

Making New Roads from Welfare to Work: Ramping Up Subsidized Employment and Community Jobs Programs in New York State

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	Page 3
PART ONE: Why NYS Needs Subsidized Employment (SE) Programs	Page 14
I. Purpose and Outline of this Study	14
II. NYS' Failing Work First Philosophy	15
III. Impacts of the Great Recession	18
IV. Federal Recession Relief: Comparison of NYS and Other States	19
V. Subsidized Jobs and Career Pathways: A New Beginning?	22
VI. The Choice Confronting NYS	27
PART TWO: SE Programs in Seven Upstate Counties	Page 30
I. Study Methods	30
II. Geographic, Demographic and Financial Background	31
III. SE Programs in Seven Counties	35

EXECUTIVE SUMMARY

Last year Hunger Action Network published a study entitled *Evaluating a Decade of Welfare Reform in New York State: Putting Jobs into New York's Welfare to Work Program*.¹ The principal conclusions of that report are summarized as follows:

New York needs to transform its welfare to work programs to address the fact that most people presently receiving welfare benefits have multiple barriers to employment. This requires more investment in education and job training to help participants become employable. New York instead relies heavily on workfare, much more so than other states. Numerous studies show that workfare has a poor track record in helping individuals become employable. It is particularly ineffective for individuals with multiple barriers to employment. The failure of NY's welfare to work program is now driving up costs for local districts as individuals use up their five years of eligibility for federal benefits and then transfer to the state-local financed safety net program.²

The report was part of an effort by Hunger Action Network and other community groups to build support for increasing state funding for a transitional jobs program for New York State. Shortly after the report's release, NYS made significant new investments in innovative jobs programs for welfare participants. Using some recession-triggered federal money from both the TANF Contingency Fund as well as a TANF Emergency Fund created by the stimulus, **NYS created \$74.5 million dollars of new and expanded subsidized employment programs and increased funding for the Career Pathways program, which is also strongly focused on education and vocational training and leads to a job.**

Several of these programs—like Transitional Jobs and the Green Jobs Corps—provide participants education and training together with real job experience as a full-fledged employee rather than just a workfare assignment at minimum wage. This innovation of welfare jobs that includes significant training and/or educational opportunities is a crucial step forward. Wage subsidy programs generally just provide a job and subsidize the wage, but for the current population of job seekers, more job supports and development are essential.

This report analyzes the budget and policy goals, economic context, implementation and outcomes of subsidized employment, Career Pathways, and related jobs programs for low-income New Yorkers, with particular focus on seven urban metro counties outside of NYC: Erie, Monroe, Onondaga, Schenectady, Albany, Dutchess, and Westchester.

The study was conducted by the Hunger Action Network and sponsored by a grant from the Robert Sterling Clark Foundation. It evaluates, promotes, and suggests enhancements for a relatively new and still drastically under-utilized part of the state's welfare to work system, i.e. subsidized employment. As an approach to jobs and training, especially for people with multiple barriers to employment, subsidized employment should, in our view, supplement and as far as possible replace an outdated and demonstrably ineffective "work first" approach (described below), which has limited the career and life prospects of hundreds of thousands of welfare participants and failed significantly to reduce poverty or hunger in NYS.

Though there are some variations from program to program, subsidized employment (SE)

¹ Dunlea, Mark. *Evaluating a Decade of Welfare Reform: Putting Jobs into New York's Welfare to Work Program*. Available at www.hungeractionnys.org.

² *Evaluating a Decade*, p. 8.

basically works like this. An employer, who can be either a for-profit or non-profit entity—NYC has also pioneered governmental transitional jobs with the Parks Department—takes on a person at 200% of the poverty level or lower, usually referred by the local social service district. The employer pays that subsidized employee just like regular staff, but sends a voucher to the social service office, which reimburses the cost of wages, usually \$8 or more per hour. The employer has the option of paying a wage above the reimbursed rate. In the programs we are reporting on there is a strong component of education and training as well, and SE jobs were intentionally created in fields like green jobs and healthcare where there is strong demand for entry-level workers.

PRINCIPAL FINDINGS AND RECOMMENDATIONS

1. THE EXISTING WELFARE TO WORK SYSTEM HAS FAILED FAR TOO MANY WELFARE PARTICIPANTS.

As documented extensively in Hunger Action Network’s 2009 study of welfare reform in NYS, the existing welfare to work system has not lifted enough people into self-sustaining work, and it has not ended or even significantly diminished poverty and hunger. When the federal government evaluated the welfare to work programs of various states, New York consistently ranked among the least effective in the entire country.

We point to six fundamental flaws in the “work first” philosophy and social service practices based on it:

- a. **Poor employability assessments.** Welfare participants consistently report that employability assessments done in the process of the public assistance application are perfunctory at best and many of them cannot even remember receiving one.
- b. **Disability screening flawed.** There is no consistent instrument or screening process used across the state for assessing welfare applicants for disabilities, and the system fails adequately and appropriately to inform, evaluate and assist individuals with mental and physical handicaps. As a result, assignments like job searches, appointments, and work assignments often are not effective or suitable.³

For at least five years, state OTDA officials have repeatedly promised to initiate a statewide screening tool for disabilities.

- c. **Too little Education and Training.** Multiple national studies have shown how higher education credentials like Associate’s Degrees are the most consistent and permanent ways of lifting people permanently out of welfare and poverty. In spite of that clear finding, NYS social services consistently push what are often dead end jobs, any kind of jobs, over education and treats welfare participants as undeserving of educational opportunities. Workfare positions do not have a good

³ See Kriefall, Andreas & Dunlea, Mark. *Moving to More Compassionate and Effective Assistance*, the Hunger Action Network study of obstacles and challenges faced by welfare applicants for more information on this major systemic problem. Available at www.hungeractionnys.org.

track record of helping people with multiple barriers to employment achieve the job skills they need not only to leave but also to stay off welfare.

NY resists providing access to even basic education (e.g., adult literacy) for welfare participants, despite the claim that welfare reform was intended to help eliminate individuals' barriers to employment. NY places only a small fraction of its participants in vocational education despite being allowed to have 30% of the TANF caseload engaged in such activities.

- d. **Poverty Wages & Churn.** Partly because most welfare participants receive too little education and job training and experience, when they do manage to find a job, it is very often poorly paid and lacking advancement prospects. As a result, NYS has experienced two ongoing problems. First of all, getting off welfare does not get people out of poverty. Even when welfare rolls decline poverty and hunger do not. Secondly, welfare leavers often have to reapply for public assistance if and when they lose their jobs, leaving and re-entering the welfare rolls, a pattern called “churn.”
- e. **Too few jobs.** One problem with welfare reform in general and NYS in particular is that there have never been enough jobs, especially not living wage jobs that can support a family, open to welfare leavers. Neither the federal government nor the state has done an adequate job of linking job growth and economic development to targeted hiring of people receiving or leaving public assistance. Even during relative boom years (which have been few and far between for most of NYS), there are far too many people without significant barriers to employment looking for jobs, making it very hard for welfare participants to compete and succeed in the open market. New York presently has more than one million individuals either unemployed or underemployed.
- f. **Growing safety net population.** NYS has a constitutional mandate to care for its needy citizens. Therefore it has a “safety net assistance” or SNA program to supplement the time-limited federal “Temporary Assistance for Needy Families” or TANF program. When people are not eligible for TANF or when they reach the end of their federally imposed five-year time limit in TANF, they have to be supported by the state and locally paid SNA program. The number of SNA recipients is growing: in State Fiscal Year 2009-10, the total bill in NYS for SNA was roughly \$1.5 billion, as compared with \$1.1 billion altogether for TANF. If NYS does not improve welfare to work, the Safety Net population will continue to grow beyond its already unsustainable level, especially in the context of terrible state budget deficits and revenue shortfalls at all levels of government.

One result of the state's poor welfare to work record is that it has more individuals in the safety net program rather than TANF, as the state fails to assist TANF participants to become employable within five years. In addition, the number of individuals with multiple barriers to employment has become a much larger percentage of the welfare caseload.

2. THE RECESSION HAS MULTIPLIED THE NEED FOR BETTER JOBS AND TRAINING PROGRAMS, ESPECIALLY AMONG THE POOREST NEW YORKERS.

Although it has declined slightly since the beginning of 2010, at the height of the recession 850,000 New Yorkers were unemployed. However, not all income levels have been equally affected by this blight of joblessness, and among those at the bottom of our income scale, unemployment has reached a scale beyond even the Great Depression. The Center for Labor Market Studies at Northeastern University has published a paper on labor underutilization illustrating this jobs crisis. It includes the following chart mapping the unemployment rates for different segments of the income spectrum.

**Rates of Unemployment in the Last Quarter of 2009
Among Different Income Groups⁴**

Income Decile	Percent Unemployed
Lowest	30.8
Second	19.1
Third	15.3
Fourth	12.2
Fifth	9.0
Sixth	7.8
Seventh	6.4
Eighth	5.0
Ninth	4.0
Top	3.2

3. IN STATE FISCAL YEAR (SFY) 2009-10, NYS INCREASED ITS INVESTMENT IN JOBS PROGRAMS FOR WELFARE, BUT NOWHERE NEAR ENOUGH.

Over SFYs 2009-10 & 2010-11, NYS received a massive infusion of \$1.2 billion in federal recession relief targeted at job creation and emergency assistance for TANF recipients. Although a small portion of this money (less than 7%) did go to unprecedented investments in innovative jobs and training programs, NYS diverted well over half of this one-time assistance—\$886,000,000 in two years!—to maintaining existing programs and filling its budget gaps rather than offering real relief and desperately needed new jobs to its poorest residents. These budget choices represent a policy disaster and a missed opportunity on an epic scale. After squandering the chance to use federal assistance to launch more ambitious and numerous subsidized employment (SE) startups, NYS will have to work that much harder to find the hundreds of millions of dollars needed to ramp up SE programs to the necessary scale.

⁴ Sum, Andrew & Ishwar Khatiwada. *Labor Underutilization Problems of U.S. Workers Across Household Income Groups at the End of the Great Recession: A Truly Great Depression Among the Nation's Low Income Workers Amidst Full Employment Among the Most Affluent*. Available at www.clms.neu.edu, page 7.

NYS' Use of \$1.2 Billion in Federal Recession Relief Funding⁵
[Quantities are expressed in millions of dollars]

Program	Amount
Offset of welfare grant costs	\$286m
Diverted to fill budget deficit	\$261m
Paying the local share of 10% welfare grant increases	\$176m
Partial restorations of cuts to the Executive human service/welfare budget over 2 cycles	\$163m
Back to school grant to Food Stamp families	\$140m
Increased childcare support	\$110m
Subsidized jobs/Career Pathways	\$85m
TOTAL	\$1,221m

4. NINE OTHER STATES USED A MORE SIGNIFICANT PERCENTAGE OF THEIR RELIEF FOR JOBS AND CREATED MORE JOBS THAN NYS, THOUGH ALL EXCEPT CALIFORNIA RECEIVED CONSIDERABLY LESS MONEY.

The Center for Budget and Policy Priorities & the Center for Law and Social Policy have just published (in February 2011) a study of how federal recession money was used in subsidized employment programs in the 39 states that accepted and used the money for that purpose. Their figures reveal the much higher priority on job creation that prevailed among other states, including places like Texas, Kentucky, and Georgia, states that have not stood out in the past for their innovations in social policy for welfare participants.

⁵ Numbers received by Hunger Action Network from NYS Division of Budget.

