,000 over four months	Can cover FICA and WC costs equal to up to 10.5% of wages.	Minimum of 30 hours required
Utah	Minimum of $9 per hour	Flat subsidy of $2,000 over four months: $500 after month 1, $1500 after 3 months	None explicitly, but $2,000 subsidy can be applied as the employer sees fit	Minimum of 35 hours per week required
Virginia	Information not available	Information not available	Information not available	Information not available
Vermont	Information not available	Information not available	Information not available	Information not available
Washington	$8.55	100%	FICA, UT and WC	20
West Virginia	Prevailing wage; average is between $9 and $10	100%	None	Minimum of 30 hours per week required
Wisconsin	$7.25	100% for 6 months	FICA, UC, and WC	Up to 40

Table A-4		
Administrative Structure for TANF EF Subsidized Employment Programs		
State	**Primary Service Delivery Structure**	**Employer of Record**
Alabama	TANF agency is the lead agency. Multiple partnerships with other state agencies for public-sector employment programs and Department of Rehabilitation Services for individuals with disabilities.	Employer
California	Varies by county	Varies by county
Colorado	County workforce agencies	Employer/temp agency
Connecticut	Workforce Investment Boards (WIB) have primary operational responsibility; TANF agency also operates a component.	Varies by region – WIB in 3 regions; Intermediary in 2 regions; TANF agency for employees hired by the agency
Delaware	Partnership between TANF agency, Workforce and Employment Service Providers	Temporary agency
Florida	Workforce in partnership with TANF agency	Employer in most regions, but a third-party staffing agency in some
Georgia	TANF agency	Employer
Hawaii	Intermediary (separate intermediaries for program operation and employer reimbursement)	Employer
Illinois	Intermediary, including multiple subcontractors	Intermediary
Kentucky	Workforce agencies	Workforce or Intermediary
Maryland	TANF agency	Employer
Michigan	Workforce agencies	Information not available
Minnesota	TANF agency, workforce and local providers	TANF agency and workforce
Mississippi	State workforce agency	Employer
Montana	TANF employment service providers	TANF employment service providers
New Jersey	Partnership between TANF agency, Department of Labor, and One Stop Career Centers	Employer
New York	NYS: Green Jobs and TJ- TANF agency and TANF employment service providers; Health Care Jobs-TANF agency; NYC: TANF agency and TANF employment service providers	NYS and NYC: Employer
North Carolina	TANF agency	Employer
North Dakota	TANF agency and TANF employment services providers	Employer
Ohio	Varies by county	Varies by county
Oklahoma	TANF agency	Employer
Oregon	TANF agency and TANF employment service providers (workforce agencies, community colleges, etc.)	Employer
Pennsylvania	TANF and workforce agency collaboration; TANF employment service providers	Employer or intermediary
Rhode Island	TANF agency and workforce (subsidized employment) Intermediary (TJ)	Employer (subsidized employment) Intermediary (TJ)
South Carolina	TANF agency; workforce agency for payroll	Employer
Tennessee	TANF agency and workforce	Employer
Texas	Workforce agencies	Employer
Utah	TANF/workforce agency (combined agency)	Employer
Vermont	Information not available	Information not available
Virginia	TANF agency and employment services providers; private organizations	Information not available
Washington	Workforce and intermediary	Intermediary (TJ) Employer (private-sector program)
West Virginia	TANF agency and workforce	Employer
Wisconsin	Intermediary	Intermediary

Table A-5 Status of State Subsidized Jobs Programs for Adults after the End of the TANF Emergency Fund	
State	**Status**
Alabama	Continuing to operate a very small program for TANF recipients with disabilities
Arkansas	Planning to start a program for adults in 2011.
California	Decision made by the counties; some have ended and some are continuing on a smaller scale
Colorado	Program ended
Connecticut	Program ended
Delaware	Continuing to operate a small public-sector program
Florida	Program ended
Georgia	Continuing a small public-sector program; private-sector program ended
Hawaii	Continuing a pre-existing program for TANF recipients
Illinois	Continued program through mid-January 2011 with state funds
Kentucky	Subsidized employment program ended; work-study program funded with regular TANF funds will continue
Maryland	Continuing program
Michigan	Now planning a new initiative
Minnesota	Continuing to operate a smaller program
Mississippi	Program ended
Montana	Program ended
New Jersey	Program ended, but is planning to start a new one
New York	Continuing to operate a smaller program
North Carolina	Program ended, but is planning to start a new one
North Dakota	Program ended
Ohio	Continuing program through May 2011 with already-allocated funds
Oklahoma	Operating a smaller program only for TANF recipients
Oregon	Continuing pre-existing program, considering alternative designs to reduce costs
Pennsylvania	Ended program for non-TANF participants; continued program for TANF recipients
Rhode Island	New program ended; small transitional jobs program for TANF recipients continuing
South Carolina	Continued September 2010 placements through December 2010
Tennessee	Continuing a small public-sector program; ended all other programs
Texas	Continuing program through part of FY 2011, until state funds run out
Utah	Continuing program until reach 2,500 placements
Vermont	Program ended
Virginia	Continuing the smallest of three programs (a pre-existing program)
Washington	Continuing a pre-existing program
West Virginia	Summer youth program ended but subsidized employment program for adults is continuing and expanding
Wisconsin	Continuing program through June 30, 2012

