

Improving Employment Outcomes through Subsidized Employment: Lessons Learned from the San Francisco Human Services Agency JobNOW Program

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EXECUTIVE SUMMARY

In 2009 and 2010, the federal government provided funding through the American Recovery and Reinvestment Act (ARRA) to create or expand subsidized employment programs. When the funding expired in September 2010, states and counties had placed more than 250,000 people, making it the largest subsidized employment initiative in decades. For FY 13/14, the state of California has provided a new funding allocation totaling \$39.3 million for subsidized employment separate from and in addition to counties' Single Allocations; California Welfare Directors Association (CWDA) projects that \$134.1 million will be available in FY14/15.

The San Francisco Human Services Agency (SFHSA) successful transitional jobs program, known as JobNOW, is a model program; since its inception, over 10,000 individuals have been placed in employment. As Alameda County looks to expand and enhance its subsidized employment programs, there are lessons to be learned in terms of program design and employer engagement strategies. An area of particular strength in the JobNOW program is the robust Public Service Trainee program that places over 600 clients each year in city and county departments.

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Why Subsidized Employment?

The City and County of San Francisco has invested heavily in subsidized employment programs. Broadly known as JobNOW, these programs have been found to have a number of benefits, including:

Increased Employment. Subsidized employment programs provide a work-based source of income and help participants *acquire marketable jobs skills, gain valuable work experience, and greatly expand their network.* A recent study found that, compared to other groups, TANF recipients and the long-term unemployed experienced the most significant gains from subsidized employment programs in terms of income and employment retention.¹

Move Clients Off Aid and Enhance WPR. To meet the required Work Participation Rate, Social Service Agencies must engage a substantial number of clients in paid or unpaid work activity. The JobNOW program is structured so that clients meet the core hours for WPR. In addition, JobNOW moves clients off aid by intentionally supporting their transition to unsubsidized employment, thereby raising WPR. In the JobNOW program, *post-employment retention varies by tier but is overall quite strong; job retention is 63% in the Wage Subsidy Program.*²

1. Economic Mobility Corporation. *Report on the Findings from the Study of TANF Emergency Fund-Supported Subsidized Employment Program.* (June 2013)

2. Retention in the subsidized job or with another employer

Support Local Businesses. The majority of employers in the JobNOW program are small businesses that tend to have higher vacancy rates, difficulty finding qualified workers, and fewer resources to devote to recruitment and hiring. The JobNOW program offers a valuable amenity, and the subsidized wages act as a bridge loan for small businesses looking to expand. After the ARRA funding, San Francisco made the case that the JobNOW program provided a valuable stimulus to the local economy estimated at \$60 million dollars.

Description of the JobNOW Program

TIERED APPROACH

The JobNOW program operates multiple tiers, allowing SFHSA to serve all unemployed, eligible clients regardless of job readiness and prior work experience.

Tier 1 - Community Jobs Program (CJP). Provides the most supportive environment for PAES and CalWORKs clients with high barriers to employment and little or no job experience. Placement and supportive services are offered by two community-based organizations. SFHSA subsidizes 100% of the wage for 6 months, and all placements are with non-profit organizations.

Tier 2 - Public Service Trainee Program and Individualized Training Internship Program (ITIP). Provides supportive services to participants that have a

moderate level of skills and job experience but could benefit from on-the-job training.

The ITIP program is similar to the CJP program, but is operated by SFHSA staff members. A key difference from the CJP program is that the non-profit hosting the participant is the employer of record. Participants in the ITIP program are much more likely to be retained by the employer (45% vs. 25% in the CJP program). Interviews suggest that having the host site as the employer of record leads to better outcomes for participants.

Public Service Trainee (PST) program clients are placed in city/county departments performing either administrative/clerical jobs or outdoor, physical blue collar jobs.³ The program lasts 6 months but can be extended up to 1 year. The PST program is incredibly robust, placing over 600 clients per year and is one of the most popular options among JobNOW participants. The program is overseen by one program manager and supported by 7 PST liaisons.

Tier 3 – Wage Subsidy Program. The Wage Subsidy Program targets clients that have the most marketable skills and experience, but may need help reentering the labor market. SFHSA connects clients to employers and subsidizes the wage at \$1,000 per month for the first 5 months of employment. SFHSA is experimenting with changing the subsidy formula to see if it can recruit higher wage positions.