CBPP/CLASP Chart of States' Use of TANF Emergency Fund for Jobs

State	Total TANF EF Received	Subsidized Jobs	Summer Youth	Total Jobs
Illinois	\$252,850,891	29,092	6.624	35,716
California	\$1,253,542,471	19,847	27,337	47,184
Pennsylvania	\$97,635,530	14,000	13,000	27,000
Washington	\$114,327,302	7,200	0	7,200
Minnesota	\$90,009,930	6,802	3,500	10,302
Florida	\$180,535,924	5,588	0	5,588
Texas	\$243,128,375	2,594	22,305	24,899
Georgia	\$83,403,765	2,300	14,800	17,100
Kentucky	\$49,125,072	4,848	5,993	10,841
New York	\$723,023,290*	4,217	0**	4,217

*NOTE: The \$1.2 billion figure given above includes close to \$500m in additional money from the TANF Contingency Fund.

**NOTE: This chart maps out specifically the use of the TANF Emergency Fund. NYS did fund summer youth employment programs but not with this particular funding stream.

- IN SFY 2010-11, AFTER ONLY ONE YEAR OF FUNDING MUCH NEEDED NEW SUBSIDIZED EMPLOYMENT (SE) PROGRAMS, NYS DRASTICALLY CUT THEM. In spite of tremendous need for jobs and historic amounts of federal aid, Albany chose to cut welfare jobs programs rather than increasing them:

SFY 2009-10 Funding for NYS SE Programs

Transitional Jobs	\$25,000,000
Health Care Jobs	\$7,000,000
Green Jobs Corps	\$7,000,000
Career Pathways	\$17,500,000
Wage Subsidy Program	\$18,000,000

SFY 2010-11 Funding for NYS SE Programs

Transitional Jobs	\$5,000,000
Health Care Jobs	\$2,000,000
Green Jobs Corps	\$2,000,000
Career Pathways	\$5,000,000
Wage Subsidy Program	\$0

Governor Cuomo has proposed eliminating all funding for these jobs initiatives in the 2011-12 state budget.

6. NYS MUST FUND AN AUTHORITATIVE AND COMPREHENSIVE COST-BENEFIT ANALYSIS COMPARING OUTCOMES OF WORKFARE WITH THOSE FOR SUBSIDIZED EMPLOYMENT.

Even with the limited experiment made thus far, the initial results of SE programs suggest there is much to be gained by moving more vigorously in the SE direction. So that this critical issue can be decided on the strongest empirical and verifiable bases, ***Hunger Action Network highly recommends that the state conduct a rigorous cost-benefit comparison of its traditional “work first” approach with SE. It should be a well financed, peer-reviewed social research project, including a longitudinal outcomes study of welfare participants, comparing not just upfront but long-term costs of traditional workfare, its outcomes and associated costs like Medicaid and child support, with the total costs and outcomes generated for those individuals who participate in SE programs.***

We believe that SE programs can be shown amply to reward greater investment and to promise a net reduction in the NYS welfare budget over the long haul, but the state must invest its own resources in studying that question and make the results and the options as clear and compelling for law- and policymakers as possible.

7. EVEN BEFORE THEIR FIRST YEAR OF FUNDING WAS COMPLETE, SUBSIDIZED EMPLOYMENT PROGRAMS ENABLED OVER ONE IN FOUR WELFARE JOBS PARTICIPANTS TO MAKE THE TRANSITION TO REGULAR WORK.

Especially considering that most of these programs are new and were brought on suddenly when new federal money became available in early 2009, OTDA and local social service districts did a good job of getting money out the door and quickly finding employers willing to take on workers from the public assistance rolls. Many (over 27%) of those former welfare recipients had already (even before the first cycle of funding ended) transitioned to unsubsidized regular employment, either with the same employer or one in a similar field.

Initial Outcomes from NYS SE Programs in SFY 2009-10⁶

Total recipients of public assistance (December 2010, latest available): 559,746			
Goals and Outcomes for Subsidized Employment Positions 2009-2010, 12/31/10 (“Unsubsidized” is the number of people who transitioned to regular job)	Goal	Outcome	Unsubsidized*
a. Transitional Jobs (\$25 million)	2,644	2,948	542
b. Green Jobs Corps (\$7 million)	688	458	99
c. Health Care Jobs (\$7 million)	802	957	331
d. Wage Subsidy Program (\$18 million, includes \$4m from 08-09)	2,648	1,292	754
e. Career Pathways Job Entry Target # (\$17.5 million)	2,023	662	NA
(\$74.5 million investment) TOTALS:	8,805	6,317	1,726

⁶ Figures are cited from the “Performance Management & Accountability” link on the Resources and Data page of the OTDA website, www.otda.state.ny.us.

**Although based on the latest numbers available as of 12/31/2010, covering results through September 2010, this column counting the people who have made a transition to unsubsidized jobs definitely understates actual outcomes. A fuller and more conclusive set of numbers becomes available in March 2011, after this report goes to press.*

8. **SUBSIDIZED JOBS ADDRESS THREE CRITICAL SHORTCOMINGS IN THE CURRENT SYSTEM: THEY PROVIDE REAL JOBS AND WORK EXPERIENCE, MORE TRAINING, AND PROMOTE A SMOOTHER TRANSITION TO REGULAR EMPLOYMENT.**

Subsidized jobs add some much needed improvements to the existing system, placing more emphasis on education and training, on job sectors with real prospects for regular employment, and providing a much more reliable means for connecting welfare participants with employers.

9. **SUBSIDIZED JOBS PROGRAMS, ESPECIALLY BY OPENING UP EMPLOYMENT IN DIFFERENT JOB SECTORS, HAVE PROVIDED A GOOD MIX OF EMPLOYMENT EXPERIENCE.** Although some policy questions have been raised about the identification of specific job sectors like “green jobs” for SE programs, the net effect of having these parameters built into the programs, and having a mix of them, seems to be paying dividends. The combination of Transitional Jobs, Health Care Jobs, and Green Jobs Corps SE programs has provided considerable flexibility to local social service districts and significantly expanded the pool of employers and job experiences available to welfare participants in NYS. The kinds of jobs created in these programs in our seven target counties are outlined below:

Overview of Job Sectors for SE Placements⁷

District	Transitional Jobs	Health Care Jobs	Green Jobs Corps
Erie	Manufacturing Hospitality Clerical Food Service Retail	Maintenance Clerical Nutrition Medical Transportation Certified Nurse’s Asst. Home Health Aide	Not Applicable
Monroe	Manufacturing	Clerical Home Health Aide Nutrition Food Service Medical Transportation	Deconstruction/Green Construction Green Spaces Horticulture/Landscaping
Onondaga	Daycare Retail Custodial/Maintenance Food Service	Certified Nurse’s Asst. Home Health Aide Nutrition	Deconstruction, Green Construction, Recycling (building materials and other)

⁷ Information received from OTDA, compiled from reports given by local districts up through Sep. 30, 2010

	Customer Service	Clerical Maintenance Medical Transportation	Alternative Fuel Engines
Schenectady	Healthcare Food Service	Not Applicable	Weatherization Installation/Promotion of energy efficient products
Albany	Food Service Maintenance	Not Applicable	Weatherization Solar Assembly and/or Installation Insulation installer
Dutchess	Retail Hospitality	Not Applicable	Not Applicable
Westchester	Dental Assistant Clerical Daycare	Nutrition Food Service Home Health Aide Administrative Collections	Bio-fuel Energy Auditing (clerical/informational)

10. IN SPITE OF SOME INITIAL CHALLENGES, THE TRANSITIONAL JOBS PROGRAM SHOULD CONTINUE TO DEVELOP ITS EDUCATION/TRAINING COMPONENT.

From feedback received from local social service workers and employers, it is clear that the Transitional Jobs program’s mandatory element of seven hours per week of education/training, in addition to twenty-eight hours of regular work, has created some challenges in its implementation by employers. Nevertheless, Hunger Action Network urges policymakers to adjust and experiment with this arrangement and not to abandon it in favor of a simple wage subsidy without these extra ingredients. Requiring significant hours of education and training alongside regular employment can help NYS begin to make up for the comparative weakness of education and vocational training in its welfare to work system.

11. MOST COUNTIES FAVORED THE USE OF SE PROGRAMS FOR THEIR MOST WORK-READY POPULATION, BUT ALBANY COUNTY PARTICULARLY HAS SHOWN SIGNIFICANT RESULTS TARGETING THE HARDER TO EMPLOY SAFETY NET POPULATION FOR THESE JOBS.

The evaluation of SE programs will need to figure out the complex cost-benefit calculus of focusing on harder-to-employ persons vs. more job-ready individuals in deciding how to appropriate and program SE funding going forward. Successes in Albany County’s Altamont Program in particular should be studied and considered best practices that may help other counties reach harder to employ groups with SE opportunities.

12. CAREER PATHWAYS, WHICH INCLUDES SIGNIFICANT TIME FOR EDUCATION AND VOCATIONAL TRAINING, TAKES LONGER TO DELIVER EMPLOYMENT OUTCOMES BUT SHOULD BE GIVEN THE CHANCE TO PRODUCE LONG-TERM RESULTS.

Career Pathways involves contracts with job training non-profits with an emphasis not just on finding a job but preparing to start a career in a field with good prospects for advancement. There is no question that this program takes longer than straightforward SE programs to produce strong numbers of people entering a self-sustaining job, however most indications from local programs are that this extra time and effort on the front end is well worth it. It should be emphasized that there is a very strong incentive for actual job acquisition and retention built into Career Pathways, since most of the funding is not delivered to the agency until a graduate has not only entered but retained a job for a certain period of time.

13. WHAT FOLLOWS IS A LIST OF BEST PRACTICES IN LOCAL DISTRICTS FOR CONSIDERATION IN OPTIMIZING SE PROGRAMS IN NYS:

- a. **Erie County** uses a portion of its regular TANF funding to operate its own local version of subsidized employment, which they call their PIVOT (Placing Individuals in Vital Opportunity Training) program: PIVOT has already developed a network of 300 local employers with some experience employing people from the welfare rolls. Other counties should be encouraged to experiment with similar arrangements.
- b. **Monroe County** distinguished itself among our seven target counties for its ambitious use of all of the SE funding streams and as well as having three Career Pathways programs. All of these programs are achieving good outcomes. Among all of our counties, Monroe County Department of Human Services also stands out for the way the social services administration, including the Commissioner herself, meet regularly and maintain constant contact with community-based service providers. This was the only county where information about subsidized employment reached local advocates for welfare recipients even before Hunger Action Network reached out to them. It has also found a major local manufacturing employer that is taking on significant numbers of its subsidized employees as regular staff through its Transitional Jobs program.
- c. **Onondaga County's** Green Jobs Corps program has had very solid results, exceeding its goal for the number of positions and getting a third of its SE individuals hired by the end of September 2010.
- d. **Schenectady County's** Green Jobs Corps is also doing well, matching Onondaga County in filling all of its anticipated positions and showing good initial results with transition to unsubsidized positions in deconstruction and weatherization. They have created a whole new set of relationships with employers because of this program.
- e. **Albany County's** Altamont Program has a very strong Wage Subsidy program, which met all of its goals for hiring positions and for transition to regular employment. As noted above, they are the only county that focuses on Safety Net participants for SE positions, and as such deserve special attention for helping harder to employ individuals find good work and begin to achieve independence.

- f. **Dutchess County's** Transitional Jobs program placed over 50% of their SE participants in unsubsidized employment. One key to this success was matching each of its participants with a mentor who was also in close contact with the employer. That approach proved invaluable especially lining up the appropriate work supports like transportation and childcare and overcoming obstacles and challenges in the first several weeks of employment.

A mentor has been an integral part of the transitional jobs model but has yet to be fully embraced by state and county welfare officials.

