

Los Angeles County's Subsidized Jobs Initiative: Creating Thousands Of Jobs In Partnership With Employers

FACT SHEET

The TANF Emergency Contingency Fund (ECF) was established by the Federal ARRA to provide states with the ability to access ECF dollars (up to a limit) to fund subsidized employment, TANF cash grants for their increasing caseloads, and certain non-recurrent benefits designed to keep families afloat in the aftermath of the recession. Over the past several months, 28 states have successfully used these federal stimulus dollars to create or expand temporary subsidized jobs programs which have proven to be a cost-effective way to create tens of thousands of jobs in local communities.

How Federal Funding Creates Subsidized Jobs In LA County

Los Angeles County's jobs initiative provides a model that has proven popular with private employers, as well as those in the non-profit and public sectors. The CEO of one participating company, Consolidators International Inc. (CII), a shipping company operating out of Los Angeles, describes his positive experience with the program by emphasizing, *"The [seven] people we have hired are developing into valued employees. CII now is operating in a more efficient manner with higher levels of service to our customers. Our new employees have been quick to learn, are enthusiastic about their work and are completely dependable."* This company's experience and several other examples of employer partnerships are described in more detail on pages 2-4 of this document.

Los Angeles County's success is also a result of partnerships with the South Bay Workforce Investment Board and 35 Workforce Investment Act One-Stop Career Centers, which created over 11,000 temporary subsidized jobs with ECF and matching funding from the employers themselves.

ECF jobs serve as a way out of the unemployment line for low-income families struggling to find jobs in communities still a long way from economic recovery. The following are examples in LA County of the types of parents for whom an ECF subsidized job has been a lifeline:

- Parents employed by a business facing closure or significant lay-offs;
- Parents with children receiving CalWORKs cash assistance (i.e., TANF);
- Non-Custodial Parents who were receiving County-funded General Assistance;
- Parents struggling in vulnerable families receiving child welfare services, including family preservation services; and
- Parents living in a domestic violence shelter or homeless shelter.

Los Angeles also used ECF to implement a 2010 summer youth employment program, which provided subsidized jobs to more than 18,000 low-income youth, in collaboration with all seven Workforce Investment Boards in the County.

The Federal ECF Boosts Local Economies

Based on the Congressional Budget Office's (CBO) January 2010 report, "*Policies for Increasing Economic Growth and Employment in 2010 and 2011*," extending and expanding ARRA's TANF ECF would be one of the most timely and cost-effective policy options for increasing economic growth and employment. Of the policy options analyzed by the CBO in this report, the two options which were estimated to be the most cost-effective and timely were increasing aid to the unemployed, followed by reducing employers' payroll taxes. Therefore, based on the CBO's analysis and methodology, TANF ECF would be more cost-effective and just as timely as any of the major policy options to increase economic growth and employment analyzed by the CBO.

The Center on Budget and Policy Priorities further underscored the strong economic stimulus effect of the ECF in their January 27, 2010 Special Series Paper, "*Extending The TANF Emergency Fund Would Create and Preserve Jobs Quickly And Efficiently*." The authors stated:

"Economists widely regard basic assistance to very poor families as among the most effective forms of economic stimulus in ARRA. Research shows that low-income individuals generally spend virtually all of their limited income to meet ongoing needs such as shelter, food, and transportation. That, in turn, helps to sustain local merchants and services and, through them, neighborhood economies and jobs."

Economists have cited how income subsidies, like subsidized wages to low-income families and basic cash grants which the ECF also supports, are dollars that quickly enter local markets and create significant economic multiplier effects.

Employers Reap Significant Benefits From The ECF

The following are a few examples of how LA County employers have benefitted and the types of jobs that have been created through the ECF. These examples come from the private, for-profit sector, as well as the public and non-profit sectors.

1. **Consolidators International Inc in Los Angeles, CA** is now growing despite a weak economy. Company CEO, Julian Keeling, indicated when they decided to hire seven workers through LA County's program, it was "*purely a business and not a charitable decision*." Mr. Keeling sums up his company's experience partnering with the LA County program in the following way: "*Our decision to hire workers through the stimulus program has resulted in a win-win situation for all concerned. In a small way, CII has reduced unemployment. The people we have hired are developing into valued employees. CII now is operating in a more efficient manner with higher levels of service to our customers. Our new employees have been quick to learn, are enthusiastic about their work and are completely dependable. Perhaps most importantly, the seven have blended effortlessly and without friction into CII's existing staff. The misguided impression that the unemployed either are unwilling or unable to work is totally false.*"
2. **V-Cube Inc in Torrance, CA** hired two subsidized employees through LA County's program and is pleased with how well both hires have integrated into their company. Both hires had little work experience and were brought onboard into entry-level positions, but it soon became clear to the company's managers that they were both highly motivated and quick learners. Within months, one participant was running web seminars. The other is working as a project coordinator for the company.