Appendix B
Key Tasks in Implementing Effective Subsidized Employment Programs

Adapted from: Derr, Michelle K. and Melissa Young. "Implementing Effective Subsidized Employment Programs." Handout for presentation at the ACF Tri-Regional TANF Directors' Meeting (Regions II, III, IV), Atlanta, June 16-18, 2009.

Key Tasks in Designing a Subsidized Employment Program

- Defining the program purpose or purposes
- Identifying eligibility criteria and target populations
- Developing a wage subsidy structure
- Creating an administrative infrastructure and implementation procedures
- Designing the provision supportive services to program participants
- Engaging employers and promoting ongoing employment
- Gathering support/identifying key "champions"
- Securing program funding and leveraging other resources
- Creating a process for evaluating and refining the program

Task #1: Defining the program purposes

- ❑ What problem(s) are you trying to solve?
- ❑ What are your goals and how can you design the program to further them? (e.g., temporary employment during an economic downturn, transitional employment for those with limited work experience and barriers)
- ❑ What does this imply for how you will measure success?

Task #2: Target population

- ❑ What population will you target? (e.g., hard-to-Employ, TANF caseload, work-ready, non-custodial parents, ex-offenders, unemployed, long-term unemployed)
- ❑ How many participants will you serve?
- ❑ How will you define program eligibility?
- ❑ How will you recruit/identify program participants?

Task #3: Developing a wage subsidy structure

- ❑ What wage and hour requirements will you require (e.g., will positions eligible for subsidy be limited to those above or below a certain wage; will minimum or maximum hours requirements be imposed)?
- ❑ What portion of the wage will be subsidized?
- ❑ What other wage-related costs will you cover?
- ❑ For how long will you subsidize wages and related costs?
- ❑ What other subsidy approaches could be considered (e.g., flat payment per placement, bonus for permanent hire, etc.)?
- ❑ What are the conditions or expectations of subsidy (e.g., supervision, mentoring, ongoing unsubsidized employment, time for job search)?

Task #4: Creating an administrative infrastructure

- ❑ Who will recruit participants and determine eligibility?
- ❑ Who will recruit employers?
- ❑ How are employers and employees matched and what role does each play in selection? What role does the program play in matching and who (agency, contractor) executes the role?
- ❑ What is the process for resolving participant and/or employer problems when they arise?
- ❑ Who is the "employer" of record? Who will provide paychecks to the subsidized employees?
- ❑ How is the employer reimbursed for wages (if paid by employer) and other agreed-upon program reimbursements? How are contractors or intermediaries reimbursed?
- ❑ What contracts or interagency agreements need to be entered into?
- ❑ What materials need to be developed – handbooks, rules, manual sections, notices?

Task #5: Designing the provision supportive services to program participants

- ❑ What types of supportive services will be provided and under what circumstances? (Possible areas include child care, case management, retention or new job search help, social services including mental health, life skills, and financial literacy, among others.)
- ❑ Who will assess the eligibility or need for the services?
- ❑ Who will deliver the services?

Task #6: Engaging Employers and Promoting Ongoing Employment

- ❑ What type of employers will you target? (e.g., nonprofit work sites, public-sector work sites, private-sector) What industries will you include?
- ❑ How will you recruit employers? How will you market program?
- ❑ What approaches will you take to maximize the chances that individuals will transition to permanent jobs or that employees are retained once the subsidy ends?

Task #7: Gathering support/identifying "champions"

- ❑ Who are your potential key champions or other supporters? (e.g., Legislator/policymakers, Department administrators, advocates, etc.) What resources do they bring?
- ❑ Who else might you recruit for this initiative? (e.g., Workforce Development partners, supportive service providers, employers and busnineess groups)
- ❑ How will you build a case for implementing subsidized employment?
- ❑ How might direct service providers and front line staff be included in the initial and ongoing implementation?

Task #8: Securing program funding and leveraging other resources

- ❑ What funding sources are available to support this initiative? (e.g., federal, state, county, private)
- ❑ What limitations, if any, are there regarding the use of these funds?
- ❑ What is the approximate funding amount?
- ❑ How many people could you fund with this initiative?
- ❑ What other resources could be leveraged to support this initiative?

Task #9: Creating a formal process for evaluating and refining the program

- ❑ What are your key outcome goals?
- ❑ How will you measure program success? What information you use? How often, and for how long after the subsidy ends, will the information be gathered?
- ❑ How will outcome information be used for program improvement?
- ❑ How will you sustain the program over time?