PART ONE: WHY NYS NEEDS SUBSIDIZED EMPLOYMENT PROGRAMS

I. Purpose and Outline of this Study

The study seeks to improve the effectiveness of the state's welfare to work efforts in assisting low-income individuals in becoming employed and economically independent.

As an approach to jobs and training, especially for people with multiple barriers to employment, subsidized employment should replace an outdated and demonstrably ineffective “work first” approach (described below), which has limited the career and life prospects of hundreds of thousands of welfare participants and failed significantly to reduce poverty or hunger in NYS.

Part One of the report summarizes the shortcomings of the prevailing welfare to work system, as documented in HANNYS' recent report *Evaluating a Decade of Welfare Reform in New York State: Putting Jobs into New York's Welfare to Work Program*. It then describes experiments and changes that have begun in NYS because of the huge impact of the Great Recession and the federal relief funds that the recession has brought to the state. We briefly survey other states' use of subsidized employment programs and their appropriation of these federal dollars, comparing and contrasting them with New York's policy and budget choices. Part One will conclude with a description of the promising and significant new subsidized employment programs in NYS that have already begun to show some good results in a difficult economic time, and which richly deserve far more vigorous investment and much higher welfare policy priority. Subsidized employment for welfare participants should become a major part of the state's overall welfare to work, poverty reduction, and economic development strategies.

After an introductory overview, the report will examine how subsidized employment programs were implemented and what outcomes have been achieved as of late 2010 in seven urban metro counties outside of NYC. Taken from west to east, these local districts are:

- Erie County (principal city Buffalo)
- Monroe County (principal city Rochester)
- Onondaga County (principal city Syracuse)
- Schenectady County (principal city Schenectady)
- Albany County (principal city Albany)
- Dutchess County (principal city Poughkeepsie) &
- Westchester County (principal city Yonkers)

II. NYS' Failed Work First Philosophy⁸

Evaluating a Decade of Welfare Reform in New York State: Putting Jobs into New York's Welfare to Work Program documented the failures of New York's welfare to work report. We will only briefly summarize them here.

New York Decided to Invest Heavily in Workfare Despite Prior Studies Concluding that it was Ineffective as a Welfare to Work Program

More so than other states, New York elected to prioritize workfare (e.g., Work Experience Program in NYC) in meeting the expanded work requirements for individuals under TANF.

NY made this decision despite the fact that studies had shown workfare to be both ineffective and expensive to administer. For instance, a 1991 report from the Manpower Demonstration Research Corporation⁹ pulled together the results of evaluations of 45 work-incentive programs. They found that recipients most able to re-enter the labor market (e.g., those with recent job experience) benefited least from workfare programs; they saw no improvement in their earnings from pre-welfare wages, and government outlays for social welfare were not greatly reduced. Programs targeting low-skilled, long-term recipients reaped welfare savings but left the recipients with no real economic advantage. Recipients with some skill but little recent experience enjoyed the greatest gains in their earnings, but, because they are expensive to administer, these programs also offered few short-term savings in welfare costs.

The NY Times reported on April 12, 1998 that “an extensive examination...found scant evidence that workfare has accomplished one of its central goals -- moving a significant number of people from welfare to full-time work. Workfare has provided limited job training for many of the poorly skilled, poorly educated New Yorkers on public assistance. Much of the work is so menial that it offers few, if any, skills that employers demand. Participants receive little help looking for a permanent job; half of them get none at all. And there is no indication that many people have been able to use workfare as a springboard to a real job: a recent state survey, the first of its kind, found that after three months off the rolls, fewer than a third of those who left welfare in New York City found full- or part-time jobs on the books.” The Times added “Across the country, where the welfare caseload has dropped by about a third, local officials rethinking welfare have largely shunned workfare as an expensive program that has not been notably successful at getting people into real jobs.”

Unfortunately, New York has done a poor job with its welfare to work efforts, as has been documented in study after study, including by government agencies. Even the federal government evaluates the overall effectiveness of the state's welfare to work effort as one of the worst in the country. Like many states, New York's elected officials have sought to evaluate success primarily by looking at the reduction in welfare caseloads rather than in reduction in

⁸ A more extensive analysis of these issues can be found in Hunger Action Network's 2009 publication: Mark Dunlea, *Evaluating a Decade of Welfare Reform*. A copy is available at www.hungeractionnys.org

⁹ *From Welfare to Work*, by Judith M. Gueron and Edward Pauly

poverty. Individuals who have left welfare for work in New York have not escaped poverty due to low wages and limited hours and benefits. Many welfare participants had hoped that federal welfare reform would help them obtain employment that enabled them to support their families.

New York needs to transform its welfare to work programs to address the fact that most people presently receiving welfare benefits have multiple barriers to employment.

New York's Jobs First approach to welfare reform has impeded the effort to make welfare participants economically independent and needs to be formally rejected. State and local officials argue that it is most effective to place participants in any jobs, no matter how dead end or low paying, and then provide them with the education and training needed to help them become more employable. It is true that the most effective programs are those that combine a real job with education and training. Unfortunately Jobs First fails to do so because the state and local districts do not have effective programs to provide participants with needed training and education once they obtain employment.

The shortcomings of NY's welfare to work approach have been somewhat obscured by a striking but misleading set of numbers from the early days of welfare reform. Between 1995 and 2003, the welfare population of NYS fell dramatically and steadily, from 1.6 million down to 607,000. Since that remarkable drop, the number of people receiving public assistance has risen and fallen somewhat with changing economic conditions, but the dramatic 60% decline in the welfare rolls over seven years has been followed by a seven-year period when the number has gone down less than ten percent:

Table 1. Number of People on Public Assistance Rolls Jan 2003-10¹⁰

January 2003	607,000
January 2004	622,000
January 2005	615,000
January 2006	595,000
January 2007	550,000
January 2008	516,000
January 2009	512,000
January 2010	546,000

Although the steep declines in the late 1990's were hailed by the Pataki administration at the time as a great policy success, the real story is more complicated. The same approach as it was carried forward into the early 2000's did not continue to reduce the caseload at anywhere near the same rate, raising a question about what factors were actually at work in getting people to leave the rolls in the first phase of reform. And as Hunger Action Network and others have repeatedly pointed out, both poverty and hunger remained prevalent in NY as the number of welfare participants rapidly declined:

¹⁰ Numbers from OTDA's official website Monthly Caseload Statistics. See www.otda.state.ny.us.

1. **POVERTY.** The overall poverty rate in NYS has not fallen in any proportion to the decline in the number of persons on the public assistance rolls. In fact, the decade of the 1990's, which had included a significant economic expansion, ended with 14.6% of the population at or below the poverty line (according to the 2000 U.S. Census), whereas the previous Census count in 1990, when the pre-reform welfare system was still in place, put the rate at 13%.
2. **HUNGER.** Unfortunately the problem of hunger has also not shown any signs of decreasing or even leveling off through the 1990's or the 2000's. Indeed, especially with the recession beginning in 2008, the key indicators of food insecurity have now reached all-time highs: both the number of Food Stamp recipients and the number of people served at emergency feeding programs statewide are at record levels as we begin 2011.

Clearly, moving people off welfare does not necessarily reduce poverty and hunger. Why did a system that got so many families off the rolls not result in fewer indigent households and a smaller number of people struggling to feed their children?

A key reason for these discouraging outcomes is the state's welfare to work philosophy. Throughout the process of implementing welfare reform, NYS has relied on what it calls a "work first" approach: the basic idea here is that getting welfare participants who are in any way employable into some kind of job, any kind of job, should be the prime objective of public assistance. In implementing the 1996 federal welfare reform TANF (Temporary Assistance to Needy Families) program, which replaced the AFDC (Aid to Families with Dependent Children) entitlement, the NYS social service system and welfare legislation has therefore consistently downplayed training, education, and careful assessments of individuals' work skills, disabilities, and employability. Instead it has geared the system to impose immediate job search requirements and push welfare participants towards "workfare" assignments as rapidly as possible.

This agenda of pushing people as quickly as possible into job search and work assignments has been enforced by a stringent and punitive sanctions policy, by which any alleged infraction—like a missed appointment or deadline, an incorrectly completed form, or a failure to generate enough job applications—can lead to a "sanction," the withholding of cash assistance for 45, 90, or 180 days. A review by the Legal Aid Society of fair hearings where sanctions rulings were appealed in NYC (the system which includes the largest share of NYS' recipients) produced this shocking statistic: 90% of the time, fair hearing judges sided with welfare participants and against the NYC HRA (Human Resources Administration, the city's social service agency).

III. The Great Recession Has Made it Far More Difficult for Low-Income Households to Obtain Employment

Compounding the urgency of this need for new and more effective welfare to work programs has been the impact of the Great Recession, which has hit low-income people with a horrific double whammy: radically reduced state revenues leading to human services budget cuts coupled with rates of joblessness that have surpassed those of the Great Depression of the 1930s for some groups.

In February 2010, the Center for Labor Market Studies of Northeastern University released a report on how the recession has impacted different economic strata.¹¹ They divided up the population into ten parts (deciles), from the lowest to the highest 10% of household incomes. The results were remarkable in showing great disparities in the way the recession has affected employment rates for higher and lower incomes. While people earning the top 20% of incomes enjoyed something close to full employment even in the worst economic downturn of the last 75 years, the bottom 20% was dealing with joblessness on a scale that is difficult to imagine.

This table from the Center for Labor Market Studies' report contains the most shocking figure:

Table 2. Rates of Unemployment in the Last Quarter of 2009 Among Different Income Groups¹²

Income Decile	Percent Unemployed
Lowest	30.8
Second	19.1
Third	15.3
Fourth	12.2
Fifth	9.0
Sixth	7.8
Seventh	6.4
Eighth	5.0
Ninth	4.0
Top	3.2

At the height of the Great Depression, unemployment reached rates of 25%. But for those at the bottom of our socioeconomic ladder today, joblessness in the recession has become even more severe than that historic crisis. Since this struggling population in the lowest 20% of the income spectrum is precisely the group most often served by the welfare system, clearly the imperative of job creation and employment for welfare participants can hardly be overstated.

¹¹ Sum, Andrew & Ishwar Khatiwada. *Labor Underutilization Problems of U.S. Workers Across Household Income Groups at the End of the Great Recession: A Truly Great Depression Among the Nation's Low Income Workers Amidst Full Employment Among the Most Affluent*. Available as a pdf file at www.clms.neu.edu.

¹² *Labor Underutilization*, page 7.

2010 could have been a decisive year for beginning the work of economic recovery for these unemployed poor, but unfortunately NYS government made many budget choices that added to their burdens instead. First of all, as we will see in more detail below, it diverted hundreds of millions in aid intended for welfare job creation into deficit reduction. Second, NYS did not levy any new taxes on Wall Street or wealthy New Yorkers. Instead, it favored budget cuts—especially in the area of human services—over revenue increases as the way to balance a large deficit.

These fundamental budget choices exacted further sacrifices from those already suffering the most in the recession. As a result, jobs programs for welfare to work, including subsidized employment (see Section IV below), were cut rather than increased in the 2010-11 NYS budget. Summer youth jobs and work supports like Wheels for Work were cut. \$200 million of legislative member items, most of them funding human service agencies and nonprofits for disadvantaged people, were vetoed by the Governor. Broad anti-poverty programs like affordable and supportive housing, homelessness prevention, and healthcare were cut.

The major revenue increase of the year also targeted low-income people, when the sales tax on shoes and clothing purchases below \$110 was restored—a tax that has a disproportionate impact on those with the least money. Such choices and priorities have not only failed to help, they are actively harming the most economically vulnerable New Yorkers.