3. **Department of Beaches and Harbors, Los Angeles County, CA** is responsible for, among other things, operating and maintaining 18 beaches stretching over 61 miles of coastline and visited by over 50 million people each year. Faced with the need to stretch scarce funding, but still maintain critical custodial and beach maintenance operations, Department managers hired 17 subsidized employees through the program to augment their existing maintenance staff. These 17 new hires have been tasked with helping keep over fifty restrooms clean, removing debris and trash from beaches and in dozens of parking lots, and performing landscaping. Department managers have been very impressed by how well the program has been working and even indicated that since the program began, they have been receiving positive comments from patrons and lifeguards on the cleanliness of the restrooms. Jorge, one of these new hires, summed up his experience working for the Department as *“...a good opportunity to get one’s foot in the door.”*
4. **Ascension Premier Realty Group, Long Beach, CA**, was in need of clerical support when they sought help from the program. Originally, the company was requiring that all applicants have a high school diploma. Therefore, Mr. Atkins, a manager at the office, was skeptical about interviewing an applicant referred to him without a diploma but identified as skilled, hard-working and with an excellent attitude. He interviewed and ended up hiring the candidate as his office assistant. With Mr. Atkins’ support, his new assistant has performed wonderfully and even enrolled in online courses and achieved her high school diploma, with a grade point average of 3.8! Mr. Atkins hopes that he can hire his new assistant into an unsubsidized position. He indicates: *“This program has a lot of value for the worker... for me, one of the most positive benefits is giving back. This program supports the community.”*
5. **Meals On Wheels in Monrovia, CA**, lacked the budget to hire the necessary support staff. After attending a Subsidized Employment Program seminar for prospective nonprofit employers, Ms. Gray, a manager in the organization, hired Ms. S through the program. Ms. S became her new Program Coordinator whose duties including marketing, registering new clients, and conflict resolution.

Ms. Gray reported that she is very pleased with her new employee’s work. The CEO of the organization remarked, *“when you call the office and Ms. S answers the phone, it feels like you’ve won the lottery.”* In turn, Ms. S. reports, the job has been transformational: *“It’s like I’m on top of the world now. It feels great to get up everyday knowing that you have a job. I also feel blessed because Ms. Gray has been an excellent teacher. I’ve learned so much.”*
6. **Neighborhood Legal Services (NLS) in Glendale, CA**, like many non-profit agencies, has been negatively impacted by the poor economy and has been forced to stretch shrinking resources to maintain operations. NLS decided to interview and hire a clerk through the program to help out with general office duties. Although the new hire entered the U.S. as a refugee only two years ago, and had no work history in this country, she came with strong English and translation skills from her employment in her country of origin. NLS managers have been very impressed by her diligence, work ethic and skills. She has become a valued asset in their Office. In addition, this employment opportunity has been eye opening for the new employee and has spurred her interest in legal services.

7. **Executive Financial Enterprises (EFE) in Los Angeles, CA** was looking for an administrative assistant when they learned about LA County's subsidized employment program. They hired one participant and based on the positive experience, they filled seven additional positions with subsidized employees. When it became clear that EFE was understaffed during night shifts, an additional five subsidized employees were scheduled to work in the evening. The company has expressed a desire to shift several of these subsidized employees into an on-the-job training program and offer them permanent positions.
8. **Punch Television Network in Carson, CA**, is a start-up television network that wants to be "a life changing television channel." They lacked the funding for the support staff they needed to build a new, nationwide television network, so they worked aggressively with multiple One-Stop Career Centers to hire six subsidized employees. With the help of their new employees, Punch expanded and recently moved into a large new production center, in the City of Carson. Company managers have praised the program and indicated their "long-term goal [is] to create permanent employment for [subsidized] participants, through hands-on-experiences in the entertainment industry." When Punch recently attended the 2010 NAACP Awards and the Oscars, management invited one of their proud new employees to attend with them.
9. **State Farm Insurance in Redondo Beach, CA**, expressed that "the program came along at just the right time." Agent Charline Espinoza knew that in order to grow her business, she would have to market it aggressively, but she needed to hire additional staff. Through the program Ms. Espinoza was able to hire an employee who she said is hard working, has a desire to learn and "...always has a good attitude and is a wonderful new team member to this office." The experience with her new employee has been so positive that Ms. Espinoza hopes to hire her into an unsubsidized position. In addition, Ms. Espinoza has successfully promoted the subsidized employment program to many of her State Farm colleagues. Ms. Espinoza expresses, "This is a wonderful program that puts a good use to our tax money. It is a great resource for the business community."
10. **It's A Grind Coffee House in Palmdale, CA**, interviewed and hired Ms. N, a single mother with two children, through LA County's program to work both directly with their corporate clients and as a barista. In this difficult economy, Ms. N is grateful for the chance to develop her skills and explore this growing industry. The Company has viewed the program as one way to help it expand its business and is planning to grow over the coming months in order to permanently hire all four subsidized employees it has brought on board.

Thousands Of Unemployed Parents And Families Benefit

The following is just one example of the many families in LA County previously shut out of the job market who have been given a life-line through an ECF subsidized job:

Ms. Taylor, mother of two small children (one with autism), was recently able to move off her aunt's couch and into her own apartment after getting a subsidized job at Shields for Families. She sums up her experience in the program by saying, "...you guys gave me a chance when the whole world seemed like they were saying 'No, not this time.' Without this program, I could not pay my rent and my babies and I would be back on the streets... Now I have something extra to put on my resume."