



Welfare Peer Technical Assistance Network Summary of Information Sharing Conference Calls with Colorado Works on Perry County, Tennessee's Subsidized Employment Program



Overview

In the summer of 2009, the Colorado Works Program requested technical assistance from the United States Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance, through its Welfare Peer Technical Assistance (WPTA) Network specifically on effective strategies for integrating subsidized employment programming into local Temporary Assistance for Needy Families (TANF) programs. As a result, the WPTA Network hosted two conference calls for the Colorado Works Program by facilitating a peer-to-peer dialog with the Tennessee Department of Human Services, and inquired about its subsidized employment program, specifically its successful program in Perry County, Tennessee. During these calls, Paul Lefkowitz, Director, Family Assistance Policy, Tennessee Department of Human Services, and Jan McKeel, Executive Director, South Central Tennessee Workforce Alliance, provided an overview of a subsidized employment program that began in Perry County, Tennessee, in May 2009, through the American Reinvestment and Recovery Act of 2009, to the technical assistance requestor—Mary Roberto, Section Manager, Colorado Department of Human Services, Colorado Works Program.

Introduction

Perry County, Tennessee



A small county in the southwest corner of Tennessee, Perry County hit 25 percent unemployment in early 2009 and as a result the Tennessee Department of Human Services embarked on an innovative strategy to reduce unemployment and to increase self-sufficiency among the local residents. When the local auto parts plant closed, Perry County, a rural community with approximately 7,600 residents, found itself struggling to recover. Perry County has a vast array of natural resources, but limited infrastructure to transform those resources into goods. Its tourism industry has been tapped to improve the local economy, and the local lake and lakeside draws a decent level of transient tourists.

Traditionally, employment has been very steady in the community, with the presence of two automotive suppliers. The souring economy, however, has shuttered the local economy and even though people continue to seek work, they are finding it difficult to secure sustainable employment. In fact, in December of 2008, Perry County reported an unemployment rate of 27.4 percent, and due to this rise, an economic crisis that affected families and devastated the community started to occur in Perry County. Discussions of projects to help the County began.

In spring 2009, Tennessee Governor Phil Bredesen (above in picture) identified Perry County as a priority, and he initiated an innovative response to the challenges facing Perry County. The Governor enacted a public works program to put people back to work as quickly as possible. The program utilized public welfare expenditures and targeted low-income and working families, and focused on employment, economic development, and education. The component of the initiative included a subsidized employment program.



The American Recovery and Reinvestment Act of 2009 (ARRA)

In February 2009, Congress passed, and President Barack Obama signed, the American Recovery and Reinvestment Act (ARRA). ARRA contained provisions specifically geared to the needs of low-income and working families, and provided additional funding for subsidized employment. Tennessee took full advantage of its allocation, and the State spent more than \$3 million on programs targeted to families eligible for the TANF program. Tennessee infused much needed capital into Perry County and supported the development of a subsidized employment program. Not only were ARRA funds used strategically for Tennessee, but it also allowed the State to reduce unemployment and lessen the strain on the Unemployment Insurance (UI) trust fund.

Governor Bredesen kicked off the program on May 15, 2009, charging officials to work diligently, yet quickly, to get people jobs immediately. Tennessee is eligible for nearly \$95 million in ARRA funds for subsidized employment and other programs¹, and it intends to use those funds to improve the lives of as many Tennesseans as possible. For the most part, the program is not about assessment, training, and workforce development, but about how to implement a program that could find employers “today” and put people into work “today.” The program is set to continue through September 2010.