Client Flow

Client Flow refers to the way clients move through systems and receive services. In a complex system that is supported, delivered and regulated by numerous stakeholders, an effective client flow must be deliberately designed. Below is a description from the perspective of the client.

Assessment: The CalWORKs unit completes the Welfare to Work (WTW) plan and refers clients to the Assessment for Continuing Employment (ACE) unit. ACE is a one week, WTW employment

assessment/job readiness activity, leading to either an employment track or educational track. Those on the employment track are funneled into the JobNOW program and referred to the Comprehensive Occupational Resource (COR) unit for job search. The one week assessment includes standardized testing, workshops and career counseling.

Job Search: The Comprehensive Occupational Resource (COR) Unit works with clients for 3-4 weeks and includes skill building, job search, and workshops. Clients are manually pre-screened for available jobs and assigned interview slots for the Thursday hiring fair.

Hiring Fair: Every Thursday, SFHSA holds a fair where public and private sector employers interview and hire clients on-site. After the interviews, employer feedback on each interview is captured and shared with the COR unit to help with coaching clients on how to improve interviewing skills. The fair is a positive experience for clients and creates a sense of optimism as participants see their peers being hired on the spot.

Subsidized Employment: Client experience varies by tier in terms of the supportive services available during the subsidy. If participants are unsuccessful in securing or maintaining their placement, they may be referred to CJP. If participants successfully complete the subsidized employment program but are not retained, they may participate in a higher tiered program.

Addressing County Initiatives and Priorities

Over the years, SFHSA has used JobNOW, in particular the Public Service Trainee program, to respond to funding opportunities or buttress county initiatives. Two examples of this include:

Transitional San Francisco Department of Labor: Leveraging funding from Office of Economic and Workforce Development, SFHSA placed 80 non-custodial parents referred by the Department of Child Support Services (DCSS) in positions with SFHSA, Recreation and Parks Department (RPD), Department of Public Works (DPW), and DCSS.

3. City/County Departments include SFHSA (150), DPW (200), Parks and Recreation (200), and smaller numbers at the Port, Housing Authority, and MTA

Goodwill provided upfront and ongoing training as well as case management.

Interrupt Predict, Organize (IPO): In response to the mayor's call to reduce violence in San Francisco's Southeast neighborhoods, SFHSA is working with multiple stakeholders to support and place 75 identified individuals into city/county jobs as well as to address behavioral health issues and increase educational attainment of the participants.

Employer Engagement

At the center of a successful employment program is the ability to create and maintain relationships with employers. The JobNOW employer engagement strategy includes:

Staff Focused on Employers. The Business Account Representatives (BARs) are a unit primarily focused on serving employers. The Deputy Director of the Workforce Development Division, James Whelly, discussed the challenge of finding staff within the San Francisco Human Services Agency with the right skill set for working with employers. BARs must be available on weekends and evenings to attend events at the Chamber of Commerce and Small Business Associations, and engage in a variety of outreach activities from door-knocking to targeted recruitment based on labor market information. Successful BARs can create and maintain relationships with employers, articulating the benefits of the program, accurately depicting the skills and qualifications of the JobNOW candidate pool, and supporting the employer in making the placement work.

Marketing. SFHSA has branded all of the subsidized employment opportunities under the heading of JobNOW. When BARs reach out to employers, they frame the services as part of San Francisco's workforce solutions services and not as part of the Human Services Agency. Employer materials such as flyers and the website use targeted language that highlights the benefits to businesses and includes testimonials from other employers.

Reduce Bureaucracy and Paperwork. The JobNOW program worked hard to streamline the

paperwork for employers and improve the overall experience. For example, JobNOW is working on a paperless system for employers using DocuSign and ensuring clear points of contact.

Program Costs and Funding

Costs. The JobNOW program requires resources to conduct the personnel, payroll, contracting, and wage subsidy responsibilities. Participants in the CJP, ITIP and PST program receive substantial supportive services during and after the subsidy, either by internal SFHSA staff or by contracted community based organizations. In the PST program, SFHSA provides the payroll and personnel services for over 600 participants placed at various city and county departments in a year. In the Wage Subsidy Program, sufficient resources need to be allocated to administer the contracts that SFHSA enters into with each employer.

