



CHICAGO JOBS COUNCIL

A CJC Position Paper

PUBLICLY-FUNDED JOBS

August 2000

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I. INTRODUCTION

Over the past few years, the Chicago Jobs Council (CJC) has received a number of invitations to either participate in the design of or to support an existing publicly-funded jobs program for Chicago residents. The number and frequency of these requests prompted CJC staff in November 1999 to begin to investigate this growing national trend and engage the organization's members in a discussion about the merits and shortcomings of publicly-funded jobs programs. Following our first discussion, twenty-four members of CJC's Welfare-to-Work and Workforce Development working groups volunteered to participate in a joint ad hoc committee, which met between November 1999 and April 2000, to develop the standards for a CJC position.

This paper consolidates both the preliminary research conducted by staff and the extensive input from CJC working group members into a CJC position on publicly-funded jobs programs. The position paper has three goals:

- to provide a brief background on publicly-funded jobs programs;
- to establish CJC's position in support of publicly-funded jobs programs, including reasons for our support; and,
- to outline a set of standards to guide CJC's board, staff, members, and other stakeholders when they are invited to participate in designing a program or in deciding whether and to what extent they will support proposed models.

Ultimately, CJC sees the potential in publicly-funded jobs programs to prepare populations with multiple-barriers to employment for work in ways that enhance their job retention and advancement, help them earn wages to support themselves and their families, and help them move into the economic mainstream of our society.

II. BACKGROUND

There are many different approaches to and definitions of publicly-funded jobs, ranging from community service activities and short-term work experience to on-the-job training, in either the public or private sector. Programs may also focus either on job *creation* or on creating opportunities for individuals to access *existing* jobs in certain growth sectors and industries. Most modern manifestations of publicly-funded jobs programs, however, have some characteristics in common. For example, unlike the large-scale, federally-funded jobs programs of old, newer publicly-funded jobs programs tend to be small-scale operations. They tend to have different goals, often depending on the specific combination of local, state, federal and private dollars they use. Also, most programs today combine paid work with supportive services, including education and training, intensive job search activities, and other key support services. Finally, today's publicly-funded jobs programs are time-limited, generally ranging from six to eighteen months, at the end of which time participants are expected to move into permanent, unsubsidized employment.¹

¹ Rosenblum, S. 1999. "New Directions: Publicly Funded Jobs: A Workforce Development Strategy for Cities," National League of Cities. Washington, D.C.

Various national and local discussions have been occurring around the concept of publicly-funded jobs over the past several years. The Center for Law and Social Policy, the Center on Budget and Policy Priorities, the National League of Cities, the Urban Institute, and the Mayor's Office of Workforce Development in Chicago represent just a small sample of organizations that have explored the issue and/or have begun designing their own models of a public jobs program. The publicly-funded jobs model currently enjoys wide support among both Democrats and Republicans across the country.² Indeed, at least three states with diverse political leadership—Washington, Vermont and Pennsylvania—have already begun to implement state-wide, publicly-funded jobs programs, and some twenty additional localities in the U.S. are now operating their own publicly-funded jobs programs designed to create wage-paying jobs for those who cannot otherwise find work.

A number of reasons have been put forth to explain the need for publicly-funded jobs programs for those with limited work experience, low educational attainment, and multiple barriers to employment. Some reasons include: (1) the ever-growing gap between the skills employers demand and those possessed by current job seekers; (2) the threat to thousands of families receiving welfare benefits of losing their source of cash income as the five-year lifetime limit approaches; (3) the belief that there will always be a certain level of unemployment, especially in low-income communities; and (4) the continued erosion of the welfare safety net. These problems require an alternative strategy for mitigating the barriers facing chronically unemployed individuals, and publicly-funded jobs programs are being touted as one strategy with the potential to address them all.

There is a strong rationale for creating a publicly-funded jobs program now, in a period of national economic growth and low unemployment. Historically, federal public jobs programs have been implemented in response to an economic downturn. This approach has not been successful at alleviating the persistent joblessness at the heart of our nation's poverty problem.³ Because of the time required to pass and implement such programs, funds typically arrive in states and communities only after the worst of a recession is over. Additionally, the pressures to set up such programs quickly make it almost impossible to pay sufficient attention to quality program development. A successful public jobs program, therefore, should seek to alleviate persistent job and worker shortages even during periods of economic growth, so as to have a system in place in the event that the local and regional job markets are no longer capable of sustaining the number of workers in need of employment. Finally, creating publicly-funded jobs programs is timely now when local labor markets are tight, employers are hard-pressed to find skilled and reliable workers, and states have greater flexibility in how they spend their surplus welfare dollars.