The Perry County subsidized employment program is a job-creation program that has placed more than 300 residents, including 200 in the private sector, to work at the local country club, insurance offices, hardware stores, trucking firms, and the Subway sandwich shop.²

Eligibility (through Perry County, Tennessee Department of Human Services)

Eligibility for the program, which is determined by the Perry County Department of Human Services (DHS) staff, requires that participants be below 133% of the poverty level, have a minor child in the household, and have less than \$2,000 in liquid assets. Although the Statewide TANF caseload in Tennessee is approximately 60,000, there are only a small number of TANF participants in Perry County (about 30), so leaders really needed to think about expanding the eligibility for the subsidized employment program beyond TANF. Tennessee leveraged some available money from other streams of funding to be able to expand eligibility to those participants without a minor child. Given these eligibility requirements, about 10 percent of the 7,000 people in the County were eligible. Of the 10 percent eligible, about half were able to be hired into a subsidized position. The next step for the team was to determine how Perry County was going to get the program started. They did this by contracting with South Central Tennessee Workforce Alliance.

Working with Employers (through the South Central Workforce Alliance)

The Perry County DHS partnered with the South Central Workforce Alliance (South Central), and entered into a subcontract agreement with them to implement the subsidized employment program. South Central is the subcontractor for the Workforce Investment Act (WIA) dollars and has a pool of resources geared to working with low-income and working families. The two partners formalized the partnership, and a \$5 million contract was issued, allowing the partnership to move forward.

¹ See <http://www.tennessean.com/apps/pbcs.dll/article?AID=2009907260369>

² See <http://www.tennessean.com/apps/pbcs.dll/article?AID=2009907260369>



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The initial step was to reach out to employers to introduce the program, its benefits, and its potential outcomes. An overwhelming majority of the new jobs are with private companies and private employers. Whether it is additional support for companies or increased tax deductions, South Central established relationships with employers and entered into agreements with them to get the program started. Specifically, Perry County's DHS and South Central stipulated that jobs could not exceed \$15.80 per hour, and employers could be reimbursed for benefits. Also, employers had to pay at least minimum wage and some of the employers that ended up contracting with South Central included the Department of Transportation, a recently renovated hotel, local school boards, the Sheriff's department, trucking companies, and a pie company, among others. Currently, the programs have employed 380-390 people at 76 different employers, and the jobs include a variety of skills and experience needed. South Central reimburses employers with a four-day turnaround. Timesheets are due every Tuesday for the week before paychecks are generated, and checks are mailed by Friday.

The key for South Central was to conduct business not as usual. The program focuses on putting people into jobs where they would immediately receive income. They also needed to place participants in both private and public sector positions. Therefore, South Central established criteria in terms of expectations that were agreed upon by employers before they could participate. Employers have commitment forms that detail South Central's expectations for them to participate in the program. South Central also has expectations it must uphold. Some of the criteria include:

- Fair compensation—South Central expects that participants in the subsidized employment program make similar salaries/wages as other employees in the companies;
- Benefits—If other employees receive benefits, subsidized employees must receive benefits as well;
- Non-Displacement—Employers must ensure that they do not lay off a paid employee for this program and replace them with a subsidized employee;
- Reimbursement for Workers' Compensation—If a company does not have workers' compensation and is hiring one of their subsidized participants who causes the employer to need workers' compensation, South Central can reimburse them for that one individual; and
- Workers' Compensation—If the company already has workers' compensation, South Central can still reimburse them for that one person who is hired through the subsidized program.

Officials worked diligently to implement the program and although there were some problems initially, they were able to get the program started effectively and, more importantly, got people back to work. According to Mr. Lefkowitz and Ms. McKeel, coordinating a program of this nature demands focused communication between key leadership groups, employers, and other stakeholders to ensure a smooth implementation. However, the strong leadership maintained a seamless communication structure and worked with stakeholders to improve potential outcomes. Despite the fact that the jobs will likely end in September 2010, the program has been instrumental in putting people back to work, providing health insurance for people, and giving people a feeling of hope against all odds.



Outreach and Marketing

The program used a set of integrated marketing strategies that relied heavily on local communication and “word of mouth.” Perry County is such a small county that it was easy to stir up great excitement around the community. Word spread quickly because the unemployment rate was so high, and applicants were excited about the opportunity to rejoin the ranks of the employed. The program garnered extensive media coverage. In fact, Perry County had comprehensive media coverage from the national media³, radio, and television stations⁴. Eventually, the program became so successful that Perry County turned away residents from other counties (25-30 people had to be turned down).

