

**Linking Welfare
Recipients to Jobs:
The Role of Temporary
Help Agencies**

By Alicia Bugarin

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EXECUTIVE SUMMARY

Successful welfare reform requires quickly moving welfare recipients into jobs. This report explores one approach to assisting recipients to find, qualify for and secure jobs: temporary employment. The temporary help industry has long specialized in successfully linking new employees to employers. It is currently playing a limited but important role in moving welfare recipients to work. This report examines the industry and discusses its potential to assist welfare recipients to find and secure needed training, services, employment opportunities and work experience.

In response to the Temporary Aid to Needy Families (TANF) federal assistance program, California enacted California Work Opportunity and Responsibility to Kids (CalWORKs), effective January 1, 1998. Able-bodied California welfare recipients may now receive cash aid for no more than five years in their lifetime. Recipients lose welfare benefits, with some exceptions, after 24 months. Assisting welfare recipients to secure jobs quickly and successfully is extremely important for their well-being and that of their families.

There are many components to meeting this challenge, as discussed in the first section of this paper. Clearly the employment market and the availability, suitability and location of jobs are important factors. There is often a poor fit, for example, between where jobs are located and where many welfare recipients live. Many recipients lack experience and skills, and do not know how to seek, find, or qualify for jobs. They have other needs, such as for childcare and transportation, that must be attended to for successful employment.

Today's expanding economy and tight job market provide an incentive for employers to consider hiring welfare recipients. However, research presented in this paper suggests that many employers hesitate due to concerns about the skills and reliability of welfare recipients. For example, a recent survey of small businesses found that 84 percent had not hired any welfare recipients. According to the survey, small business employers are more interested in "whether potential new employees have work experience rather than training."¹ Forty percent of the employers said they were more interested in new hires with work experience; thirty-two percent wanted employees with a mix of work experience and training. Only 8.8 percent of small businesses were interested in training alone.² Small businesses employ approximately half of all workers nationwide.

Work experience is clearly important in order for recipients to secure a job. Employers are concerned about screening and selecting untried, new employees and about their potential liability if those employees do not work out. In addition, most employers do not market their job opportunities through the public employment system. Employers are also often unwilling to deal with the complex government employment and training programs and paperwork set up to move welfare recipients to work.

The temporary help industry is a potential bridge. It is well informed about the employment needs of its employer clients and has a long track record in assisting job seekers to gain skills and employment experience. In contrast, public social service agencies generally do not have lengthy experience in generating employment opportunities. They have primarily provided cash assistance to qualified recipients under the previous welfare program, Aid to Families with

Dependent Children (AFDC). It is difficult for public agencies and their staffs to change roles and responsibilities so quickly.

The second section of this paper examines the temporary help industry. A temporary help agency recruits and employs its own workforce, which it leases to other firms. It differs from an employment agency, which charges a fee for recruiting an employee for a company. It also differs from a traditional business, which employs its own workers to produce its own products. Temporary help agencies pay the employees, withhold and pay all employment taxes, provide worker's compensation coverage, and have the ultimate right and responsibility to hire and fire. They are employers and their employees have the benefits and protections required by employment and labor laws. Customers (businesses) determine the length of assignments and supervise and assign work to the employees.³

Temporary help agencies have traditionally been used when an employer needs a replacement for a full-time employee who is away from work for vacation, illness or leave of absence. But temporary help agencies are increasingly filling employers' long-term needs as well, because they provide significant advantages:

- *Cost:* Possible savings on payroll administration, fringe benefits and separation costs.
- *Time:* The temporary agency recruits the employees to meet the firm's qualifications.
- *No long-term commitment:* This is especially important when it is not clear whether long-term work will materialize.
- *Less dependency on contractors:* A company that sub-contracts large segments of its business may prefer instead to have direct supervision over that work. This can be accomplished with temporary help employees if the work is cyclical in nature.
- *Option to hire temporary employees permanently:* If a temporary worker fits well with the business, that employee can be hired as a permanent employee. Hiring through a temporary help agency eliminates the lengthy and tedious recruitment, interview, and reference process typical of a new hire as well as the risks of a probationary period.⁴

Workers also benefit from temporary employment. They gain new experience and training in a work environment while being paid, and develop "soft skills" such as a positive work attitude, getting to work on time, taking the initiative, and using proper grooming. Temporary help firms often assist job seekers to gain the office-related skills required by their business clients, such as computer training. Temporary employees may work with several employers and thereby enhance their prospects of finding permanent jobs.

A recent survey of former temporary workers found that 56 percent had learned new skills while working as a temporary employee. Twenty-nine percent had found permanent work directly as a result of their temporary assignment, and an additional 37 percent found permanent work during the course of their temporary employment, although not directly as a result of their temporary job.

Several public entities are experimenting with using temporary help firms to help welfare recipients successfully find jobs. These public-private partnerships are discussed in this report, as are several nonprofit community models. The report concludes by examining options for expanding the role of temporary help agencies in California's welfare-to-work efforts.

WELFARE-TO-WORK

Factors That Influence Whether Welfare Recipients Find Jobs

Are There Enough Jobs?

There is a lively policy debate about where the jobs will come from to link welfare recipients into the labor force. The U.S. economy, including California, has shown a tremendous capacity to absorb new workers recently. Yet many analysts are concerned that even this upward trend in economic conditions may not be enough to transition the number of people that will have to move from the welfare rolls to the labor market.⁵ The federal Temporary Assistance for Needy Families (TANF) requires recipients to work or participate in work activities within two years of receiving aid. Some researchers estimate that this will require more jobs than are projected for all job entrants, which include not only those leaving welfare but also all other groups entering the job market.

The Center for Public Policy in Washington, D.C. released a report in December 1997, projecting that only 704,100 new low-skill jobs would be created nationwide by the end of 1998, while nearly 1.3 million recipients were expected to leave the welfare rolls. The report further noted that there are other new entrants into the labor force, which would further reduce the number of welfare recipients that can be absorbed into the labor force from an estimated 54 percent to 37 percent of available jobs.⁶ The report notes that “six of the largest states, which together carry nearly half of the national welfare caseload, will be especially deficient in jobs: New York, California, Illinois, Michigan, Pennsylvania and Ohio.”

In California, according to the California Budget Project, the projected annual job growth to 2005 is not sufficient to absorb the number of unemployed persons, including welfare recipients, requiring jobs. This may be a too limited of an analysis, however, as job turnover also provides many openings for job applicants.