IV. Federal Recession Relief: New York Failed to Utilize Extra Welfare Dollars to Support Jobs

When Aid to Dependent Children was repealed and replaced by TANF in 1996, federal funding to states was turned into a block grant system with fixed allocations for each state. Congress did create a special “TANF Contingency Fund” of \$2 billion to help states deal with increased demands on social services during periods of economic downturn. The Great Recession has triggered the release of that money. In addition, as part of the American Recovery and Reinvestment Act (ARRA) of 2009 (typically referred to as the “stimulus”), President Obama and Congress added an additional \$5 billion “TANF Emergency Fund.”

Although the specific mechanisms by which NYS qualified for its large share of this special TANF money are complicated, the end result was good for the state: Over SFY (state fiscal years) 2009-10 & 2010-11 it received all told \$1.2 billion new dollars, its maximum allowable amount, targeted at recession relief for the poor. This substantial amount of federal aid was available to be used for one or more of three purposes:

1. Maintaining and expanding welfare support;
2. Creating jobs for TANF eligible people; and/or
3. Offering special non-recurrent emergency assistance to families.

The latter two categories qualified for a 4 to 1 federal match - and the one dollar "state share" could be a federal dollar.

Unfortunately, this massive and unprecedented amount of assistance for NYS' poor was not used wisely or effectively, and a tremendous opportunity to make some bold steps to speed economic recovery was largely squandered by the Governor and Legislature. This was especially true by the second year when the state Department of Officials figured out how to draw down the maximum federal allocation by utilizing existing spending rather than funding new initiatives as intended by the stimulus package.

Here is a chart laying out the uses of that money over the two budget cycles in which NYS received it:

Table 3. NYS' Use of \$1.2 Billion in Federal Recession Relief Funding¹³
[Quantities are expressed in millions of dollars]

Program	Amount
Offset of welfare grant costs	\$286m
Diverted to fill budget deficit	\$261m
Paying the local share of 10% welfare grant increases	\$176m
Partial restorations of cuts to the Executive human service/welfare budget over 2 cycles	\$163m
Back to school grant to Food Stamp families	\$140m
Increased childcare support	\$110m
Subsidized jobs/Career Pathways	\$85m
TOTAL	\$1,221m

The state diverted hundreds of millions of "jobs dollars" to pay ongoing state welfare expenses (including paying for existing Assembly initiatives in TANF that the Governor had sought to eliminate) and provide general fiscal relief to the state rather than responding to people in severe crisis. In the end, only \$85 million, *less than 7% of the total federal recession relief funds*, was used for the innovative and much needed subsidized employment and Career Pathways programs.

Other states, all of which except California received less money than New York did (see Table 4 below), were considerably more aggressive and proactive in using their federal assistance. The Center for Budget and Policy Priorities and the Center for Law and Social Policy (CBPP &

¹³ Numbers received by Hunger Action Network from NYS Division of Budget.

CLASP) have studied all of the 39 states that used the TANF Emergency Fund for subsidized employment.¹⁴ In Table 4 below, we have excerpted from their national overview, highlighting states that invested more heavily and created more subsidized employment positions with their federal money—including the state of California, whose budget crisis dwarfs New York’s:

Table 4. CBPP/CLASP Chart of States’ Use of TANF Emergency Fund for Jobs

State	Total TANF EF Received	Subsidized Jobs	Summer Youth	Total Jobs
Illinois	\$252,850,891	29,092	6,624	35,716
California	\$1,253,542,471	19,847	27,337	47,184
Pennsylvania	\$97,635,530	14,000	13,000	27,000
Washington	\$114,327,302	7,200	0	7,200
Minnesota	\$90,009,930	6,802	3,500	10,302
Florida	\$180,535,924	5,588	0	5,588
Texas	\$243,128,375	2,594	22,305	24,899
Georgia	\$83,403,765	2,300	14,800	17,100
Kentucky	\$49,125,072	4,848	5,993	10,841
New York	\$723,023,290*	4,217	0**	4,217

*NOTE: The \$1.2 billion figure given above includes money from TANF Contingency Fund

**NOTE: This chart maps out specifically the use of the TANF Emergency Fund. NYS did fund summer youth employment programs but not with this particular funding stream.

The two largest SE programs documented in the CBPP/CLASP paper took place in Los Angeles and in the state of Illinois, both of them similar in structure and approach. They used an intermediary non-profit entity as the employer of record and put SE participants on the intermediary’s payroll, but those entities arranged for the actual work to be done largely in the private sector. Workers were paid \$10 per hour for up to 40 hours in both of these states. The

¹⁴ Pavetti, LaDonna, Liz Schott & Elizabeth Lower-Basch. *Creating Subsidized Employment Opportunities for Low-Income Parents: The Legacy of the TANF Emergency Fund*

targeted population for these SE jobs was work-ready individuals eligible for low-income worker supports like childcare—they were not restricted to public assistance recipients.¹⁵

These programs in two large states show an impressive scale of employment and successfully created a large number of jobs in a very short time. New York State however kept its SE programs to a much more modest level and, as we have seen, used its federal aid largely for budget relief and maintaining existing programs instead of job creation. At a time when over 800,000 New Yorkers were unemployed, and with the still growing gap between wealthy and poor more acute in New York than in any other state, it was a disastrous course to favor short-term state deficit financing over job creation and poverty alleviation in 2010—and then to raise taxes that disproportionately impacted low-income people into the bargain.

Over and over again this pattern emerges in NYS welfare policy: rather than adjust the work first approach with more education, training, and subsidized employment, lawmakers and executives have instead perpetuated the system as it is. This tendency must change if the state is to give its most impoverished residents and welfare participants a much needed economic boost, and to place its fiscal operations on a more sustainable foundation by beginning to diminish the numbers of families forced into the ever more expensive Safety Net Assistance program.

V. New York's Subsidized Employment Programs and Career Pathways: A New Beginning?

NYS in mid-2009 made a major increase in funding for subsidized employment programs for welfare participants, appropriating a total of \$74.5 million for the purpose in SFY 2009-10 (more detailed information on those programs and funding follows below). Senator Daniel Squadron, de facto chair of the Senate Social Services Committee, led the legislative effort to secure the funds at the urging of groups such as Hunger Action and Community Voices Heard.

In the late 1990s, Hunger Action had helped convene a group of community and union advocates to ask for 4,000 transitional jobs programs. Most of the political clout came from NYC public employee unions worried about the potential for job displacement from workfare. Eventually \$25 million a year for two years was appropriated but the state Department of Labor was able to divert the funding into a private-sector oriented wage subsidy program. The program was continued but at a much reduced level (e.g., \$4 million a year) after the initial period. When Commissioner Hansell took over at OTDA, he did agree to Hunger Action's request to have part of this funding stream be allocated for transitional jobs.

Most of the new funds in 2009 were allocated for transitional jobs. Two new programs - green and health care jobs - were also funded.

Though there are some variations from program to program, subsidized employment in NYS basically works like this: an employer, who can be either a for-profit or non-profit entity—NYC has also pioneered governmental transitional jobs with the Parks Department—takes on a

¹⁵ Pavetti, Schott, & Lower-Basch, *Creating Subsidized Employment*, page 9.

person at 200% of the poverty level or lower, usually referred by the local social service district. The employer pays that subsidized employee just like regular staff, but sends a voucher to the social service office, which reimburses the cost of wages, at a rate of at least \$8 per hour, for up to twelve months. The employer has the option of paying a wage above the reimbursed rate. As we will see below, in NYS the subsidized jobs programs include a substantial component of job training and/or education. Such programs aim to help the participant make the transition to unsubsidized employment, either with the same employer or in a similar position, after the temporary subsidy expires.

SE programs were first created during the Great Depression as direct government jobs. The Works Progress Administration and Civilian Conservation Corps employed a total of almost 9 million people nationwide on major infrastructure, environmental, and public art projects in the 1930's, creating a public works legacy in many cases still visible today. The Comprehensive Employment and Training Act of the 1970's created 700,000 jobs through its Public Sector Employment program.¹⁶

The more recent SE programs ramped up for the Great Recession have created 260,000 jobs nationwide, according to the comprehensive report compiled by the CBPP and CLASP. What distinguishes these SE jobs from their counterparts of the 1930's and 1970's is the relatively rapid creation of the jobs and the much larger role played by private business and non-profits as the employers of record.

Another benefit of SE is that it is connected to an actual job, making it more likely the transition to unsubsidized employment will be more seamless than with work experience or even job training. Drawbacks include a tendency to accept individuals who are already the most employable, failing to deal with individuals with multiple barriers to employment. Such programs are also less likely to provide mentors or other social service supports. In addition, the "subsidy" more likely goes to for-profit employers rather than organizations whose principal goal is providing service to the community.

As outlined in the CBPP/CLASP paper on SE, the TANF-funded subsidized jobs have varied considerably from state to state depending on the goals of the program.¹⁷ The two extremes in terms of the goals are getting the largest number of people into jobs as quickly as possible (as in Illinois and California) versus the more narrow and targeted approach of using SE for special needs populations with the most barriers to regular employment in the job market.

NYS chose a middle course, limiting the eligibility for SE to welfare applicants and participants rather than all people at or below 200% of the federal poverty line. Most counties reserved SE jobs for their most employable public assistance recipients, but a few of them, especially Albany County, took the step of focusing specifically on their hardest to employ Safety Net participants as the target group for SE jobs. NYS has also favored SE positions that provide a substantial amount of job training in high-demand fields of employment and, for some Transitional Jobs

¹⁶ Pavetti, Schott, & Lower-Basch, *Creating Subsidized Employment*, page 3.

¹⁷ Pavetti, Schott, & Lower-Basch, *Creating Subsidized Employment*, pages 5-13.

participants and all Career Pathways participants, educational credentials and certification that boost a participant's long-term employability and career prospects.

Local districts however have not generally provided a mentor for the job placements, something that was central in the transitional jobs model promoted by Hunger Action and is in fact part of the state's requirement for such program.

The funded programs were: Transitional Jobs, Health Care Jobs, Green Jobs Corps, and Career Pathways. Career Pathways, which Hunger Action and other advocacy groups had successfully promoted several years ago, is not a subsidized job program but it does include extensive education and training, vocational planning, employability certification, and leads directly to a job with real prospects for a career. 60% of the payment to the contractors who prepare and train Career Pathways participants is paid out only after a CP graduate has started *and* retained a job in their chosen area for a certain amount of time.

As noted, until the current budget year (SFY 2010-11) NYS had been operating. This subsidy program covers a shorter period of employment, has less of a built-in training component, and has now been defunded in favor of the other SE programs. (Though the recent state Assembly budget resolution included \$5.2 million for this program and not the others.) In this report the primary year being examined is SFY 2009-10, and the Wage Subsidy Program is therefore still included.

Using the programming information on the OTDA website (www.otda.state.ny.us), let us define each of these programs.

1. TRANSITIONAL JOBS (TJ):

Hunger Action Network considers this program to be the most promising of the SE experiments that have been launched because it requires several hours a week of training and education time as a compensated component of the job. Districts establishing a Transitional Jobs program are expected to provide a subsidized employment placement for up to twelve months at an hourly rate of at least \$8.00 per hour for up to 28 hours per week of paid employment and at least 7 hours per week of paid education and training activities to help prepare individuals for local employment opportunities.

The combination of the subsidized employment with the education/training permits participants to develop workplace skills while also enhancing education attainment and/or job skills to support permanent job placement at or before the end of the transitional job. Local social service districts will provide supportive services, as needed to support job retention both during and following the subsidy period and to support advancement in the education/training component of the program.