² Emsellem, M. 2000. "Statement of the National Employment Law Project at the Hearing on Transitional Jobs Program before the City Council of New York", National Employment Law Project. New York, NY.

³ Johnson, C. 1997. "Toward a New Generation of Community Jobs Programs", Center on Budget and Policy Priorities.

III. STATEMENT OF POSITION

The Chicago Jobs Council supports the concept of publicly-funded jobs programs (see CJC Standards in section IV) for the following reasons:

- *Publicly-funded jobs are a promising alternative to prevailing “work first” strategies. The Chicago Jobs Council has historically opposed rapid attachment, or “work first”, as a stand-alone welfare-to-work or workforce development strategy. While work first strategies have moved thousands into the workforce, they have done so without equipping individuals with the skills needed to advance in the labor market, earn self-sufficiency wages, and remain competitive in the event of an economic downturn. Furthermore, work first strategies have not proven successful at moving individuals with low educational attainment, few skills, and other personal barriers into the labor force. Publicly-funded jobs programs, on the other hand, represent an opportunity for states and localities to help individuals move into the economic mainstream through meaningful work that is combined with skill-building and educational opportunities, and intensive, professional support services.*
- *Participants of publicly-funded jobs programs receive real wages in exchange for their work, while also receiving education and training to improve their employment skills.*
- *Publicly-funded jobs participants can be eligible to receive the Earned Income Tax Credit (EITC), which substantially increases their family’s annual income.*
- *Publicly-funded jobs participants can receive the same employment benefits as other workers in similar jobs, and have all the rights of other workers to protection under federal and state labor and employment laws.*
- *Publicly-funded jobs participants have been shown to earn up to two times more income than similar working individuals who did not participate in the program.⁴*
- *The worker’s paycheck is not considered TANF “assistance” under the final federal regulations; therefore participants’ wages would not count against the five-year lifetime limit on benefits while in the program.*
- *Employers are more likely to take a chance on workers whom they otherwise might not hire, because: (a) publicly-funded jobs participants can receive skills training and support services while they transition into a job; and (b) the employer incurs little or no wage or tax expenses while the participant transitions into the job.*
- *They can help cities by enabling workers to earn a self-sufficiency wage⁵, by creating a work-ready workforce, and by promoting stable neighborhoods and families.*
- *They have the potential to boost neighborhood economies, especially those experiencing double-digit unemployment despite the strong national economy. Publicly-funded jobs can create work opportunities and may provide essential community services for neighborhood residents with the greatest need.*
- *Finally, publicly-funded jobs programs are a good investment of public dollars. Most programs estimate that publicly-funded jobs programs cost between \$10,000-15,000 per participant. While this is more than what the state currently spends on many employment or income assistance programs, the cost is only marginally higher for a program that will produce vastly more successful results for its participants, businesses, and states and localities.*

⁴ Ibid.

⁵ In defining self-sufficiency, CJC uses the operational definition detailed in Wider Opportunities for Women’s *The Self-Sufficiency Standard for Illinois* (Fall 1998).

IV. CJC STANDARDS

Recognizing that publicly-funded jobs programs may vary greatly in their design and implementation, the Chicago Jobs Council has identified a set of standards that its Board, staff, members, and other stakeholders can use as a guide in promoting and/or evaluating current and future publicly-funded jobs program models.

A. Goal

The goal of any publicly-funded jobs initiative should be to assist unemployed individuals who have little or no work experience (or face other institutional barriers) to become self-sufficient and move out of poverty by providing them with real educational and skill-building opportunities. These opportunities should be inextricably linked to: (1) comprehensive support services tailored to the individual's and family's needs; and (2) wage-paying, career-oriented employment that leads to self-sufficiency wages in growth industries, that allows the employee to develop transferable skills, and that is valued by the individual.

B. Size

A publicly-funded jobs initiative should be implemented throughout the state in small-scale, customized operations in order to address statewide problems of poverty and unemployment while recognizing the diverse needs of different localities. Ideally, any publicly-funded jobs initiative should be able to serve all job seekers with a long history of unemployment and underemployment.

C. Target Population

A state-wide, publicly-funded jobs initiative should be designed for and targeted to populations based on the specific barriers to employment they face, rather than on nondescript categories like parental status or the source of public funding job seekers receive. Barriers would include, for example, lack of work experience, homelessness, criminal background, disabilities, and so on.

D. Planning

The planning for a state-wide, publicly-funded jobs initiative must be thorough, systematic, and involve all key stakeholders. It is critically important to involve community-based organizations and members of the business community in the design stages of a publicly-funded jobs initiative. In order to avoid displacement of current workers, it is necessary during the planning stage to identify and address potential displacement problems raised by proposed work projects. Finally, if a successful system is to be developed and instituted in Illinois, sufficient time and energy must be committed upfront to establish the various sophisticated tracking and management systems that a state-wide initiative would require.

