

Gaining Work Experience through Subsidized Employment: A Look at CCWORKS

ANDREA BIZZELL

EXECUTIVE SUMMARY

*“Far and away the best prize that life has to offer is
the chance to work hard at work worth doing.”*

—Theodore Roosevelt

In 2009, President Barack Obama signed the American Recovery and Reinvestment Act (ARRA), which includes funds for states to implement subsidized employment programs. During the two years when ARRA Emergency Contingency Funds were available, Contra Costa County, Marin County, and other counties throughout the state successfully assisted CalWORKs participants in obtaining meaningful employment through subsidized employment programs. In September 2011, Congress voted not to extend subsidized employment programs.

However, after realizing its success, Contra Costa County decided to reinstate its subsidized employment program, “CCWORKS” in November 2011. This incentive program gave employers a substantial subsidy for employing job seekers receiving CalWORKs.

Recommendations

Marin County, a smaller county with fewer resources, could potentially benefit from implementing a subsidized employment program, especially with the recent program focus on enhancing business services. The county would realize a cost neutral effect on program funds if we served a relatively small number of participants (20) in the first year, and retrained current staff to focus on business development. It is recommended that Marin County explore the implementation of a subsidized employment program for CalWORKs participants to reduce the number of participants on aid, and to increase their ability to become gainfully employed.

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Background

In 2009, the US was on the brink of a recession. The economy lost 3.6 million jobs in thirteen months, a crisis that had not been seen since the end of World War II. President Barack Obama signed the American Recovery and Reinvestment Act (ARRA), with the hopes of creating and saving over 3.5 million jobs nationally.ⁱ The act proved to be successful by increasing the Gross Domestic Product (GDP) at a rate of 3.1 percent over the four quarters in 2010, and employment by a rate of 117,000 jobs per month in 2011. Economists estimated that without the ARRA, job losses would have continued and the recovery of employment would have rebounded much slower going into 2010. In the end, between 2.2 and 4.2 million jobs were saved or created as of the second quarter in 2011.ⁱⁱ Unfortunately, on September 30, 2011, Congress chose not to extend the act's funding. As a result, the ARRA Emergency Contingency Funds for the subsidized employment component ended.

During the two years when ARRA Emergency Contingency Funds were available, Contra Costa County, the first in the state to launch such a program, served over 1,000 participants in its subsidized employment program. Through their program, more than 50 percent of participants served were able to obtain unsubsidized employment.

In November 2011, after the ARRA funds ended, Contra Costa County decided to reinstate its subsidized employment program, "CCWORKS," using a different funding source. This incentive program gave employers a substantial subsidy for employing job seekers receiving CalWORKs.

Stated Issue

With the unemployment rate hovering around 5.2 percent in Marin County, and with a majority of employment opportunities in the priority sectors of retail, business, and personal care industries, it has been challenging to identify jobs for low-skilled or limited-skilled job seekers to meet the county's high cost of living: \$29.66 per hour, or \$61,688 annually for a family of three.ⁱⁱⁱ According to the Marin Economic Forum (MEF), 90% of county businesses have 20 or fewer employees.^{iv}

Approximately 600 families receive assistance from CalWORKs Welfare to Work (WTW) services in Marin County, including support with educational and employment goals. Just over one-third of the parents served are in the process of obtaining a vocational education, with the remainder preparing for employment. Many of these families have lost their jobs to various factors, including the economic downturn. They possess limited work histories and skills, and some have never been gainfully employed. There are families who are employed, but are working multiple jobs and still remain eligible for assistance. A possible solution to improving WTW services in Marin County is instituting a program similar to CCWORKS in Contra Costa County.

Program Design

The Contra Costa County Employment and Human Services Department (EHSD) Workforce Services Bureau implemented CCWORKS, a subsidized employment program similar in scope to the ARRA subsidized employment program. The program is

designed to help defray the cost of hiring and training new employees who are CalWORKs participants. The Workforce Services Bureau has a large labor pool of individuals that wants to become self-reliant and care for their families. To help place this population in sustainable jobs, CCWORKS staff recruit, pre-screen, and pre-qualify potential employees they believe are appropriate for various positions. Individuals are then referred to employment placement counselors who are regionally based throughout the county in Antioch, Hercules, Pleasant Hill, and Richmond.