Districts are also expected to ensure that program participants are provided information on the availability of earned income tax credits and other credits that participants may access once

working and facilitate access to transitional benefits including health insurance and transitional child care and supplemental nutrition assistance benefits.

2. HEALTH CARE JOBS (HCJ):

The Health Care Jobs program encourages the creation of subsidized positions in community health outreach positions which are intended to help increase access to public health insurance benefits and appropriate health services. Local social service districts may also use funds to subsidize positions in other occupations within the health care sector such as, but not limited to: direct care positions such as health care aide and nurse, clerical and administrative positions, medical billing and records, maintenance positions in hospitals and nursing homes and dietary aide and nutrition positions.

Districts may subsidize jobs in the health care sector for up to one year. Districts will determine the length of the subsidy period, the hours of subsidized employment, whether to provide full or partial subsidy and the subsidy value. In all instances, program participants must be paid at least minimum wage.

3. GREEN JOBS CORPS (GJC):

The Green Jobs Corps program provides education, training and subsidized employment placements of up to 35 hours a week for up to one year in “green” jobs such as, but not limited to: weatherization, energy efficiency, environmental conservation, renewable energy and natural resource preservation and beautifications. Green Jobs Corps awards were made to twelve social services districts in NYS on a competitive basis, including five counties whose programs will be reviewed in detail in this report.

The selection of proposals included preference for the following priorities:

- Training opportunities providing education or jobs skills credentials, such as industry recognized skills and/or certificates.
- Leveraging of training opportunities, including training supported through the Workforce Investment Act.
- Districts with a higher unemployment rate than the NYS average.
- Programs that offer opportunity for placement in jobs providing higher wages or offer advancement opportunities in high-growth green industries through on-the-job training or other means, and
- Districts that include permanent employment opportunities either through the subsidized employer or through other job placement efforts.

Hunger Action has tried to tie the Green Jobs program into the Green Jobs Green NY job creation effort based on energy retrofitting up to one million homes. As noted, there was a major dispute between Senator Squadron and the Division of Budget as to how much funds had in fact been allocated to the various job initiatives, especially in terms of triggering an additional 4 to 1 federal to state match. We suggested that allocating some of the GJGNY funds would draw down

additional federal funds to this initiative while in effect also creating a goal for hiring low-income workers, since the 4 to 1 match required hiring individuals with an income at or below 200% of poverty.

4. CAREER PATHWAYS (CP):

Career Pathways represents a collaborative effort on the part of OTDA and the NYS Department of Labor. Resources from both agencies have been combined to support job training and education designed to improve the economic prospects of low-income workers throughout the state. Career Pathways is a workforce development strategy that links basic education to occupational training, and when combined with integrated support services, enables participants to advance over time to higher level training and education and to living wage jobs in specific industry sectors.

Individuals targeted for this initiative include public assistance recipients, young adults between the ages of 18-24, low-wage workers and households with incomes at or below 200% of the federal poverty level. Participants are provided with a clear and reliable course of action for building skills to progress in their careers. Programs are organized as a series of steps that lead participants towards employment with industry recognized credentials, certificates and/or licenses.

The employment sectors selected for pathways development are locally identified, and include those that need skilled workers and have promotional opportunities. Selected contractors earn at least 60% of their award as participants achieve credentials and enter and retain employment. The remainder of each award will be reimbursed to the contractors for approved expenditures made for costs associated with the delivery of program services.

5. WAGE SUBSIDY PROGRAM (WSP):

In this program, using wage subsidies as a hiring incentive, non-profit agencies work with employers to develop positions for individuals who have been unable to find employment through conventional means. The non-wage subsidy portion of the contracts is performance-based and vendors earn reimbursement as participants become employed, transition to and retain unsubsidized employment.

Organizations can use two employer subsidy models to achieve the goal of full time unsubsidized employment for program participants - a traditional wage subsidy program (WSP) model and/or a transitional employment (TE) model. Program goals are:

- Completion of 30 days in subsidized employment;
- Completion of 60 days in subsidized employment (TE only);
- Completion of 90 days in subsidized employment (TE only);
- Transition to unsubsidized employment;
- Completion of 90 days in unsubsidized employment, or 120 days for direct placement.

VI. The Choice Confronting NYS

Before examining how these programs were implemented in seven target counties, it is critical to highlight the broader policy question of how much has been and will be invested in these promising programs, and the important issues at stake for NYS.

In SFY 2009-10, as noted above, these programs received a whole new level of funding, and Transitional Jobs became the first SE program in NYS to be resourced and implemented in every county. Citing figures from the OTDA website, specifically:

Table 5.
SFY 2009-10 Funding for NYS SE Programs

Transitional Jobs	\$25,000,000
Health Care Jobs	\$7,000,000
Green Jobs Corps	\$7,000,000
Career Pathways	\$17,500,000
Wage Subsidy Program	\$18,000,000

However, no sooner had NYS gotten these important new programs underway than it pulled the rug out in the next budget cycle, in spite of the massive federal funding still available for the purpose of job creation for TANF:

Table 6.
SFY 2010-11 Funding for NYS SE Programs

Transitional Jobs	\$5,000,000
Health Care Jobs	\$2,000,000
Green Jobs Corps	\$2,000,000
Career Pathways	\$5,000,000
Wage Subsidy Program	\$0

So, within the space of one year the funding leaped up to **\$74.5 million** then plunged back down to **\$14 million**. Governor Cuomo has proposed eliminating funding all together for these programs in his 2011-12 state budget.

This disappointing and counterproductive budget decisions put the future of SE programs in NYS in grave doubt, since it is difficult to maintain and to get such programs up to scale if more funding does not materialize. There is little to no chance of fresh stimulus or TANF jobs programs funding coming from the federal government, so NYS has missed a golden opportunity to use that source of money to underwrite a much stronger beginning to its SE programming and a new approach to welfare to work.

Considerable funding for such jobs program are still available in the regular \$2.4 billion TANF block grant NYS continues to receive annually from the federal government, though Congressional TANF reauthorization may alter that sum. In addition, NYS has been proactive in securing over \$200 million a year from the Food Stamp Employment and Training (FSET) program, which can also be used for jobs, training, and work supports. However, NYS greatly needs clear and strong political and policy leadership to embrace SE as a priority before there can be any hope of using what resources are still available to make this turn to new solutions.

Even with the limited experiment made thus far, the initial results of SE programs suggest there is much to be gained by moving more vigorously in the SE direction. So that this critical issue can be decided on the strongest empirical and verifiable bases, ***Hunger Action Network highly recommends that the state conduct a rigorous cost-benefit comparison of its traditional “work first” approach with SE. It should be a well financed, peer-reviewed social research project, including a longitudinal outcomes study of welfare participants, comparing not just upfront but long-term costs of traditional workfare, its outcomes and associated costs like Medicaid and child support, with the total costs and outcomes generated for those individuals who participate in SE programs.***

At the request of CVH, the Fiscal Policy Institute did a Return on Investment Study¹⁸ for a proposed Transitional Jobs program. The study found that, while the program has a direct cost of \$80 million to provide for an annual 4,000 subsidized transitional job slots, the net cost is only \$49 million, and within three years the statewide initiative could pay for itself.

The analysis compares the cost of providing transitional jobs (including the cost of wage payments, training, supervision and other program administration) with the public savings that result when participants increase their likelihood of employment and therefore are more likely to stay out of jail or prison and get off public cash assistance rolls.

The analysis shows that a statewide TJ initiative in New York could pay for itself in just three years if it is able to increase employment rates by more than 26% for public assistance participants and by more than 35% for formerly incarcerated participants.

The actual public cost savings as a result of this initiative would likely be even greater because many additional savings have not been incorporated into this analysis. Take, for instance, the child support system. The formerly incarcerated participants would be expected to increase their child support payments to their families, which would result in lower public assistance payments to these families. Another example is in the area of justice system costs. This analysis includes only the cost of incarceration, but there would also be significant public cost savings for the entire judicial system with a reduction in recidivism. Furthermore, this is a conservative estimate of the return on investment because FPI did not include in the analysis any of the multiplier effects on the economy of the increased consumption capacity of the program participants.

¹⁸ <http://www.cvhaction.org/proposals>

Using the Performance Management and Accountability data from the OTDA website, here are the initial outcomes of the SFY 2009-10 SE programs as of the end of 2010:

Table 7. Initial Outcomes from NYS SE Programs in SFY 2009-10¹⁹

Total recipients of public assistance (December 2010, latest available): 559,746			
Goals and Outcomes for Subsidized Employment Positions 2009-2010, 12/31/10 ("Unsubsidized" is the number of people who transitioned to regular job)	Goal	Outcome	Unsubsidized*
a. Transitional Jobs (\$25 million)	2,644	2,948	542
b. Green Jobs Corps (\$7 million)	688	458	99
c. Health Care Jobs (\$7 million)	802	957	331
d. Wage Subsidy Program (\$18 million, includes \$4m from 08-09)	2,648	1,292	754
e. Career Pathways Job Entry Target # (\$17.5 million)	2,023	662	NA
(\$74.5 million investment) TOTALS:	8,805	6,317	1,726

**Although based on the latest numbers available as of 12/31/2010, covering results through September 2010, this column counting the people who have made a transition to unsubsidized jobs definitely understates actual outcomes. A fuller and more conclusive set of numbers becomes available in March 2011, after this report goes to press.*

Even without a final accounting of the number of transitions to unsubsidized employment (and the end results in terms of entering good careers especially for Career Pathways participants necessarily take a good deal longer to reach and to assess), it readily appears that ***even before the end of the year well over 1 in 4 participants from a population that generally has multiple barriers to employment has made a transition to a regular job—in this chart, the results are 27.3%***. For a set of programs most of which are being tried in local social service districts for the very first time, that is a very respectable preliminary result, and one that amply justifies a very thorough state-sponsored cost-benefit analysis of the sort we have recommended.

¹⁹ Figures are cited from the "Performance Management & Accountability" link on the Resources and Data page of the OTDA website, www.otda.state.ny.us.

PART TWO: SUBSIDIZED EMPLOYMENT PROGRAMS IN SEVEN UPSTATE COUNTIES

I. Study Methods

Subsidized employment programs are administered through the local social service districts of NYS. New York has a unique social service system in two respects:

1. **COUNTY ADMINISTRATION.** Unlike most states, NYS allows the counties and NYC to administer the various “welfare” programs. Support for the poor was traditionally a local responsibility and the counties contribute a share of the state costs for these programs. As a result, the counties demand that they serve as a gatekeeper to the program to control the number of individuals receiving assistance (and thus control the county's costs).

Hunger Action has long supported state takeover of the administration. Local control results in 58 different sets of practices at the local level. Monitoring, enforcement and staff training becomes far more difficult. Taxpayer expenses increase since there are so many duplicative levels of administration, staff and data systems. Access to benefits becomes more difficult.²⁰

2. **NYC.** More than half of NYS’ social service customers are located in a single municipality, i.e. New York City.

Since welfare programs are locally administered, this study examines local practices, especially in the larger districts. The larger districts have more participants. In addition, while the transitional jobs programs were offered to every district, the health care jobs were offered only to the larger districts, while Greens jobs were done by a Request for Proposal process.

Over the course of the year 2010, Hunger Action Network undertook a multi-faceted approach to this issue.²¹

1. **LOCAL ADVOCACY.** In bimonthly meetings with advocates in each of the target counties, we educated and mobilized local advocates to follow the SE programs in their particular area. Through the year, they were able to monitor and push for more effective programs with their local social service officials.