Table 1
Estimating Cases That Would Lose Assistance With Two Year Time Limits

| | Total AFDC Cases ^A Sept. 1996 | Cases That Would Lose Assistance ^B | Change In Employment 1995 to 1996 ^C | Projected annual Job Growth 1992/93 to 2005 ^C | 1996 Annual Average Unemployed Persons |
|-----------------|---|---|--|--|--|
| Total | 905,352 | 389,330 | 176,940 | 262,709 | 1,125,180 |
| County | | | | | |
| Alameda | 34,618 | 14,887 | 9,900 | 12,550 | 34,300 |
| Alpine | 41 | 18 | 20 | 92 | 50 |
| Amador | 398 | 171 | 30 | 292 | 890 |
| Butte | 7,534 | 3,240 | -900 | 1,598 | 7,500 |
| Calaveras | 880 | 378 | -70 | 242 | 1,310 |
| Colusa | 384 | 165 | -170 | 138 | 1,710 |
| Contra Costa | 16,317 | 7,017 | 6,600 | 6,312 | 22,800 |
| Del Norte | 1,201 | 516 | -10 | 108 | 1,050 |
| El Dorado | 2,133 | 917 | 1,700 | 1,100 | 4,700 |
| Fresno | 36,711 | 15,787 | -4,500 | 4,072 | 49,100 |
| Glen | 769 | 331 | -340 | 215 | 1,730 |
| Humboldt | 4,024 | 1,730 | 0 | 870 | 4,600 |
| Imperial | 6,706 | 2,884 | 900 | 782 | 17,200 |
| Inyo | 485 | 209 | 140 | 94 | 620 |
| Kern | 25,932 | 11,152 | 8,100 | 3,799 | 35,800 |
| Kings | 4,116 | 1,770 | -1,720 | 445 | 5,650 |
| Lake | 2,547 | 1,095 | 140 | 315 | 2,750 |
| Lassen | 910 | 391 | 680 | 317 | 1,270 |
| Los Angeles | 306,220 | 131,684 | 13,400 | 66,287 | 354,100 |
| Madera | 4,354 | 1,872 | -600 | 469 | 7,350 |
| Marin | 1,722 | 741 | 800 | 2,923 | 4,400 |
| Mariposa | 385 | 166 | 470 | 158 | 670 |
| Mendocino | 2,987 | 1,285 | 220 | 692 | 3,620 |
| Merced | 10,153 | 4,366 | -2,400 | 738 | 13,500 |
| Modoc | 485 | 209 | -300 | 25 | 500 |
| Mono | 111 | 48 | -70 | 50 | 650 |
| Monterey | 8,032 | 3,454 | 5,500 | 2,783 | 20,000 |
| Napa | 1,553 | 668 | 300 | 1,975 | 3,500 |
| Nevada | 1,190 | 512 | 120 | 583 | 2,790 |
| Orange | 38,297 | 16,469 | 28,600 | 32,155 | 55,700 |
| Placer | 2,959 | 1,272 | 2,300 | 3,875 | 5,700 |
| Plumas | 521 | 224 | 360 | 108 | 1,210 |
| Riverside | 38,684 | 16,635 | 12,900 | 10,287 | 51,100 |
| Sacramento | 46,627 | 20,051 | 12,500 | 13,628 | 33,400 |
| San Benito | 996 | 428 | 130 | 267 | 2920 |
| San Bernardino | 64,799 | 27,866 | 14,800 | 11,413 | 50,500 |
| San Diego | 64,268 | 43 | 16,100 | 17,888 | 66,200 |
| San Francisco | 11,737 | 5,047 | 2,200 | 3,940 | 19,100 |
| San Joaquin | 22,769 | 9,791 | 2,200 | 3,159 | 27,300 |
| San Luis Obispo | 3,517 | 1,512 | 3,000 | 1,558 | 5,800 |

| Table 1 Continued . . . | | | | | |
|--|---|---|---|---|--|
| Estimating Cases That Would Lose Assistance With Two Year Time Limits | | | | | |
| | Total AFDC Cases ^A Sept. 1996 | Cases That Would Lose Assistance ^B | Change In Employment 1995 to 1996 ^C | Projected annual Job Growth 1992/93 to 2005 ^C | 1996 Annual Average Unemployed Persons |
| Total | 905,352 | 389,330 | 176,940 | 262,709 | 1,125,180 |
| County | | | | | |
| San Mateo | 5,859 | 2,520 | 2,100 | 5,728 | 12,800 |
| Santa Barbara | 7,405 | 3,184 | 600 | 1,463 | 11,100 |
| Santa Clara | 27,265 | 11,725 | 33,100 | 16,912 | 32,600 |
| Santa Cruz | 3,587 | 1,543 | 3,300 | 2,979 | 11,800 |
| Shasta | 6,925 | 2,978 | -500 | 909 | 7,200 |
| Sierra | 55 | 24 | -10 | 33 | 190 |
| Siskiyou | 1,661 | 714 | -660 | 133 | 2,550 |
| Solano | 9,000 | 3,870 | 900 | 1,960 | 13,400 |
| Sonoma | 6,557 | 2,820 | 3,300 | 3,930 | 10,300 |
| Stanislaus | 15,413 | 6,628 | 900 | 5,349 | 27,900 |
| Sutter | 1,937 | 833 | -300 | 292 | 5,500 |
| Tehama | 1,997 | 859 | -520 | 517 | 2,450 |
| Trinity | 410 | 176 | -390 | 33 | 750 |
| Tulare | 19,795 | 8,512 | -1,700 | 1,986 | 25,800 |
| Tuolumne | 1,261 | 542 | -510 | 375 | 2,000 |
| Venture | 10,535 | 4,530 | 3,500 | 9,852 | 27,300 |
| Yolo | 4,272 | 1,837 | 1,000 | 1,710 | 5,500 |
| Yuba | 3,346 | 1,439 | -200 | 246 | 3,000 |

^A CA Department of Social Services, AFDC FG/U Cash Grant Caseload Movement & Expenditure Report September 1996.

^B CBP calculations based on California DSS AFDC Characteristics Survey, October 1995 (Time on aid is since most recent case openings).

^C Employment Development Department, labor Market Information Division. Historical labor force Data, Civilian Labor Forces, Employment, and Unemployment – Updated January 24, 1997; state total is sum of counties. Projected job growth from Employment by occupation, 1992/1993 Annual Average and 2005 Projected Employment, Total Non-farm for Counties. Reflects annual average over 12 or 13 year period (1992-05 or 1993-05); state total is sum of counties. Note: Assumes constant caseload across time and geography, which we know to be untrue. Uses state percentages to calculate county information. Individual counties' share of exemptions will vary. Actual impacts in high unemployment counties may be more severe, while actual impacts in low unemployment areas may be less severe.

Source: California Budget Project

As shown in Table 1, above, the California Budget Project projects that the number of job seekers will exceed the number of available jobs for most counties in California. Counties with particularly high unemployment rates and a large percentage of welfare recipients could have a difficult time generating enough jobs. For example, Los Angeles County has set a goal of moving 60,000 recipients into jobs by June 1999, only 6,000 less than the total number of new jobs projected by the California Budget Project for the county through 2005.