Community-Based Organizations. Community-based organizations (CBOs) are in a strong position to help develop publicly-funded jobs programs and to participate effectively as contractors administering, monitoring, and/or providing education, training and support services to public jobs initiatives. CBOs work daily in the communities where participants live and they understand participants' needs firsthand. Furthermore, they have established working relationships with employers that are critical for successful job placement and retention services.

Employers. The long-range goal of a publicly-funded jobs program is to move people into unsubsidized jobs with local employers. Therefore, individual businesses and business organizations—both small and large and local, regional, or national—can provide essential advice about their future workforce requirements. Business involvement is necessary not only for jobs for program participants but also for permanent, unsubsidized jobs when participants are ready for the workplace.

Public Agencies. Depending on the sources of funding used, one or more public agencies may be involved in the planning for a publicly-funded jobs program. Public agencies typically administer, monitor, and/or evaluate a program's performance and are critical partners in identifying and addressing agency policies and practices that have unintended negative effects on program participants' successful completion of services. In planning for publicly-funded jobs programs, it is crucial that public agencies recognize upfront and incorporate into their monitoring and evaluation designs an operational definition of program success that accounts for and rewards a participant's progress in overcoming his/her barriers to employment.

E. Structure

The recommended structure of a state-wide, publicly-funded jobs initiative is based on time-limited, graduated stages through which a participant would move on his/her path to self-sufficiency.⁶ In this structure, each stage could last six to twelve months, and participants would be free to enter and leave at any time/stage to move to another stage or to an unsubsidized job. Wages, program components, and job descriptions would vary according to stage, but participants would engage in paid work, education, and skills training activities for a combined total of 30-40 hours per week. Services should be provided by experienced clinical social workers or by well-trained caseworkers who are supervised by social work professionals. And finally, a publicly-funded jobs program should build in flexibility and appropriate supports to account for the reality that many individuals with limited work experience and multiple barriers may cycle through several jobs before making a permanent attachment to the labor force.

Stage One should include at least a minimum wage job for participants, lasting six to twelve months. Assessment in this stage would need to identify barriers to employment, including learning and other disabilities. Supportive services should be provided or supervised by clinical social workers and should be individualized based on a menu of options that include housing assistance, "enhanced" child care⁷, transportation assistance, and work-related emergency assistance. Health benefits, social security, unemployment insurance, and benefits counseling should be offered in this and all other stages. The type

⁶ The appendix provides a summary, in table format, of the stages and program components recommended by CJC for a publicly-funded jobs program.

⁷ This includes sick-child care and child care at non-traditional hours.

of jobs in this initial stage would be community-based and/or public sector jobs. Finally, the purpose of this stage would be to mitigate the job seeker's barriers to employment while helping to develop his/her "soft skills" and engaging the participant in intensive career exploration.

Stage Two would include subsidized employment at the prevailing entry-level wage in the occupation of the participant's choice. Subsidized employment would be in private industry growth sectors (based on comprehensive sector-based labor research) and would last six to twelve months. Employers would be sought who could provide minimum health benefits and make commitments to hire the participant at the end of his/her successful six-to-nine-month, subsidized placement. Career-oriented skill-building is the primary objective of this stage.

Stage Three would include *unsubsidized* employment in the participant's career of choice, with self sufficiency wages and employer-provided fringe benefits. Supportive services would continue to be offered through the publicly-funded jobs program to enhance job retention. The employer would assist in identifying and mitigating barriers to the participant's retention and advancement.

F. Funding

As evidenced by the numerous city- and state-wide programs operating around the country, publicly-funded jobs initiatives can be financed by combining federal, state, local, and private funding sources.⁸ Federal programs like Temporary Assistance to Needy Families (TANF), Welfare-to-Work, and the Workforce Investment Act can be used to pay for publicly-funded jobs participants' wages, payroll taxes, benefits, work site development, and case management. Funding from federal housing programs, like HOPE VI, Resident Opportunities and Self-Sufficiency Program (ROSS), and the Family Self-Sufficiency Program (FSS), can be used for training and support services to participants who receive federal housing assistance. Depending on the type of services offered in a program, and the kinds of jobs for which participants are being prepared, there are a number of other potential funding sources, including: Empowerment Zone/Enterprise Communities; Community Development Block Grants; AmeriCorps; Transportation Equity Act (TEA-21); Medicaid; Children's Health Insurance Program; Child Care and Development Block Grants, Title XX Social Service Block Grants, Head Start; and state Maintenance of Effort funds.