²⁰ See Hunger Action Network’s most recent report on Social Services administration in NYS, *Moving to More Compassionate and Effective Assistance: Evaluating Challenges and Barriers in New York State’s Welfare System*. Released October 2010. Copy available for download @ www.hungeractionnys.org

²¹ **PARTICIPANT SURVEY.** Although results are not available for this report, Hunger Action Network also launched, in collaboration with OTDA, a qualitative survey of participants in SE programs in our target counties to get their direct feedback and testimony on positive and negative aspects of their experience as the state seeks to enhance and expand these welfare to work experiments. The status of the survey is on hold due to lack of future funding for the job initiatives.

2. **MONITORING LOCAL DISTRICT FUNDING & ADMINISTRATION.** Hunger Action Network staff monitored the district's implementation of the jobs initiatives, including the funding levels for specific county programs, and met with the employment directors several times in each county to discuss progress and initial outcomes.
3. **STATEWIDE BUDGET & ADMINISTRATION.** Hunger Action Network was active in educating state policymakers about the value of increasing SE investments in the state budget and in meeting with the statewide administrators overseeing SE programs in the state capital. Hunger Action helped track how and where the \$1.2 billion in federal welfare was being spent and consulted with national groups to determine state compliance and see what other states were doing.

II. Geographic, Demographic, and Financial Information

Seven local districts were selected for their work with more concentrated and populous urban centers, which made it possible to survey a wider array and a larger number of individuals and programs using limited resources. Accordingly, the districts selected are located in the following counties, ordered geographically from west to east:

1. Erie County (principal city Buffalo)
2. Monroe County (principal city Rochester)
3. Onondaga County (principal city Syracuse)
4. Schenectady County (principal city Schenectady)
5. Albany County (principal city Albany)
6. Dutchess County (principal city Poughkeepsie) &
7. Westchester County (principal city Yonkers)

Though these counties are similar in having a central city where the bulk of their welfare participant population is located (Westchester is somewhat more diverse), there is considerable variation in the size of the population in both the counties and their central cities (figures are drawn from the most recent U.S. Census “QuickFacts” available online):

Table 8. Target County and Central City Population Figures

<u>COUNTY</u>		<u>CENTRAL CITY</u>	
Erie County:	909,247	Buffalo	276,059
Monroe County:	733,303	Rochester	208,123
Onondaga County:	454,743	Syracuse	140,658
Schenectady County:	152,169	Schenectady	61,560

Albany County:	298,284	Albany	93,963
Dutchess County:	293,562	Poughkeepsie	30,050
Westchester County:	955,962	Yonkers	197,852

The district's welfare populations vary in size, from the smallest districts in Schenectady and Dutchess counties, whose public assistance rolls are just over 3,000, to Monroe County, whose Department of Human Services (DHS) is dealing almost ten times that number, around 31,000 recipients. (For purposes of comparison, HRA in NYC serves over 340,000 people with temporary assistance.)

The following table gives the number of individuals (including children) receiving public assistance in August of 2008, 2009, and 2010. The welfare population has risen modestly in NYS through the Great Recession;²² overall, NYS has seen an 8% rise in the number of people receiving public assistance over the last three years, and individual counties have all experienced some increases over the same time frame:

Table 9. Public Assistance Numbers over 3 Years in Target Counties²³

Geographic Area	PA #s in 8/2010	PA #s in 8/2009	PA #s in 8/2008
NYS	544,146	530,663	503,627
Erie County	25,876	24,281	24,043
Monroe Co.	29,554	28,895	29,098
Onondaga Co.	13,006	11,217	9,605
Schenectady Co.	3,061	2,573	2,497
Albany Co.	6,278	5,563	5,549
Dutchess Co.	3,076	2,443	2,153
Westchester Co.	14,256	13,418	12,800

²² Why this increase has not been more dramatic in light of high unemployment and economic hardship remains a matter of dispute. Whatever the explanation, one thing is certain, however: there is a curious imbalance between Food Stamp and emergency feeding program numbers, which have risen sharply at a rate of 50% in the course of the Great Recession in NYS, and the mere 8% rise in public assistance rolls. See Hunger Action Network's study *Moving to More Compassionate and Effective Assistance* for an examination of some of the specific barriers that may have played a role in limiting access to public assistance. This report is available for download at www.hungeractionnys.org.

²³ Numbers are cited from Monthly Caseload Statistics available at www.otda.state.ny.us

These welfare participants are served by temporary assistance staff in their local social service districts. These caseworkers are the primary administrators of social service programs like SE. In the counties under consideration here, one caseworker generally serves about 40-70 customers. OTDA supplied Hunger Action Network with information on the ratio of workers to temporary assistance cases:

Table 10. Temporary Assistance Staff Size and Caseload Per Worker²⁴

Geographic Area	Temporary Assistance Staff	Average Caseload Per Worker
Erie County	197	63
Monroe Co.	212	70
Onondaga Co.	97	69
Schenectady Co.	24	65
Albany Co.	49	63
Dutchess Co.	42	41
Westchester Co.	138	55

Temporary assistance staff play a key role in the welfare system. SE Programs like Transitional Jobs rely for their effectiveness on collaboration from DSS staff to help administer work supports, to troubleshoot problems that arise, and ideally to smooth the transition to unsubsidized employment. One question that will merit close attention in the participant surveys Hunger Action Network and OTDA are preparing about SE programs will be finding out what kind of staff assistance and caseload ratios can help achieve the best results in welfare to work and conversely what sorts of practices may be detrimental to that goal.

One final issue to discuss before going into the SE programs is the counties' use of what is called the **Flexible Fund for Family Services (FFFS)**. As noted earlier, NYS receives \$2.4 billion in its TANF block grant annually from the federal government. Congress however initially based that sum on the much larger 1.6 million NYS public assistance population before welfare reform was enacted in 1996. With that number now in the 500-600,000 range, and over benefit payments that much lower, NYS now has an annual TANF "surplus" well in excess of a billion dollars (i.e., the difference between the block grant and the amount of benefits paid).

²⁴ Information received from OTDA Public Information Office in response to FOIL request by Hunger Action Network.

By law, this surplus is to be used to assist TANF eligible households. The best assistance would be to increase the level of benefits. Funds should also be allocated to create jobs for welfare participants and to provide job training and other work supports. The Governor however decided to divert most of the surplus into a block grant to the local districts that is primarily used for financial relief. The Flexible Fund for Family Services is now \$960 million. While these funds have to be used to "assist" TANF eligible families, advocates point out that much of the funding is used to pay for programs such as child welfare that local districts had traditionally paid out of their own general revenue funds. This frees up such funds to then be spent on other purposes chosen by the county, usually for things not directly targeting low-income individuals.

Only a relatively small part of that large sum is currently programmed for employment and employment services (see the target county figures in the table below).

Hunger Action Network recommends that a significant portion of the FFFS instead be directly invested by the state into continuing and expanding the SE job programs.

NYS OTDA Commissioner David Hansell for instance decided to provide the expanded funding for SE programs directly to the local districts rather than opening it up to a FRP process where nonprofits could apply. Hunger Action felt that nonprofits would be more motivated to create programs that were client friendly. Hansell however felt that it was important to have every county participate directly in the program so that once the federal funds dried up they hopefully would be willing to continue them through the FFFS allocation. Hunger Action countered that it would be more sensible just for the state to allocate such funds directly since the districts would be unwilling to give up the fiscal relief they were presently using the FFFS for.

Among our target counties, Erie County specifically created several years ago a promising and successful SE program that has connected with over 300 local businesses as employers of public assistance participants. It is called the PIVOT (Placing Individuals in Vital Opportunity Training) program, using FFFS money for wage subsidies and supportive services. Like other SE programs, PIVOT is a win-win arrangement, since local businesses receive new workers at little or no cost, welfare participants get a chance to succeed in real jobs, and the welfare rolls have a stronger likelihood of being reduced if a transition to unsubsidized employment follows the wage subsidy period. This innovative use of the FFFS block grant should become a model for other counties and point the way to future uses of this large chunk of money to add more SE jobs as a component in the welfare to work agenda at the local level.

Table 11. Target Counties' Use of FFFS funding²⁵

COUNTY	FFFS Funding SFY 2009-2010	Amount of FFFS For Employment	% for Employment
Erie	\$47,538,737	\$16,022,116	33.7%
Monroe	\$29,482,679	\$2,912,811	9.9%
Onondaga	\$22,016,942	\$7,000,000	31.8%
Schenectady	\$7,375,369	\$968,131	13.1%
Albany	\$13,891,906	\$2,857,441	20.6%
Dutchess	\$8,518,797	\$419,859	5%
Westchester	\$39,584,644	\$3,605,710	9.1%

As the table shows, there is considerable variation from county to county in how the FFFS money is being used, and how much of it goes to employment and employment services—from as little as 5% in Dutchess County to Onondaga and Erie County's aggressive use of a third of their FFFS grant for employment. Another factor in the analysis and ongoing improvement of SE programs will be understanding how different uses of this particular funding stream do or do not contribute to the welfare to work success rate in a given county.

Erie County has shown some leadership in this area and achieved some impressive results: we consider their PIVOT SE program a best practice that should be promoted as a model in other counties and the state as a whole.

III. Seven Upstate Counties' Subsidized Employment Programs

NYS' SE programs fall under four headings: the older Wage Subsidy Program, and the three new jobs programs—Transitional Jobs, Health Care Jobs, and the Green Jobs Corps. (As noted earlier, Career Pathways is not an SE program, though it achieves many of the same ends and is therefore included in this report)

The largest program is Transitional Jobs, the only SE program that was funded in every social service district in the state, with a total of \$25,000,000. Health Care Jobs funding was awarded to the seven largest social service districts in the state, four of them in our target county areas: Erie, Monroe, Onondaga, and Westchester (as well as NYC and the two Long Island counties, Suffolk and Nassau). Green Jobs Corps funding was awarded to twelve local districts after a competitive evaluation of proposals, which ended up including five of our seven target counties.

The most promising aspect of these three new SE programs, as well as Career Pathways, is that they support real jobs that provide a pay check and on the job training, increasing employability and future earnings potential. They also provide a clearer path to an unsubsidized job than

²⁵ Numbers reported on the Resources and Data page of the OTDA website, www.otda.state.ny.us.

workfare. The jobs programs should also be targeted to provide experience in sectors of the economy that have job openings and provide a sustainable wage.

State policymakers, OTDA, and local districts must give SE programs the time, focus, and intensive effort required to let their results emerge in the medium and longer term, and then study, improve, expand, and ramp them up to create a stronger welfare to work system in NYS. This study itself is being done so early in the process of implementing SE programs that we cannot yet state definitively what the full measurable and long-term results of the first full year’s set of programs will be. The state should carefully evaluate the progress of these programs and identify and promote best practices.