Once candidates are pre-screened, employment placement counselors develop relationships with local employers and assist them with filling their vacant positions. For employers, this not only effectively responds to job orders, but also lowers their recruitment costs. The majority of the participating businesses are also small companies in the maintenance, clerical, housekeeping, and retail industries that do not have personnel departments and therefore desperately need hiring assistance. CCWORKS staff believe in leading by example, so they have placed a large number of CalWORKs participants in various positions within the county using Nelson Staffing, which is the county's resourcing agency.

Through CCWORKS, employers are reimbursed up to \$9,000 (\$8.00 per hour for 40 hours a week) for employing a candidate during a six-month trial period. CCWORKS funds this program using funds from the state single allocation for CalWORKs. The program's goal is for participants to become unsubsidized employees before the trial period expires.

Local business leads are obtained through cold-calling, job fairs, chamber of commerce events, referrals, and through the CCWORKS website. Businesses are evaluated based on hiring practices, program guidelines, and history of employee retention. Businesses are also required to provide a job description and sign a worksite agreement. CCWORKS staff identify an average of five to ten businesses a week as potential employers.

The employer has the ability to interview and select the candidate who they feel is best suited for the position. CCWORKS staff also ensures a candidate's retention through constant follow up to address any issues that might arise throughout the length of employment.

Eligible CalWORKs participants attend a two-week job club where they receive pre-employment skill assistance. Following this club, participants then obtain four weeks of job search support and coaching by employment specialists. During this time, the CCWORKS staff share their potential employment leads and, upon receiving referrals, match the participants to the appropriate placements. Participants usually are paid between ten and fourteen dollars per hour, and are followed up with for three to six months after the subsidized employment period ends.

County Comparisons

In 2010, Contra Costa County used ARRA Emergency Contingency Funds like many other counties, including Marin, to pay for their subsidized employment program. Contra Costa County reported that they had great success with the ARRA Subsidized Employment Program, serving over 1,000 individuals and placing over 50 percent. In November 2011, after the ARRA funds ended, Contra Costa County operationalized CCWORKS and has placed 215 people to date. With success starting as early as its first year of implementation, the program continues to function using AB98 and SB72 funds.¹

Marin County operated the ARRA Subsidized Employment Program and served over 490 people, of whom about two-thirds were placed in jobs for at least six months. At the end of the ARRA subsidized employment program in September 2011, Marin decided not to continue the program.

1. Department of Social Services, All County Letter (ACL) 11-32 and County Fiscal Letter (CFL) 10/11-06. Changes made to AB 98 Chapter 589, Statutes of 2007) through the enactment Subsidized employment programs through the enactment of SB 72 (Chapter 8, Statutes of 2011). Effective March 24, 2011, SB 72 expands the eligible population for AB 98 funded wage subsidies, increases the duration of qualifying job placements, and increases the maximum amount of AB 98 funding that the California Department of Social Services (CDSS) will provide counties outside of the Single Allocation.

TABLE 1
Comparative Data

	Contra Costa County	Marin County
Population	Over 1 million residents	254,000 residents
Percentage Living in Poverty	6.8%	5.3%
Families in CalWORKs Welfare-to-Work	5,000	600
Median Household Income	\$74,000	\$84,000
Livable Wage ^v (single parent with two children)	\$26.83/ hour	\$29.66/ hour

Sources: US Census 2010; Massachusetts Institute of Technology-livable wage calculator

Although Contra Costa County is much larger than Marin County, the local industry sectors that represent growth opportunities are relatively similar, including professional and business services; educational services, health care, and social assistance; leisure and hospitality; and retail trade. These industries account for 65 percent of all projected nonfarm job growth. Currently, CCWORKS has five full-time employment specialists and employment placement counselors handling business relations.

As previously mentioned, Marin County's major growth industries include the retail, business, and personal care industries. The county's businesses are largely small businesses that employ a maximum of 20 people. Recently, Marin has developed a dedicated Business Services Unit to build relationships with local businesses to help connect CalWORKs participants with job opportunities.