Funding. A number of revenue sources can be used for subsidized employment programs, including AB 98, CalWORKs single allocation, and the general fund; for PAES clients, general funds are used for the wages and CFET for the service costs. In addition, the Alameda County Social Services Agency can leverage the newly available Expanded Subsidized Employment dollars in AB74.

Recommendations for the Alameda County Social Services Agency

Although the San Francisco JobNOW program offers some insight as Alameda County looks to expand subsidized employment programs, there are key differences in the two counties that should be considered. First, Alameda County serves a much larger CalWORKs population; while in San Francisco there are approximately 4,000 CalWORKs families, in Alameda County there are over 18,000. The difference in scale is relevant in terms of systems and workflow requirements to successfully place clients. The sheer size of Alameda County's CalWORKs population will make implementation more challenging. The level of coordination between employers, contractors, and Alameda County Social

Services Agency (SSA) staff will likely also be more intensive given the difference in scale and the fact that SSA is implementing significant changes in its Career Centers. These factors suggest that additional time may be needed to set up the infrastructure and design the client flow processes. Key recommendations moving forward include:

Leverage County Employment Opportunities. Government is one of the top employers in the county; the Social Services Agency alone has 2,421 funded positions for FY 14/15. SSA can facilitate employment of clients in city and county departments that benefits both the participant and government agency. For clients, government jobs remain an avenue for employment with sustainable wages. For SSA, hiring clients can enhance staff diversity, lead to improved customer service, and provide an opportunity to further incorporate client perspective into service delivery. A targeted next step could be piloting a program similar to the PST program in Alameda County.

Employ a Tiered Approach. The JobNOW program operates multiple tiers, allowing SFHSA to serve all unemployed, eligible clients regardless of job readiness and prior work experience. It also allows for SFHSA to recruit a range of employers. Understanding client flow and how the tiers interact is incredibly helpful, and facilitates the creation of a pipeline where clients can move through the various tiers to unsubsidized employment.

Engage Employers. Implementing an effective employer engagement strategy increases the number of employment opportunities for clients, makes better use of limited staff resources, and allows for targeting of high quality employment opportunities with higher wages and advancement opportunities. As Alameda County expands and deepens relationships with employers, the experience of San Francisco is instructive.

A number of transitional jobs programs at SFHSA are all branded under the umbrella of JobNOW, making it easier for employers. Streamlining paperwork and having dedicated staff to sell

the program to employers and engage in various outreach activities would be beneficial. In San Francisco, participation by BARs in the Chamber of Commerce and merchant associations as well as having a “whatever it takes” attitude were highlighted as key to success. In addition, employer materials can be created that use targeted language, highlighting the benefits to businesses. In Alameda County, efforts are already underway to tailor its messaging to employers. Examples include the Employer Guide that details the benefits of partnering with SSA, and the creation of a Workforce Investment Board-Workforce and Benefits Administration website specifically for employers.

Encourage Retention, Higher Wages, and Advancement Opportunities. Alameda County SSA is charged with supporting its CalWORKs participants in finding work that pays family-sustaining wages. A recent analysis of Alameda County CalWORKs families, however, finds that many of clients are finding jobs with temporary staffing agencies in positions with low wages and few advancement opportunities that rarely lead to full-time permanent employment. The experience in San Francisco, however, suggests that there are tools available to improve the wages, retention, and advancement opportunities. For example, in the Public Service Trainee program, SFHSA created a career pathway for entry-level city administrative positions while RPD has a gardening apprenticeship pathway. Higher wages can be encouraged through the subsidy formula by providing a more generous subsidy to employers that pay higher wages. San Francisco has also found that retention rates improve when the host site is the employer of record.

Linking classroom training and subsidized employment. Paid transitional jobs that provide access to training and work supports have proven to be a valuable stepping-stone to long-term employment. An exciting model in the JobNOW program is the ongoing partnership with the University of California, San Francisco, wherein the subsidized employment program is preceded by structured, customized

classroom training and ongoing supportive services and case management. Engaging with employers to create training programs that can be linked to subsidized employment opportunities is an interesting model to explore.

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