However, current California economic projections are more optimistic. The UCLA Anderson Forecast quarterly report (March 31, 1998) predicted state job growth of 3.3 percent in 1998, 2.6 percent in 1999 and 2.5 percent in 2000, for a total of one million new jobs. Unemployment will decrease to 5.3 percent by 2000, according to the Forecast. Job growth in 1997 in Los Angeles County was revised upward, to 2.2 percent from 1.9 percent. A recent Internet publication by the Los Angeles Economic Development Corporation (June 1998) states that:⁷

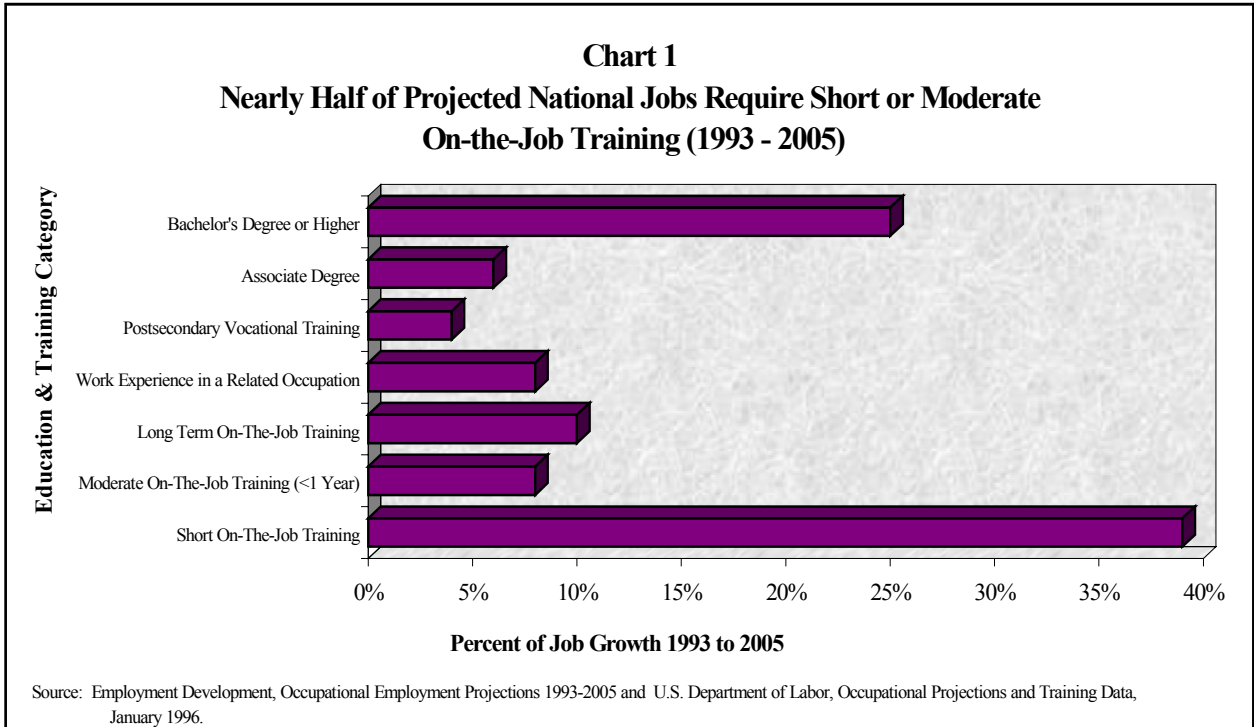
JOBS ARE PLENTIFUL, AND SEEKERS ABOUND . . .

Research shows that many people are taking advantage of this favorable job market to move up the career ladder (most often by jumping to another ladder) . . . The welfare-to-work program couldn't have been started at a more fortuitous time. As existing workers move up to higher-paying, more skill-intensive jobs, entry-level positions are freed up for former welfare recipients. These entry-level jobs provide them with a chance for on-the-job training and the needed work ethic. Many of these people have also helped dispel some stereotypes about welfare recipients. Some firms, to their own surprise, report lower turnover and low absenteeism from these new workers.

The current tight job market provides opportunities for upward mobility, opening entry level positions. The Chairman of Manpower Inc. is quoted in the Wall Street Journal saying, "There has never been a job market even close to this . . . Workers are leaving huge gaps at the entry level."⁸

The Hudson Institute notes that "the demand for entry-level workers is high."⁹ The Institute predicts 27 million, clerical, services, and blue-collar jobs will open between 1994 and 2005.¹⁰ An increasing supply of entry-level workers, such as welfare recipients, may spur additional growth in those industries that employ them, such as the garment industry or services. Thus current projections may be too conservative.

Approximately 39 percent of the job growth between 1993 and 2005 will be in occupations that require short on-the-job-training. Another eight percent will require moderate (one year) on-the-job training (See Chart 1).¹¹



Education and Job Skills

According to a study conducted by the Center for Law and Social Policy, approximately 80 percent of Aid to Families with Dependent Children (AFDC) recipients had worked fewer than two years in their lives and only four percent had worked for more than four years.¹² Nationally, 42 percent of welfare recipients are high school dropouts, 42 percent have completed high school or a GED and about 16 percent have completed some post-secondary education. In California, 50 percent have not completed high school, according to the Department of Social Services.¹³

Inexperienced and unskilled workers are generally paid low wages. The typical mother who leaves welfare for work earns only about \$6.00 per hour.¹⁴ Welfare recipients require continued skill development if they are to stay employed and advance above entry-level jobs to fully support themselves and their children. For example, according to one estimate, workers in Los Angeles need to earn an hourly wage of at least \$7.82 in order to replace welfare assistance. Minimum wage in California is \$5.75.