Secondly, Perry County used a series of local job fairs that targeted the local Perry County community. These job fairs were marketed to local residents and allowed employers to meet directly with potential applicants. Because South Central did not want to make the employment selections for anyone, they used these job fairs to match employers with potential employees, and to further market the program. These weekly job fairs attracted hundreds of applicants, and eventually assisted in filling around 400 jobs. The job fairs were held from 9 a.m. to 12 p.m. for roughly seven weeks.

Data Collection

States that access ARRA funds are mandated to collect data on the impact that those funds have had on “creating or saving” jobs. South Central hired an independent data collection specialist to collect data on the program, the participants, and the quantifiable outcomes. Moreover, all employers have weekly or biweekly payroll disbursements and whenever an employer turns in a request for reimbursement, additional data are collected. To date, they have found that the average hourly wage is approximately \$11 per hour, and a large number of participants are receiving benefits for themselves and their families. Further, it is estimated that about \$180,000 to \$200,000 per week of revenue is being generated for the community.

Replication and Lessons Learned

Given the success of the Perry County model, there is growing desire within Tennessee and outside of Tennessee to replicate this program. According to Mr. Lefkowitz there are a few more counties in Tennessee interested in expanding this program, but nothing has been planned statewide to date. Ms. McKeel suggested that when a community hits about 20 percent unemployment, they might think about replicating the model. They both agreed that it was easier to create and implement the program in Perry County quickly because it was such a small area. It might prove more of a challenge to exceed 7,000 applicants on the front end. Leaders learned that it is important to have a ceiling and programs should give serious thought about rolling it out on a large scale. It might be in the community's best interest to start with particular areas that are hard hit because this program is simply a “band aid” and not a permanent fix. According to Perry County Mayor John Carroll, “The county can't rely solely on a temporary job-creation program for its long-term survival, [but] [the county] needs new companies locating [in Perry

³ See <http://www.nytimes.com/2009/07/28/us/28county.html>;
<http://www.tennessean.com/apps/pbcs.dll/article?AID=2009907260369>; <http://www.simplyhired.com/a/local-jobs/city/I-Linden,+TN>;
http://www.jacksonfreepress.com/index.php/site/comments/steps_barbours_good_idea_101409/; and
<http://www.cbpp.org/cms/index.cfm?fa=view&id=2878>

⁴ <http://www.youtube.com/watch?v=cJusFtKprMM>



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County].”⁵ Like the mayor, Mr. Lefkowitz and Ms. McKeel hope that the economy will bounce back and attract more employers to the community. In the interim the program provides an effective stop gap for low-income and working families that have been affected by the economic slowdown. More importantly, they hope that some of the participants will get hired permanently by these companies when the program ends.

Conclusion

The program is in the process of documenting much of this information, but they do have several forms and procedures available. Those who are interested can go to sctworkforce.org for more information (the *New York Times* article, “Stimulus Meets New Deal,” is under the News and Events section). Also, directly below that is a PowerPoint presentation called, *Perry County Recovery Presentation*, which discusses the program’s pros and cons.

Lastly, Ms. McKeel and Mr. Lefkowitz wanted to mention that **this subsidized employment program truly saved the community in Perry County, Tennessee**. People who live there would say it is an invaluable program. According to Scott Kimble, “This job here is not a permanent fix. We still need some kind of industry to look and come into Perry County. But for right now we’ve got hope, and when you’ve got hope, you’ve got a way.”⁶

The WPTA Network was excited to participate in these two conference calls and to share information on this program. For more information on how to request Technical Assistance, please visit peerta.acf.hhs.gov.

⁵ See <http://www.tennessean.com/apps/pbcs.dll/article?AID=2009907260369>

⁶ See <http://www.nytimes.com/2009/07/28/us/28county.html>