G. Connection with Welfare and Workforce Systems

Any publicly-funded jobs initiative should incorporate Work Pays, Illinois' income disregard program. The State should ensure that participants continue receiving the public benefits for which they are eligible until they achieve self-sufficiency in Stage Three of the program. Likewise, a participant living in public or subsidized housing should not see an increase in his/her rent until he/she achieves self-sufficiency in Stage Three of the program. Since Employment & Training Centers (ETCs, also known as "One-Stops") have a limited capacity to serve populations with multiple barriers to employment, any publicly-funded jobs initiative should serve to enhance the state's workforce system by providing intensive workforce preparation and support to this population.

⁸ Johnson, C. and Savner, S. 1999. "Potential Federal Funding Sources for Public Job Creation Initiatives", Center on Budget and Policy Priorities and Center for Law and Social Policy. Johnson and Savner explain in detail how each of these funding sources can be used.

V. CONCLUSION

The increased interest in publicly-funded jobs programs in cities and states throughout the U.S. has prompted many welfare and workforce advocates, policymakers, and legislators to take notice of and support this model as an alternative to traditional state-subsidized work programs. Indeed, the current economic climate demands a strategy that can prepare and support individuals with limited work experience, low educational attainment and multiple barriers to employment to enter and make a permanent attachment to the labor force. The Chicago Jobs Council supports the concept of publicly-funded jobs programs because we believe they are a promising alternative to “work first” strategies that have not been successful at addressing the needs of individuals with multiple barriers to employment. And, because they can help the hardest-to-employ make a permanent attachment to the labor market, earn real wages, pay taxes, and move toward self-sufficiency, publicly-funded jobs are a good investment of public dollars.

Recognizing that publicly-funded jobs programs can vary greatly in their design and implementation, CJC has developed a set of standards that we hope will act as a guide for our Board, staff, members, and other interested groups as they participate in the design and/or evaluation of future publicly-funded jobs projects. In practice, we recommend that publicly-funded jobs programs be structured in stages, providing clear pipelines from one stage to the other, but also to occupations and careers. They should emphasize skill building, on-going education, and intensive and comprehensive support services provided by social work professionals. Finally, publicly-funded jobs programs should be structured flexibly, allowing for career exploration and the time and resources needed to mitigate the participant’s barriers to employment.

With thoughtful planning and a willingness on the part of public agencies to make the required financial investment, the Chicago Jobs Council sees the great potential of publicly-funded jobs programs to help create a work-ready workforce for states and localities that will address current labor shortages and future job shortages, as well as contribute to the economic and social development of localities and their communities.

APPENDIX

RECOMMENDED STRUCTURE FOR A PUBLICLY-FUNDED JOBS PROGRAM

Stage I	Stage II	Stage III
Orientation/Assessment, includes identification of learning and other disabilities & barriers to employment, assessment of basic reading & math skills, intensive career exploration, motivational workshops, etc.	6-12 months of subsidized employment in career “pipeline” of the participant’s choice, with employer commitments to hire or assist in placing the participant at the end of 6-9 months.	Unsubsidized employment in previously selected career of choice.
6-12 months, part-time, minimum wage job in community-based, public or private sector placement.	Prevailing entry-level wage.	Current self-sufficiency wage.
Intensive support services provided by professional social workers, including housing assistance and “enhanced” child care.	Continued support services.	Continued support services to worker and employer, focusing on retention.
Health and other benefits.	Health and other benefits.	Employer-provided benefits.
Development of “soft” skills (team work, interpersonal, communication skills, etc.)	Work skills training, including retention strategies.	Development of transferable, career-oriented skills.
Continuous assessment and pre- & post-evaluation of the participant’s skill level.	Continuous assessment.	Continuous assessment.
Employment-related literacy training.		

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The Chicago Jobs Council (CJC) is a membership organization that brings together direct service providers and advocates to work toward increasing job opportunities for all city residents, with an emphasis on those in poverty, racial minorities, the long-term unemployed, women and others who experience systemic exclusion from employment and career mobility. CJC's ultimate purpose is to support disadvantaged Chicagoans in gaining access to the jobs and training they need to enter the labor market, secure stable employment at a living wage, and pursue sustainable careers.

CJC pursues its mission through advocacy, research, innovative program demonstrations, and organizing. We focus on influencing the development or reform of public policies and programs that affect welfare-to-work, workforce development, economic and community development initiatives. Our advocacy efforts are grounded in the perspectives of our members, who contribute their expertise as direct service practitioners, advocates and researchers. CJC's efforts are also guided by the results of demonstration projects that test innovative solutions to pressing employment problems. By organizing members and other interested parties around workforce development, welfare reform, economic development, and other issues, CJC fosters dialogue and cooperative strategies to solve shared problems.



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