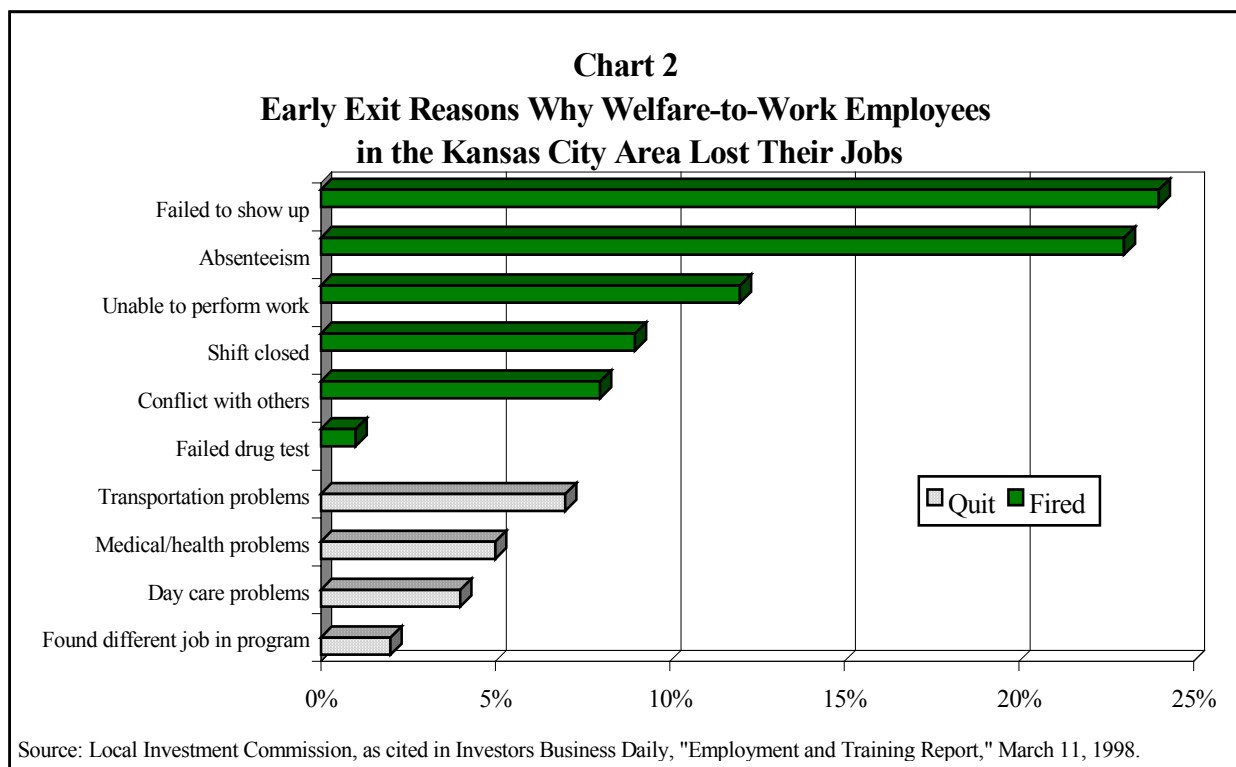
Many employers, however, are not anxious to provide skills training and job development opportunities. According to a telephone survey conducted by Jobs for the Future, employers noted that they offer “limited training for new entry-level workers — primarily demonstrating job-specific tasks — with little explanation of the work or how the tasks relate to other jobs in the firm or department.”¹⁵ The surveyed employers were receptive to increasing training opportunities for entry-level employees as long as the training costs involved minimal time and cost on their part.

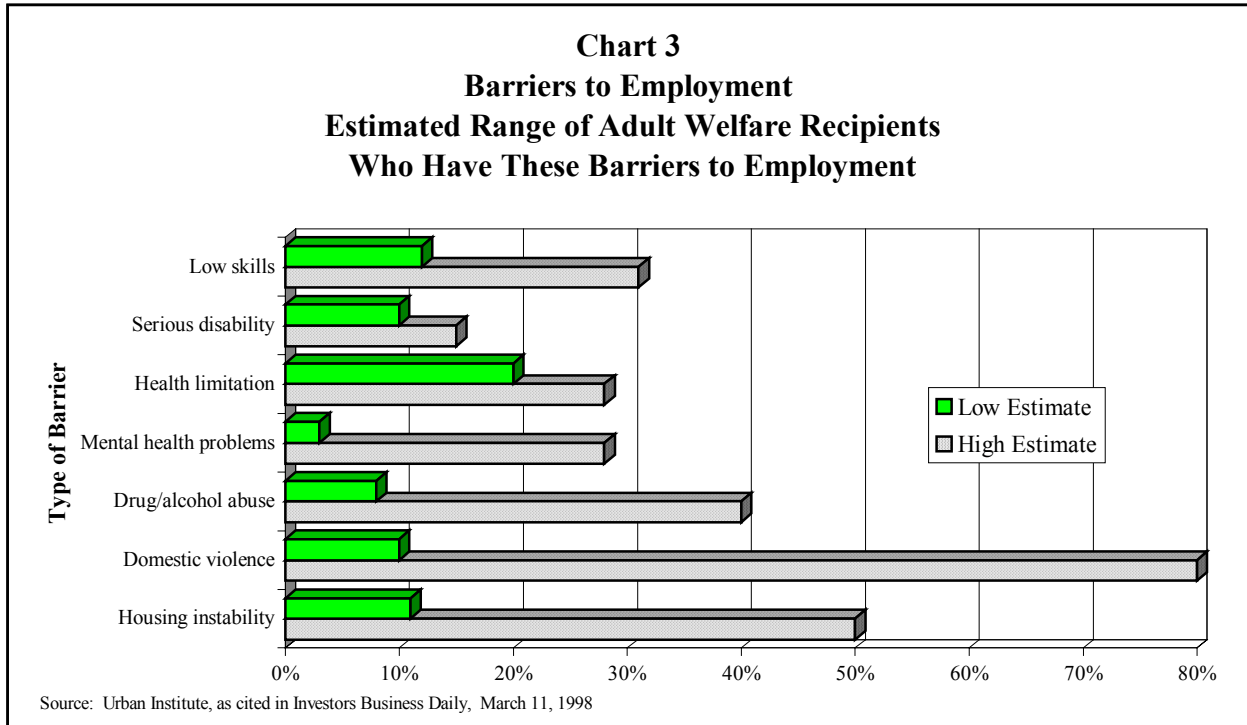
Barriers to Employment

Some welfare recipients experience problems and barriers that effectively preclude them from employment opportunities. These include domestic violence, drug and alcohol abuse, housing instability, mental and health problems, little or no work experience, limited education and job skills, inadequate child care, lack of transportation, and insufficient work ethic. Some of these factors are briefly discussed below. Research presented in Chart 3 (page 10) estimates the percentage of welfare recipients who experience different barriers to employment. “Continuing support services that assist welfare recipients to gain work and character skills are essential to acquiring and retaining employment,”¹⁶ according to Anita Hattiangadi from the Employment Policy Foundation.

Work Ethic

Keeping a job may be more difficult than finding a job, according to a Missouri state-appointed commission that monitors the employment experience of welfare recipients in that state. Of 916 persons hired from January 1995 to August 1997, over 50 percent were fired because of “failure to show up,” “absenteeism,” “conflict with others,” or “unable to perform work.” Chart 2 details the employment barriers experienced by adult welfare recipients in the Kansas City area. Similarly, Northwestern University’s Center for Urban Affairs and Policy Research examined welfare-to-work program in Chicago. The study found that many new welfare-to-work hires either quit or were fired: “Welfare-to-work hires often refused to perform assigned tasks, couldn’t budget their time, were chronically late or were pressured to leave by family and boyfriends.”¹⁷





The recent experience of Manpower, Inc., in San Diego illustrates the data presented in Charts 2 and 3. Manpower's San Diego offices participated in a job fair which welfare recipients were encouraged to attend. Of the more than 600 recipients that attended, Manpower offered job appointments to 158 recipients. Of those 158 recipients, only 43 actually showed up for their interview appointment. Of the 43 interviewed, only 23 were placed on job assignments. The rest failed to complete their application or did not pass the drug and alcohol test. Of the 23 sent out on job assignments, three never showed up for work and 12 others either quit or were fired shortly after starting their assignments. In summary, of the 600 welfare recipients that attended the job fair, only eight successfully held on to their job assignments.