The following chart provides an overview of what kinds of jobs were opened up to welfare participants by these SE programs in the seven target counties. Local districts—in spite of having to implement a trio of new programs very quickly and suddenly— did a reasonably good job of creating and expanding relationships with a variety of employers, from Westchester to Erie County. Although Erie County was able to build on the existing network of employers it had created through its PIVOT wage subsidy program (mentioned above), for most counties, these were altogether new relationships. Both the state’s OTDA and local districts should be commended for giving a vigorous start to the SE experiments in terms of connecting the public assistance sector with a variety of jobs in the private sector:

Table 12. Overview of Job Sectors for SE Placements²⁶

District	Transitional Jobs	Health Care Jobs	Green Jobs Corps
Erie	Manufacturing Hospitality Clerical Food Service Retail	Maintenance Clerical Nutrition Medical Transportation Certified Nurse’s Asst. Home Health Aide	Not Applicable
Monroe	Manufacturing	Clerical Home Health Aide Nutrition Food Service Medical Transportation	Deconstruction/Green Construction Green Spaces Horticulture/Landscaping
Onondaga	Daycare Retail Custodial/Maintenance Food Service Customer Service	Certified Nurse’s Asst. Home Health Aide Nutrition Clerical	Deconstruction, Green Construction, Recycling (building materials and other) Alternative Fuel Engines

²⁶ Information received from OTDA, compiled from reports given by local districts up through Sep. 30, 2010

		Maintenance Medical Transportation	
Schenectady	Healthcare Food Service	Not Applicable	Weatherization Installation/Promotion of energy efficient products
Albany	Food Service Maintenance	Not Applicable	Weatherization Solar Assembly and/or Installation Insulation installer
Dutchess	Retail Hospitality	Not Applicable	Not Applicable
Westchester	Dental Assistant Clerical Daycare	Nutrition Food Service Home Health Aide Administrative Collections	Bio-fuel Energy Auditing (clerical/informational)

Another important and related sign of early success with SE has been the statewide goals vs. actual outcomes with filling positions in the SE programs. We will review the performance of each of the programs in our target counties below, but it is worth citing the overall state figures:

Table 13. Statewide Goals vs. Actual Positions Filled with SE Programs

Program	Goal	Actual Positions Filled
Transitional Jobs	2644	2948
Health Care Jobs	802	957
Green Jobs Corps	688	458
Wage Subsidy Program	2648	1292

It is promising that both Transitional Jobs and Health Care Jobs statewide *exceeded* their initial goals in terms of filling SE positions.

As concerns the Green Jobs Corps' performance, it should be understood that this funding stream was allocated to counties only after a competitive proposal process had been conducted, and consequently it was the last of the three SE programs to be started up. Local districts who won GJC awards were not able to begin getting their participants hired until early in 2010, whereas TJ and HCJ had begun lining up employment opportunities sooner, in calendar year 2009. That procedural issue readily accounts for the shortfall in meeting the goals for filling SE positions in the green jobs area. Still, two-thirds (66.7%) of the positions were actually hired out, and mostly in industries who had no connection with social services before.

a. Transitional Jobs (TJ)

Transitional Jobs is the flagship of NYS' SE programs, with the most funding (\$25 million the first year, the widest statewide coverage and the strongest combination of actual employment and simultaneous education and training).

Most of our target counties did very well with their TJ programs. Erie, Monroe, and Dutchess, exceeded their stated goals for filling TJ positions. Onondaga and Albany came very close to their goals, too.

The only districts that had real trouble reaching their goals for this program were Schenectady and Westchester.

In Schenectady, Hunger Action Network met with the Commissioner and Employment Director. They explained that they had arranged to place all of their 20 TJ positions into various positions in a local hospital, but the hospital Vice President who had made this arrangement left at a crucial moment right before they started placements. Forced to restart the negotiations from scratch, they were only able to get four of the initial 20 people into actual jobs with the hospital.

Subsequent to the September 30 reporting period, Schenectady has contracted with the community-based training kitchen of the non-profit Hamilton Hill Food Processors to have other TJ participants trained and employed doing food service work. The first TJ employee has made the transition to unsubsidized employment there.

Westchester DSS unfortunately experienced serious management problems following the election of a new county executive. His response to a potential county budget deficit was to aggressively push for the early retirement of senior staff, apparently to save money by eliminating the higher salaries of the senior staff. As with other agencies, the three most senior members of the DSS operations departed, leaving the agency largely leaderless. The remaining staff shied away from implementing new initiatives since there was a lack of a chain of command. The jobs initiatives suffered from this.

An additional problem in Westchester is that DSS decided to largely limit participation in the various job initiatives to individuals who had already participated in three county "welfare to work" programs and had still had not found employment. This significantly limited the number

of potential participants while also undermining the goal of evaluating how such jobs programs would improve employability overall for the general TANF and welfare population.

The project met with three DSS staff people assigned to implementing the program. The staff said they found it very helpful since Hunger Action was far more familiar with how the jobs programs had been initiated at the state level than they were.

Table 14. Transitional Jobs

Geographic Area	TJ Funding	TJ Goal	TJ Actual	Transition
NYS	\$25,000,000	2644	2948	542
Erie County	\$920,058	95	109	31
Monroe Co.	\$1,163,906	150	272	23
Onondaga Co.	\$370,087	90	74	15
Schenectady Co.	\$120,743	20	3	1
Albany County	\$286,869	40	37	10
Dutchess Co.	\$111,462	12	16	9
Westchester Co.	\$493,522	85	31	1

As noted earlier, the number of individuals who made a transition to unsubsidized employment, must be seen as preliminary and necessarily lower than what will be the ultimate outcome. After an extension was made by OTDA, most of these TJ programs and the individuals participating in them did not complete their first-year cycle until December 31, 2010. This report was completed before the final outcomes are released by OTDA in the spring of 2011.

TJ has the virtue of flexibility for local districts, since there is no restriction of the kind of employers that can contract with social service districts. SE positions were created in the following areas by the TJ program in our seven target counties:

- Manufacturing
- Hospitality
- Clerical
- Food Service
- Retail
- Daycare
- Custodial/Maintenance

- Customer Service
- Healthcare
- Dental Assistant

Part of the cost-benefit analysis Hunger Action Network recommends for NYS should include a comparison not only of the quantity but the quality of the jobs created by SE vs. standard workfare arrangements. The survey of participants we had initiated with OTDA would greatly assist in making this evaluation. There appear to be a variety of ways in which local employers and social service districts have fulfilled the education/training portion of the TJ program; that aspect merits careful attention in the evaluation process

Unfortunately, the second year of funding for TJ (SFY 2010-11) is woefully inadequate, being cut 80% to \$5 million. The SE programs cannot be ramped up to make genuine progress in improving NYS' welfare to work success without a great deal more funding. The more the SE programs grow, the better NYS will be able not only to create more short-term subsidized positions—with the boost to local business that this also entails—but also to improve the effectiveness of the transition to unsubsidized employment and reduction in the welfare rolls *and* poverty.

TJ is a complex SE program that will require ongoing refinements and improvements. For instance, in interviews with Hunger Action Network, the employment director in Monroe County has suggested that the TJ formula of 28 hours of regular work plus seven hours of training and/or education might benefit from being adjusted. Since many employers (including the manufacturer with whom they contract for their TJ program) have a regular full-time 32-35 hour work week, TJ subsidized employees might fit more seamlessly into the regular workforce if they worked that full complement of hours, and then supplemented that time with the extra hours of education and/or training on a separate track, which is compensated at the same wage.

An optimal balance between subsidized work hours and seven hours of education and training has proved to be the most difficult thing to achieve in the SE programs. ***However, the combination of a real job and training / education must continue to be a central feature of the TJ program.*** No doubt, as the Monroe County DHS staff have suggested, there are many ways to adjust and enhance the formula for combining education and training with subsidized work. But in light of the vital goal of promoting more long-term employability for persons with significant barriers to regular employment, the extra effort involved in achieving the best balance should not be neglected or diminished. TJ should not be allowed to devolve into a simple wage subsidy program without education, training, or work supports.

b. Health Care Jobs

The idea of using the field of health care as a targeted form of SE jobs emerged from the State Senate. A major focus of lawmakers was to use SE positions to help enroll more people in public health insurance programs, where the percentage of eligible families consistently outstrips the number actually enrolled by large margins.

In its actual implementation, however, districts instead created a broad range of positions in hospitals and other medical institutions using their HCJ funding:

- Maintenance
- Home Health Aide
- Clerical
- Nutrition
- Medical Transportation
- Certified Nurse’s Asst.
- Food Service
- Administration
- Collections

According to OTDA, a large number of these positions were home health aide jobs. It remains to be seen how effectively that kind of position can serve as a step toward a sustainable self-sufficient employment since it is often prey to low wages and high turnover—a key concern for placements of people trying to get off welfare permanently. This question of long-term outcomes for home health aides and other placements should be part of the state’s evaluation of the effectiveness of this particular SE funding stream.

Local districts statewide exceeded their hiring goals for HCJ, including Erie and Monroe counties. Like Green Jobs Corps, HCJ was cut from \$7m down to \$2m in SFY 2010-11, but its first year of performance benchmarks merits careful attention as part of a long-term SE policy strategy.

Health care as a field continues to increase, with an ever-growing share of the national and the state economy. The field continues to be characterized by both chronic labor shortages in entry-level positions and lots of built-in career ladders with good prospects for advancement. In our interviews with local districts who received HCJ funding, no one reported to Hunger Action Network any difficulty at all finding SE positions suitable for welfare participants. If this ease of finding subsidized places where welfare participants can be taken on leads to sustainable jobs at decent wages and the potential for careers, this field may serve as a good focus for SE programs and reward a much higher level of investment.

Table 15. Health Care Jobs

Geographic Area	HCJ Funding	HCJ Goal	HCJ Actual	Transition
NYS	\$7,000,000	802	957	331
Erie County	\$349,614	33	41	6
Monroe County	\$505,749	100	134	43
Onondaga Co.	\$203,334	30	16	4
Westchester Co.	\$273,361	75	39	27

In addition to the relatively large number of positions filled, there was a comparatively high rate of transition to unsubsidized jobs. The September numbers for those making this transition in the TJ program came in just under 1 in 5 (18.3%), while the statewide statistic for HCJ is better than 1 in 3, or 34.6%. Obviously, the state will have to factor in the quality and longevity of these transitions as it evaluates the outcomes of SE programs, but that result does stand out as the best rate of transition to regular employment among the new SE programs.

c. Green Jobs Corps

The Federation of Protestant Welfare Agencies led efforts to establish the Green Jobs Corps (GJC). The proposal was championed by Sen. Squadron. The goal was to reduce poverty, mitigate climate change, conserve the environment, and produce the skilled workforce needed to improve energy efficiency and rebuild infrastructure to revitalize low-income communities. GJC was funded at \$7 million in 2009-10. \$2 million of TANF funding for GJC was provided in the 2010-2011 budget.

The GJC was conceived as a consortium-based model to support a network of non-profit agencies experienced in providing workforce development services to low-income populations facing greater barriers to employment. The value of utilizing a consortium-based model is it:

- Allows non-profit agencies with deep connections to low-income communities to play a leading role in recruiting participants and supporting their success in the program.
- Maximizes the impact on low-income populations throughout targeted regional areas most adversely impacted by environmental pollution and toxic waste.
- Produces the skilled workforce needed to meet the State's energy efficiency and environmental conservation goals.
- Integrates multiple layers of the State's workforce development systems; and strengthens links between job readiness/soft skills training and green hard skills training programs.
- Reduces competition for funding between similar non-profit service providers by supporting a consortium of agencies that would apply for funding as a group.

A major goal of the GJC initiative was to ensure that the emerging green economy would include low-income people with barriers to employment and would serve as a "pathway out of poverty." Low-income communities are hit hardest by both financial hardship and environmental hazards. Individuals and families in these areas often face a double burden of limited educational and employment opportunities. Low-income communities and communities of color are also disproportionately likely to live and work in toxic environments.

Instead of providing funding to nonprofits, OTDA decided to award contracts on a competitive basis to local districts.

The OTDA Green Jobs Corps program provided participants with subsidized employment in industries that strive to improve energy efficiency and increase use of renewable energy sources (e.g., Weatherization Assistance Program, HEAP), act to secure environmental improvements and conservation and to protect and preserve natural resources. Districts establishing a Green

Jobs Corps program were expected to provide job readiness and occupational skills training to prepare participants for subsidized employment placement, and to provide employment opportunities of up to 35 hours per week at the minimum wage or higher. Preferred programs are those that offer participants the opportunity for placement in jobs that provide higher wages or that offer advancement opportunities in high-growth green industries through on-the-job training or other means.