Challenges

With the passage of SB 72 in 2011, AB 98 was amended.^v The amendment improves the formula counties use to claim reimbursement from the state for subsidized employment programs. The state reimburses 50 percent of the total wage costs, less 56 dollars, not to exceed 100% of a family's grant in a month. For example, if a family of three received \$638 and a parent is participating in a subsidized employment program, the county can be reimbursed up to \$582 per month.

The family will be off aid during the time they are participating in the subsidized program. However, they can return within three months of exiting their employment without reapplying for cash aid if they are not hired as unsubsidized employees. Contra Costa County reimburses employers up to \$9,000 over the six months when the participants are in the subsidized employment program.

In Marin County, staffing the program could present another challenge. This might include hiring at least one business services representative, or retraining an employment counselor to fill the role. In Marin, the employment development counselors spend most of their time goal-setting, career exploring, and preparing participants for employment. While job development is an important aspect of assisting a participant in securing employment, a small percentage of time is devoted to it. A shift in service delivery would be required to develop focused relationships with local businesses in an effort to successfully market a participant's skills and abilities.

There have been a few businesses that use Marin County's Career Resource Center (CRC) for recruitment activities; however, the participants are not pre-screened or pre-qualified for the positions advertised. Therefore, to implement a program similar to CCWORKS, staffing roles would need to shift to focus on business outreach specifically for this purpose. Marketing materials similar to

the CCWORKS brochure will need to be developed, as well as a tracking mechanism to ensure that participants are monitored for up to six months in the subsidized employment program, with the goal of retention in unsubsidized employment. Also, it would be imperative to ensure that any paperwork that is needed by the potential businesses be kept to a minimum.

Recommendations for Implementation in Marin County

Since welfare reform in 1996, a family's average aid payment has decreased substantially. The maximum aid payment for a family of three is currently \$638 per month, which is comparatively further below the poverty line than in 1996. Many CalWORKs families have endured long periods of unemployment and other hardships, and have lacked the supportive services necessary to become self-sufficient. A subsidized employment program would provide opportunities for participants to gain or update their hard or tangible skills, re-acclimate themselves to the soft skills, including emotional intelligence, and ensure they have everything they need to adequately perform on the job.

The State of California is looking for counties to develop innovative employment strategies that will assist families in succeeding in the current labor market. Some counties, like Contra Costa, have successfully tapped into the funding associated with AB 98 and SB 72 subsidized employment program dollars. While Marin County was successful in developing a successful subsidized employment program using funding from ARRA, the county decided not to continue the program in 2011. With a concerted effort to develop business relationships, train competent staff to conduct job development outreach strategies, and pre-screen candidates for potential placements, Marin County could successfully implement a subsidized employment program.

I recommend that Marin County further explore the implementation of a subsidized employment program for CalWORKs participants, and creative ways to staff such a program using the concepts

shared by CCWORKS as a basis. Actions steps to consider include:

- Directing a portion of the CalWORKs single allocation (\$180,000) toward this effort. Based on the number of clients served in Contra Costa County, Marin could target 20 participants.
- Providing reimbursements to employers of up to \$9,000 for six-month placements.
- Reassigning one employment development counselor to a regular business services representative position. This individual will not have a caseload, but will provide job leads for the CalWORKs unit.
- Monitoring cost savings of the 20 families over time that will no longer need cash aid once they are gainfully employed (for family of three, \$638 a month for six months equals \$3,832). The annual cost savings over a family of three's time on aid could amount to \$132,120.
- Further reducing the number of cases on aid.

Contra Costa County and other counties around the state have proven that subsidized training programs are essential in helping families that rely on cash aid for their basic living needs move toward self-sufficiency. These families are provided the experience and skills employers require when selecting their workforce. Marin County can have similar success over time if the subsidized employment program is implemented.

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- i. http://www.whitehouse.gov/assets/documents/Recovery_Act_Overview_2-17.pdf
- ii. http://www.whitehouse.gov/sites/default/files/cea_8th_arra_report_final_draft.pdf
- iii. <http://livingwage.mit.edu/counties/06041>
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<http://marineconomicforum.org/aboutus>;
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- v. AB 98 Subsidized Employment, <http://www.cdss.ca.gov/cdssweb/entres/localassistanceest/Jan11/EstimatesMethodologies.pdf>, pgs. 15-16