Manpower staff comments that the effort was too great to end up with only a few placements. They suggest partnering with other organizations that can provide recipients with work preparedness training in life and job skills (this concept is developed later in the report). In their view, areas that need to be addressed in the training include reliability, punctuality, attitude adjustment, basic job skills, and alcohol and drug abuse.

Gateway 2000 Inc., the computer company, employs about 300 ex-welfare recipients at its assembly and call-center location. The company states that of the first 100 former recipients hired, 92 were still on the job after one year, 44 had been promoted at least once, and four had been promoted twice. According to Gateway, this program is successful because it hires only selected welfare recipients "[who] have taken a state social-services course on employee team-building."¹⁸

Child Care

According to the Urban Institute, 90 percent of welfare parents in the United States are single mothers; 74 percent have two or fewer children and 26 percent have three or more children.¹⁹ Statistics for California are similar; 70 percent of welfare recipients are single parents. In California, 83 percent of welfare recipients require some child care in order to work. Affordable, available childcare is clearly a major issue as welfare recipients seek employment.

According to a recent Coopers and Lybra survey of the fastest-growing U.S. businesses in the past five years, 60 percent indicated that “they are willing to form partnerships with other companies to hire welfare recipients.”²⁰ Fifty six percent of the firms queried said they would be more likely to hire welfare recipients if temporary child care and health care subsidies were provided for at least the first year of employment.²¹ Of the companies surveyed, only 13 percent offered childcare subsidies or on-site childcare services.

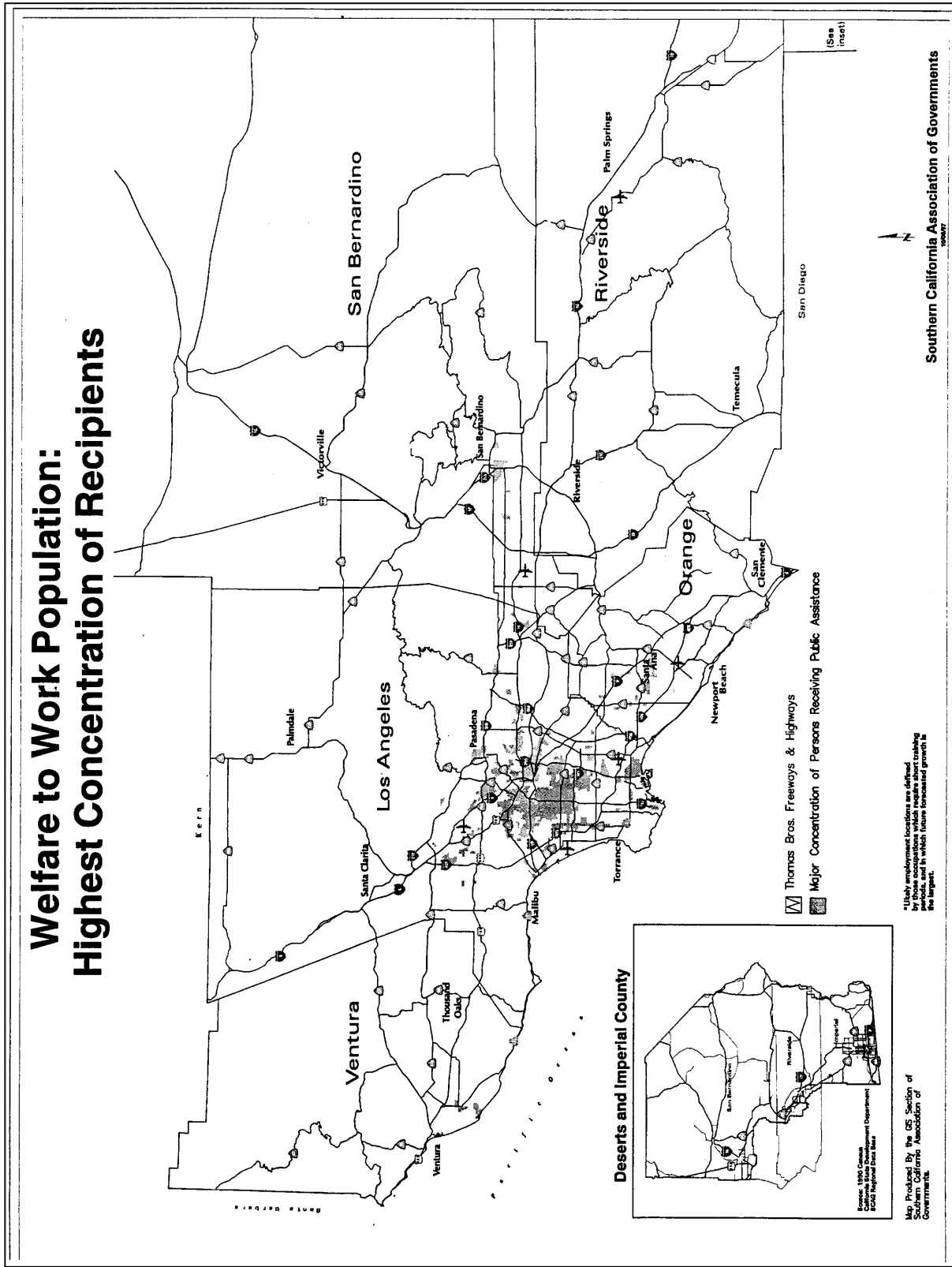
Transportation

Many welfare recipients do not live where the jobs are located. The maps on the following pages were created by the Southern California Association of Governments (SCAG) to illustrate where most welfare recipients live and where the most jobs are located in the region. There is only a partial overlap. (Map 1 displays residential concentrations of welfare recipients and Map 2 shows where the most employment opportunities exist.)

