

Transitional Jobs: Expanding Opportunities for Low-Income Workers

STATE PLAN LOCAL PLAN POLICIES & GUIDANCE BUDGET CHOICES

CLASP's [*Opportunities for Action*](#) is a series of short memos with recommendations for state and local areas to fully realize the options in the Workforce Innovation and Opportunity Act (WIOA) to help low-income and lower-skilled youth and adults achieve economic success.

WIOA allows local areas to allocate up to 10 percent of Title I - Adult and Dislocated Worker funds to transitional jobs for individuals with barriers to employment. Transitional jobs are defined as time-limited subsidized work experiences that help individuals who are chronically unemployed and have barriers to employment establish a work history and develop skills to access unsubsidized employment and progress in the workplace. Under the Workforce Investment Act, it was not clearly allowable to use funds for transitional jobs. The explicit inclusion of transitional jobs in WIOA will allow more local areas to add this model to their portfolio of services.

Many job seekers, particularly those who face barriers to employment, require an array of work-based training and employment strategies to become gainfully employed. WIOA encourages a comprehensive set of supports that involve public and private partners to help individuals earn secondary and postsecondary credentials and transition into jobs.

State and Local Plan

The statute makes transitional jobs an allowable strategy for local workforce areas; however, it is not required. In the state plan, states can require local workforce development boards to describe how a transitional jobs strategy would help youth and adults with chronic unemployment and limited work history gain access to the workplace, as well as how they will partner with Temporary Assistance for Needy Families (TANF) agencies. States should also incorporate planning strategies to shift transitional job participants into unsubsidized employment over a long-term period. This may include phasing out wage subsidies over time or increasing partnerships with private-sector businesses to promote the hiring and retention of workers.

Policies & Guidance

States should provide technical assistance and guidance on how to implement effective transitional jobs.

CLASP recommends that participants be paid wages, rather than stipends or other forms of compensation (as included in the proposed regulations from the U.S. Department of Labor). Pending a definition in the final WIOA regulations, states should define transitional jobs as “time-limited, wage-paid work experiences that are subsidized for individuals with barriers to employment who are chronically unemployed or have an inconsistent work history.” By design, transitional jobs programs make work pay by allowing participants to earn wages while learning the

norms and behaviors of work, gaining on-the-job success, increasing stability at a job, and increasing soft and hard job skills. As recipients of real wages, workers in transitional jobs should be classified as employees rather than independent contractors or trainees and should be subject to protections such as wage and hour laws, minimum wage laws, unemployment insurance, and workers compensation.

States and local areas should adopt the following best practices for designing a transitional jobs program:

- Identify and define the target population and eligibility criteria.
- Develop a wage subsidy structure that addresses wage and hour requirements, the duration of the wage subsidy, what portion of the wage will be subsidized, and other wage-related costs.
- Create an administrative infrastructure and implementation procedures to determine the process for recruiting participants and employers; providing pay checks to employees; negotiating contracts or interagency agreements; developing program materials to be circulated; and employer-employee matching.
- Identify how supportive services will be provided to program participants.
- Encourage employer participation to increase the likelihood that participants will transition to permanent jobs once the subsidy ends.
- Ensure that participants in the program do not displace existing employees, as required by WIOA section 181(b)(2).
- Create a formal process for program evaluation.

States should encourage local areas that expand their use of transitional jobs to consider partnerships with Temporary Assistance for Needy Families (TANF) agencies, which may have more recent experience implementing subsidized jobs programs. Under the [TANF Emergency Fund](#), 39 states and the District of Columbia received approval to spend \$1.3 billion on subsidized employment programs during FY 2009 and 2010, supporting over 260,000 subsidized job placements for youth and adults. Although the Emergency Fund has since run out, subsidized employment for youth and adult TANF recipients remains an allowable use of TANF funds as well as a countable work activity for recipients of cash assistance. CLASP recommends collaboration with TANF agencies to design and implement subsidized employment programs to target more disadvantaged workers with multiple employment barriers. This may include multi-stage programs where workers demonstrate their life skills and abilities *before* they are placed in subsidized jobs or focusing on job development by placing workers with employers that understand their particular circumstances. Incorporating supportive services into the program to identify and address an individual participant's needs (including but not limited to child care, case management, mental health, and financial literacy) can also help workers sustain employment and earnings gains past the end of the subsidy period.

Related CLASP resources: [Subsidized Employment Programs: Goals and Designs](#); [Webinar: Developing Pathways Out Of Poverty Through Transitional Jobs](#); [Creating Subsidized Employment Opportunities for Low-Income Parents](#); [The Legacy of the TANF Emergency Fund](#).

Questions? Contact [Kisha Bird](#), director of youth policy, or [David Socolow](#), director of CLASP's Center for Postsecondary and Economic Success.

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