Districts awarded funds to establish a Green Jobs Corps program were required to identify “green job” employment opportunities. Districts may subsidize the job for up to 35 hours a week and for up to one year. Districts will determine the length of the subsidy period, the hours of subsidized employment up to 35 hours weekly, and the subsidy amount, which may vary by employer or position.

Although Onondaga County officials voiced a preference for the unrestricted TJ approach over targeting a specific job sector with a program like Green Jobs Corps, it is notable that GJC seems to have created not only a decent number of jobs but jobs that are quite different from the standard areas where workfare typically places welfare participants. In this sense, it is interesting to compare GJC with TJ: although it did so in the private sector, the TJ program seems to have steered a fair number of people into SE positions like clerical and maintenance jobs not hugely different from the kinds of placements typical for workfare. The situation is noticeably different for GJC.

Here is the list of job sectors where hiring took place in the GJC program in the target counties of Monroe, Onondaga, Schenectady, Albany, and Westchester:

- Deconstruction
- Green Construction
- Green Spaces Horticulture/Landscaping
- Weatherization
- Installation/Promotion of energy efficient products
- Recycling (building materials and other)
- Alternative Fuel Engines
- Solar Assembly and/or Installation
- Insulation installer
- Bio-fuel
- Energy Auditing (clerical/informational)

As we consider all three of the new SE programs together—Transitional Jobs, Health Care Jobs, and Green Jobs Corps—it appears that each of the programs has particular strengths. TJ gives districts the most flexibility and was able to create many positions across the state relatively quickly, even though the crucial education/training portion of the program still requires further development. Health Care Jobs likewise seems to have been able to get welfare participants quickly into a lot of positions and had the highest and most rapid success rate at promoting transitions to unsubsidized employment. Though GJC did not exceed its hiring goals like TJ and

HCJ, it did reasonably well creating jobs, but also markedly expanded the kinds of jobs that are available in SE programs, especially in construction- and manufacturing-related sectors like weatherization, deconstruction, and bio-fuels.

As was noted above with regard to Health Care Jobs, the quality of the green jobs and the positions and wages that participants gain after their transition to regular employment will need to be tracked and evaluated carefully. However, in its first year the Green Jobs Corps significantly widened the range of SE and welfare to work options available to welfare participants in NYS.

The following table summarizes the performance results for the five counties that were awarded GJC funding:

Table 16. Green Jobs Corps

Geographic Area	GJC Funding	GJC Goal	GJC Actual	Transition
NYS	\$7,000,000	688	458	99
Monroe Co.	\$414,705	42	39	4
Onondaga Co.	\$143,981	20	21	7
Schenectady Co.	\$236,833	22	21	6
Albany County	\$300,000	75	24	12
Westchester Co.	\$475,100	37	8	0

Monroe, Onondaga, and Schenectady counties did a good job of meeting their hiring goals with GJC. Albany County’s lower numbers may reflect that county’s more single-minded focus on their harder-to-employ Safety Net recipients as the constituency from which they recruited their SE workers. Erie County, by contrast, told Hunger Action Network that they intentionally focus their placements on the most job-ready individuals, people who have, for instance, distinguished themselves in workfare positions as relatively more employable.

The evaluation of SE programs will need to figure out the complex cost-benefit calculus of focusing on harder-to-employ persons vs. more job-ready individuals.

Both of these options are currently being tried in NYS, so there will be some basis for comparison in actual experiments and outcomes. But it does appear that Erie County’s way of proceeding is more common. In all of Hunger Action Network’s interviews with social service offices, Albany County was the only local district who said their focus was intentionally on Safety Net recipients.

In Schenectady County, the GJC program is structured to create opportunities in two areas: entry-level positions with a local weatherization firm (installing energy efficient windows, etc.) and deconstruction certification and work disassembling buildings. In both of these job sectors, Schenectady has seen success at not only filling positions but promoting the transition to unsubsidized employment. The certification part of Schenectady's deconstruction jobs is especially promising as that creates a very concrete and translatable credential for the SE participants, whether or not they are taken on immediately with the firm where they do subsidized work.

The built-in training and readily identifiable job skill component of GJC makes this green industry focus another approach that will merit very thorough consideration in the evaluation of SE in NYS.

d. Wage Subsidy Program (WSP)

Since 2001 not-for-profit community based organizations have operated Wage Subsidy Programs (WSP) to place public assistance recipients and other low-income individuals with employment barriers into jobs. Using a pool of funds to subsidize wages, WSP providers recruit and enroll participants, develop jobs with employers, and provide ongoing services to ensure successful entry into unsubsidized employment. The proposals must be developed in consultation with their local DSS. The LDSS provides referrals, identifies appropriate individuals and target groups, and provides individuals with the support services needed to facilitate participation.

WSP was zeroed out in the 2010-11 budget and Governor Cuomo has not proposed any funding for 2011-12. However, the Assembly budget resolution included \$5.2 million in funding for WSP in 2011-12.

WSP, the longest standing SE program in NYS for welfare participants, differs from the other three in the fact that it contains neither an explicit training component nor a targeted job sector, and it subsidizes positions for a considerably shorter period. Unlike the other SE programs, organizations eligible to apply to operate the wage subsidy program under this initiative are limited to public or private not-for-profit organizations. Applicants may propose a network-based approach whereby a consortium of providers carry out program services. The program also accepts individuals whose income is up to 200% of the federal poverty level. The contracts in the most recent cycle were awarded from October 2008 to December 2013, dependent upon funding.

The WSP targets those individuals who have been unable to obtain employment through conventional job search techniques. Agencies are asked to develop a variety of outreach strategies to recruit eligible participants for participation in WSP. Where public assistance recipients are served, close coordination with local DSS for the identification and referral of participants is mandatory. Appropriate WSP candidates could include those who:

- Have received public assistance for an extended period;

- Have not earned a high school diploma or high school equivalency;
- Have a history of alcohol/substance abuse problems;
- Possess physical or mental impairments;
- Are ex-offenders;
- Are unable to read, write or speak English;
- Have a poor work history; or
- Possess other barriers to employment.

The WSP agency is asked to provide job readiness training (JRT) for individuals who need help improving job search and job retention skills. OTDA seeks programs that can engage participants into employment quickly, and do not expect JRT to extend beyond 3 weeks. JRT is normally conducted in a structured group setting and includes instruction in completing employment applications, resume writing, job interviewing techniques and life skills.

The most interesting feature of the outcomes numbers given below involves two countervailing statistics: although Albany County is a marked exception, with a statewide goal of 2,648 and actual positions at 1,292, the WSP seems to have had the greatest difficulty meeting its initial goals for creating positions. However, at the same time, for those positions that were hired, at close to 58.4%, the WSP has the highest ratio for promoting the transition from subsidized employment to unsubsidized work. Consequently, in terms of absolute numbers, WSP produced the largest number of individuals making that critical transition.

A number of issues should be highlighted in connection with these facts. First of all, it will be important to learn what Albany County's Altamont Program (the WSP contractor there) is doing that enables it so effectively to predict and meet its WSP goals: Is there a best practice here with lessons or approaches that might be applied in other kinds of SE programs? Also, to what extent can the network of existing WSP employers be plugged into the other SE programs like Transitional Jobs? Finally, what explains the relatively high, better than 50%, success rate of transitioning WSP workers to unsubsidized jobs?

Table 17. Wage Subsidy Program

Geographic Area	WSP Funding	Hire Goal	Actual	Trans. Goal	Actual
NYS	\$18,000,000	2648	1292	1231	754
Onondaga Co.	\$347,005	47	9	44	7
Albany County	\$777,565	75	75	46	46
Westchester Co.	\$990,813	110	64	76	53

e. Career Pathways

Career Pathways (CP) links basic education to occupational training, and when combined with integrated support services, enables participants to advance over time to higher-wage jobs in targeted industry sectors. Individuals targeted for this initiative include public assistance recipients, low-wage workers and people receiving unemployment insurance in households with incomes of less than 200 percent of the federal poverty level.

While not strictly speaking an SE program because it does not provide wage subsidies, Career Pathways stands out from the others we have discussed so far for a number of reasons.

Career Pathways, an initiative of a coalition of human service groups including Hunger Action, involves a direct collaboration and shared funding between NYS Department of Labor (NYSDOL) and the Office of Temporary and Disability Assistance (OTDA). Hunger Action Network considers this sort of collaboration between state agencies as generally a good thing to pursue and to expand, since too often welfare participants have been isolated from the employment services and job opportunities managed by the NYSDOL. Among our target districts, Westchester County and Schenectady Counties have an even closer institutional link between these state departments because they co-locate their DOL One Stop Centers (the places where all DOL services are housed together in a given city) with their local social service office.

Another variable in the analysis of SE and related job training programs like CP is this factor—do statewide and local interagency connections, especially between OTDA and DOL, lead to better results for welfare to work transitions? Does it help individuals get off welfare to have direct physical access to One Stop Centers? There may be more programmatic connections that could be made statewide and locally to benefit low-income workers if this proves to be the case.

In a given local CP program, a contractor selects fields that offer good prospects for employment, then takes individuals through a step-by-step process that qualifies them for a career in that area, often beginning by making sure the person has a high school diploma or GED.

At the Albany United Methodist Society's CP program, for instance, they are working closely with the local high school to ensure that all of their 18-24-year-olds not only get a GED but a full high school diploma. They have selected four career areas to offer their participants: weatherization, food service, nursing and other entry-level health care jobs, and office administration. Beyond gaining education, credentials and specific occupational skills, participants are given a clear understanding of career ladders and prospects, so they gain a longer-term perspective on their work life. Contracting agencies have a strong incentive to deliver on the promise of finding work for their CP graduates because the bulk of CP funding is not paid out until people have held their jobs past certain benchmark time thresholds.

As this program description suggests, there is a long build-up to the actual entry into a living wage job. Contractors generally have to support their work with individuals with other funding sources while they are in training because of the delay in payment until CP participants

graduate, get hired in a living wage job in their area of concentration, and retain that job for a certain period. These considerations should temper any too hasty assessment of the “Actual” numbers for job entry in the table below.

Hunger Action Network has spoken with a number of people running the CP programs and, for example, though the new Career Pathways initiative in Albany seems not to have generated many hires yet, they are actually on track to have a strong performance with their program, just not on their initial calendar. They have since adjusted their time frames in ways that are not visible on the performance chart.

As one can see in the numbers given below, the same pattern of apparently lagging results is true in all of our target districts and the state as a whole where actual job entry is concerned. Erie and Onondaga County have had good success meeting and exceeding their goals in granting employability certifications, but even there they have not yet come close to meeting the job entry goals they initially laid out. It appears that the state administration at OTDA is, appropriately in our view, giving programs like this the flexibility they need to develop their graduates for a strong entry into living wage jobs and careers.

As was noted with regard to education and training in the Transition Jobs program, Hunger Action Network strongly endorses those new programs like Career Pathways in NYS that put the emphasis on substantial boosts in individuals’ long-term employability—they should be given ample time to ramp and show their ability to create sustainable economic empowerment for their participants.

Table 18. Career Pathways

Geographic Area	CP Funding	Cert. Goal	Cert. Actual	Job Entry Goal	Actual
NYS	\$17,500,000	3199	2745	2023	662
Erie County	\$845,312	136	193	94	57
Monroe	\$1,959,268	440	168	229	32
Onondaga Co.	\$845,312	113	134	130	32
Albany County	\$1,407,200	249	115	175	39
Westchester Co.	\$845,312	91	34	113	12