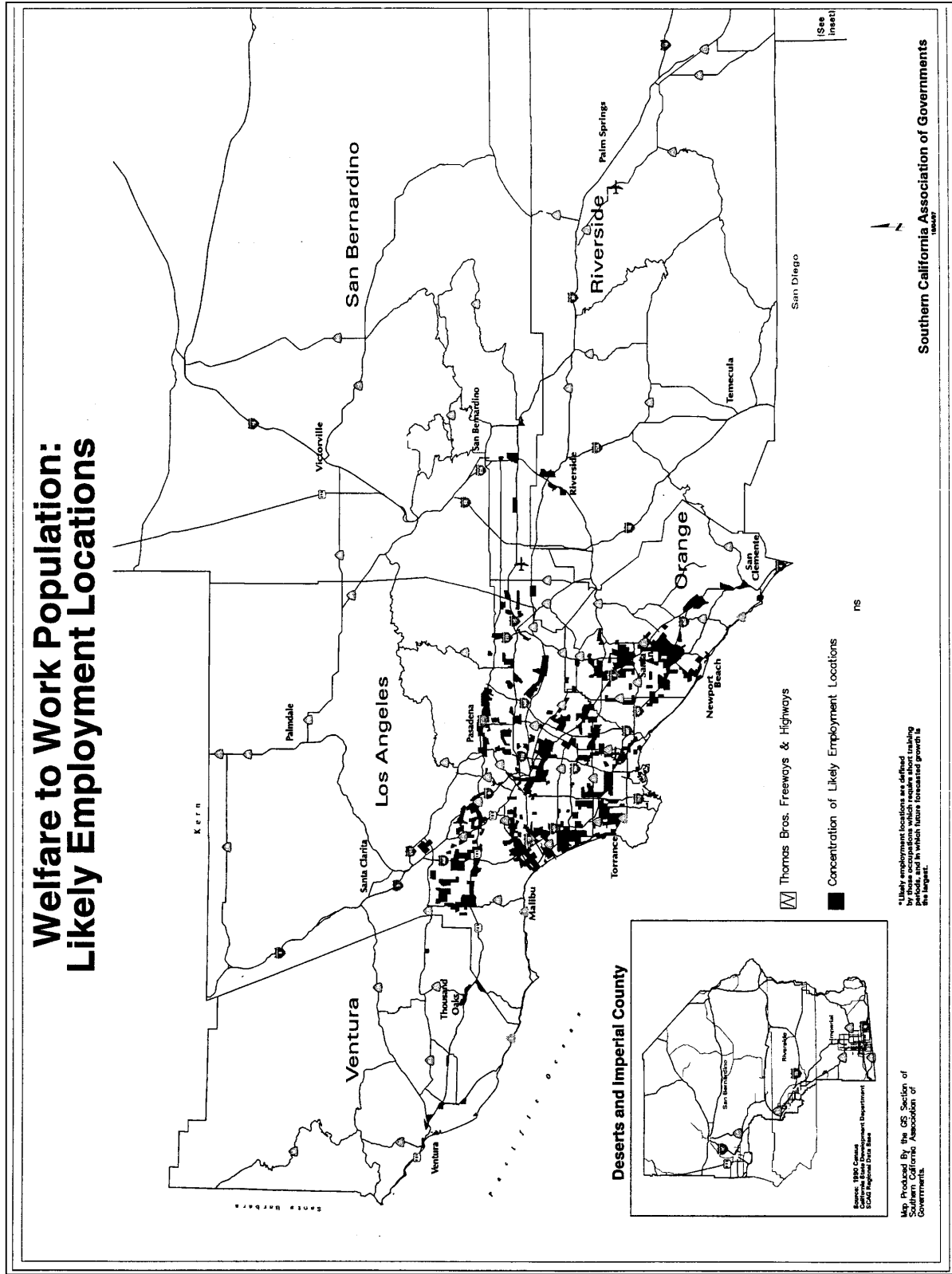
Employers participating in the Welfare to Work Partnership, a business consortium formed to assist and encourage companies to hire people from public assistance, note that transportation is a big unresolved issue. For example, in Cleveland Ohio, “Seventy-five percent of the job opportunities are in the suburbs and 80 percent of the welfare recipients are in the inner city and they do not have adequate transportation.”²² In addition, the vast majority of welfare recipients (94 percent) do not own cars.²³

Dependent Care Connections, in Westport, Connecticut uses transportation mapping software paired with a child care database to personalize transportation support services for trainees. With this information, a contractor plots on a map the most convenient route for a trainee to take to training sites, or to employers and childcare providers. The software generates site-to-site instructions for the trainee including bus numbers and time schedules.

Map 1



Map 2



WELFARE-TO-WORK PROGRAMS

Federal and State Law

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) redefines welfare benefits as time-limited. This federal legislation creates the Temporary Aid to Needy Families (TANF) program and imposes a five-year time limit on a family's receipt of federally funded assistance. States can exempt 20 percent of their caseload from the federal time limit due to hardship or risk of domestic violence, and have considerable flexibility in designing their programs. TANF requires a large percentage of the beneficiaries to begin working within two years of receiving assistance (or less at state option). These time limits increase the pressure on work force training and placement agencies to help recipients find employment quickly and keep their jobs rather than return to welfare dependency.

Under California's Work Opportunity and Responsibility to Kids (CalWORKs) law, current TANF applicants are eligible for assistance for 24 cumulative months. New applicants are eligible to receive assistance for 18 cumulative months, with a county option to extend assistance to 24 cumulative months if the extension is likely to result in unsubsidized employment or if employment is not available in the local labor market. Applicants and recipients can continue to receive aid after the 18 and 24 month time limits if the county certifies that there is no job currently available for the individual and the recipient participates in community service.²⁴

Welfare-to-work plans developed by California county welfare departments need to provide for welfare-to-work activities. Both federal and state welfare legislation give local jurisdictions considerable flexibility in designing approaches to move welfare recipients into the workforce. For example, many aspects of a program, and even whole programs, may be contracted out or provided through informal arrangements with workforce development agencies, Job Training Partnership Act (JTPA) providers, community-based organizations and other organizations. The concern is that employers may be approached by multiple organizations seeking work opportunities for welfare recipients. Not all businesses will welcome this uncoordinated attention.

Employers may receive a payment to offset part of the wages paid to welfare recipients for a limited period. Work supplementation activities can be funded through the welfare benefits that otherwise would have been paid to recipients. In addition, some JTPA funds can be used to assist welfare recipients to gain on-the-job training to increase participants access to permanent employment. JTPA limits on-the-job training subsidies to 50 percent of wages for up to six months.²⁵

As outlined in a October 29, 1997, Department of Social Services guidelines letter to counties, work activities may include, but are not limited to, any of the following:

- Unsubsidized employment.
- Subsidized private sector employment.
- Subsidized public sector employment.
- Work experience, which means public or private sector work that must help provide basic job skills, enhance existing job skills in a position related to the participant's experience,

or provide a needed community service that will lead to employment.

- On-the-job training (OJT).
- Grant-Based OJT, which means public or private sector employment or OJT in which the recipient's cash grant, or a portion of the welfare savings resulting from employment, is diverted to the employer as a wage subsidy to partially or wholly offset the payment of wages to the participant.
- Supported work or transitional employment, which means forms of grant-based on-the-job training in which the recipient's cash grant, or a portion of it or the aid savings from employment, is diverted to an intermediary service provider, to partially or wholly offset the payment of wages to the participant.
- Work-study.
- Self-Employment.
- Community service, as specified in law.
- Adult basic education.
- Job skills training directly related to employment.
- Job search and job readiness assistance, which means providing the recipient with training to learn job seeking and interviewing skills, to understand employer expectations, and to learn skills designed to enhance an individual's capacity to move toward self-sufficiency.
- Education directly related to employment.
- Satisfactory progress in secondary school or in a course of study leading to a certificate of general educational development.
- Mental health, substance abuse, and domestic violence services that are necessary to obtain and retain employment.
- Other activities necessary to assist an individual in obtaining unsubsidized employment.²⁶

Features of Welfare-to-Work Programs

In 1996, the National Governors' Association Corporate Fellows Program was asked how states could best prepare welfare recipients to become successful workers. They formed a private sector working group on welfare reform to respond to this charge. The working group members concluded, based on their companies' experiences, that "... enhancing the quality of the education and workforce development systems will do more to facilitate the transition from welfare to work than any special outreach or incentive programs targeted only to welfare recipients."²⁷ Removing or alleviating the obstacles that preclude businesses from hiring recipients makes good business sense.

The National Governors' Association Corporate Fellows Program identified a number of steps essential for welfare-to-work programs to succeed.

- Matching potential employees with job openings, including recruitment, screening, and hiring.

- Building basic life skills.
- Developing customized job-specific skills.
- Offering transitional support services (e.g., childcare, transportation).
- Providing pre-and post placement mentoring or counseling services.
- Ensuring continuing education opportunities.

These factors have been highlighted in other studies. For example Manpower Demonstration Research Corporation (MDRC) has conducted long-term nationwide research on welfare-to-work programs. MDRC identifies the following features as shared by successful welfare-to-work programs:

- *Strong Employment Focus*: They promote the value of work to welfare recipients while providing a range of employment-focused services.
- *Mixed Strategies*: They offer basic skills and other training to enhance long-term success.
- *Resources*: Program investment is adequate to serve a variety of welfare recipients, not just the neediest or the most job-ready.
- *Adequate Staff and Systems*: Reasonable staff caseloads and reliable automated systems enable monitoring and reporting on client participation and outcomes.
- *Participation*: Access to services and clear job placement goals maximize participation.
- *Private Sector Connections*: Expert job developers are best able to link participants to jobs.
- *Committed Management*: Effective programs have leaders who convey a clear message about employment goals and the means to attain them.

Welfare recipients require the same employment-related services that job placement firms provide to their general clientele. The following are important to the success of all job placement efforts:

- *Close linkages to employers and industries.*
- *Skill and interest assessments* that link people to re-training in their targeted occupation or areas of competency.
- *Support services* such as career, family, and substance abuse counseling, and transportation and child care services.
- *Training.* Job and life skill training.
- *Job search and job placement services.*²⁸

Connecting a person with a job is the first step to moving off the welfare rolls. The significant number of recipients who might lose cash assistance, and their common lack of employment experience, suggest the need to consider non-traditional sources of job placement and work experience. Temporary employment is a valuable option.

TEMPORARY HELP AGENCIES

A temporary help agency recruits and employs its own workforce, which it leases to other firms. It differs from an employment agency, which charges a fee for recruiting an employee for a company. It also differs from a traditional business, which employs its own workers to produce its own products.

Temporary help agencies pay the employees, withhold and pay all employment taxes, provide worker's compensation coverage, and have the ultimate right and responsibility to hire and fire. They are employers and their employees have the benefits and protections required by employment and labor laws. Customers (businesses) determine the length of assignments and supervise and assign work to the employees.²⁹

The Historical Role of Temporary Help Agencies

The temporary help industry originated in the late 1920s and early 1930s in Chicago.³⁰ The labor shortages generated by World War II provided a boost for the industry. By the 1960s, businesses were using temporary help agencies to “respond to work load fluctuations caused by seasonal demand, inventories, [and intermittent bookkeeping tasks such as] fiscal closings, tax and budget preparation.”³¹ During the 1970s, the industry continued to broaden its services and diversify into other areas of employment including technical occupations. Since then the industry has grown and evolved along with the changing needs of employers and employees.

Temporary help services are among the fastest growing industries in the United States. There are approximately 5,000 to 7,000 temporary service firms operating at approximately 16,000 locations. Manpower Inc., one of the largest temporary employment agencies in the world, has over 2,200 offices in 43 countries and employs over 560,000 temporary workers domestically.³² An estimated nine out of ten businesses in the United States have used the services of a temporary help firm. Annual expenditures on temporary employees reached more than \$28.4 billion in 1993.³³

Growth in the temporary help industry is attributed to at least three factors:

- Temporary help and staffing services companies provide business organizations with ready access to a wide range of skilled workers.
- In a changing work environment, temporary help and staffing services assist people to make the transition from underemployment or unemployment to full-time jobs or flexible career opportunities.
- Temporary help agencies are employers and their employees have all the benefits and protections required under all employment and labor laws. Business organizations can use their employees without the costs and risks associated with new hires, such as workers' compensation and unemployment insurance, particularly if the employee does not work out.³⁴

As businesses increase their use of temporary help, the industry is becoming more sophisticated in addressing the needs of its clients, both employers and potential employees. Temporary help agencies are evolving into extensions of their business customers' human resources and training departments. For example, some temporary placement agencies have expanded their services to include: "sole-source arrangements; provision of on-site coordinators to manage a company's temporary staffing requirements; staffing of entire departments, functions or special projects; training of permanent staff; outplacement services; and assessment, training, and placement functions."³⁵

Many temporary help agencies are now referred to as "staffing services." This term more properly describes the whole range of services that they can offer to their clients. The following are definitions presented by the National Association of Temporary and Staffing Services as the most common types of staffing services within the industry.

Temporary Help Services: The services are provided by an organization that hires its own employees and assigns them to clients to support or supplement the client's workforce in work situations such as employee absences, temporary skill shortages, seasonal workloads and special assignments and projects.³⁶

Managed Services: A staffing firm takes full operational responsibility for performing a specific client function. Typical functions may include mail sorting, data processing, food preparation and service, landscaping, security and maintenance and janitorial services.

Payroll Services: The short-term movement by an employer of a percentage of its existing and/or future work force onto the payroll of a staffing firm.

Placement Services: Employment agencies and executive recruiters bring together job seekers and potential employers. These services are provided for a fee with the goal of establishing full-time employment.

Temporary-to-Full-Time Services: Job seekers and potential employers are both looking for a full-time employment relationship. Through a mutual trial period, the arrangement starts with a "temporary staffing" arrangement. After an agreed upon period of time, the successful employees are placed permanently.

Long-Term Staffing: A staffing service organization hires its own employees and assigns them to clients to support the clients' long-term work needs.

Employee Leasing (also known as Professional Employer Services): This service involves the outsourcing by an employer of segments of its work. The arrangement is often used by smaller employers to cost-effectively outsource the administration of payroll, benefits and other human resource activities.³⁷

Temporary help work arrangements vary according to the work assignment the employer wants performed. For example, temporaries in the industrial field are often hired by businesses who have seasonal work-load needs. In the office and clerical areas, people are often hired to fill-in for employees who are on maternity leave, on vacation or are ill, and also to work on backlogs. In the

technical fields, individuals are typically hired for specific projects, ranging from short to long-term, particularly in the information technology field.

The temporary help industry is expanding beyond its traditional fields such as office, marketing, technical, and industrial services and is adding other employment growth fields such as: computer programmers, systems analysts, designers, drafters, editors, engineers, accountants, attorneys, trained medical personnel, and aides and companions for in-home care for elderly persons. The five primary employment clusters and key occupations associated with the temporary help industry include:

- *Office/Clerical*: secretaries, general office clerks, filing clerks, receptionists, typists, word processing operators, data entry and cashiers, among others.
- *Industrial*: blue collar occupations including manufacturing personnel, factory workers and shipping and receiving clerks. Temporary firms distinguish between light industrial tasks such as warehousing, loading, and unloading, and light technical tasks which refer primarily to electronic assembly jobs.
- *Technical*: computer programmers, systems analysts, designers, drafters, editors, engineers and illustrators.
- *Professional*: accountants, auditors, paralegals, attorneys, sales and marketing personnel, middle and senior management and chief executive officers.
- *Medical*: supplemental staffing to hospitals, nursing homes and outpatient clinics, and staffing for home health care by licensed RNs, LPNs, trained medical personnel, unlicensed home health aides and home-makers, among others.
- *Marketing*: product demonstrators and telemarketing personnel.

How Temporary Help Agencies Link Applicants With Jobs

Temporary work is a significant job search strategy whereby employees can obtain work experience and permanent employment. The National Association of Temporary Services conducted a survey of 2,189 temporary employees; 38 percent of respondents reported being offered full-time jobs by the companies where they went on assignment.³⁸ Temporary help agencies assist this process by managing an employee through intake, assessment, training and placement activities. It is in the agency's self interest that the employee be successful, as that success generates future business

Jobs for the Future, a research organization, interviewed one of the largest temporary help staffing agencies, Manpower, Inc. Based on that interview, the following discussion summarizes Manpower's approach.

- Manpower believes that there is no such thing as an unskilled worker or an unskilled job. Every individual has work-relevant skills and aptitudes that can be measured, and every job can be broken down into identifiable tasks and required skills.
- Manpower focuses on what workers can do, rather than on what they cannot do. The company's goal is to identify as many potential jobs as possible for each temporary

employee.

- Manpower believes that even a high-turnover workforce that performs short-term jobs gains the experience and training that adds to their long-term economic value.³⁹

Recruitment

Temporary help agencies recruit potential workers in a number of ways. They advertise in newspapers, trade publications, through the Internet, in the telephone yellow pages, and at Employment Development Department offices and One Stop Career Centers. They encourage walk-ins and referrals.

Potential employers are marketed differently. Although newspaper advertising, Chamber of Commerce referrals, and Internet recruitment are useful tools, for the most part agencies rely on satisfied business customers who refer others to them. Temporary help agencies meet with employers to sell their product: a ready, willing, and knowledgeable workforce.

In-Take

Most temporary help agencies employ a similar in-take process. For example, Manpower, Inc. begins with an initial screening of the applicant (either over the phone or in person). Based on the responses to the initial screening, Manpower, Inc. either (1) expedites the application, (2) schedules an interview or (3) re-directs the applicant to other employment and training resources.

In conducting research for this report, the author observed several typical days at temporary help agencies. Many applicants missed or rescheduled appointments. “No-shows” occurred frequently. One applicant, “Kathy,” was prompt for her 9:30 appointment. She filled out an application and was interviewed by one of the temporary help agency representatives.

She was first asked a standardized list of questions relating to personal information, work history, skills, responsibilities, preferred work, location and work environment and references. Kathy had previously participated in Greater Avenues for Independence (GAIN) and had demonstrated potential: a good attitude liked working in teams and was open to different types of work assignments. The temporary help agency representative recommended that Kathy take some additional computer training. She encouraged her to go to the agency’s training center and take video training courses offered in Microsoft Windows and Microsoft Word, at no cost to her.

Based on the information gathered during the interview, Kathy placed in the agency’s high demand area. A high demand area is one where the agency needs employees to fill current customers’ orders. These applicants are expedited. The next step in the process was to assess her skills.

Assessment/Testing

Employer Needs: Temporary help agencies assess their business customers' work needs, requesting information from employers about work expectations, reporting procedures and required duties, physical details of the work area, work pace, dress requirements, hours, breaks, safety issues, parking, and accessibility for disabled persons.⁴⁰ They inquire about whether the firm prefers a person who can work independently or in a team, and whether the potential employee will use computer hardware or software. The temporary help agency uses that information to decide on the best hardware and software for training.

Employee Assessment: The information gathered during an applicant's interview is subsequently used to determine the type of assessment tests he or she is given. Aptitude tests are administered to determine skill levels and areas of interest. Each temporary help agency decides on the most appropriate test for the individual. Most tests incorporate actual work experience examples.

Kathy had worked before, but primarily doing data entry. She had used a personal computer, but was not familiar with Microsoft Windows or Word. Based on her work experience, the temporary help agency determined that they could place her for job orders requesting data entry clerks or receptionists. Kathy was then given an assessment test to measure her speed and accuracy for data entry.

The results of the aptitude tests are used to match a potential employee with a client firm. The tests also help the prospective employee to see how his or her previous experience might be useful at a worksite. This increases an applicant's self confidence, since many times they under-estimate their potential. Conversely, the testing process provides a "reality check" for applicants with very limited skills and work history. It may encourage applicants to seek the training that they need, or to consider other options. Many temporary help agencies provide applicants with information about what type of training they need for the job, where to find it, and what openings are available.

The Matching Process: A temporary help agency's existence is based on how well it assesses both client business and potential job applicant needs, and uses that information to make a good match. Some agencies, such as Manpower, Inc., have uniform service descriptions that identify the skills, experience levels, and equipment requirements for each temporary assignment. Many temporary help agencies also use a supplemental questionnaire that gathers specific information about the job tasks that will be performed on the job.

Training

Training is not the primary business of temporary help agencies. They are in the business of connecting an employee with the appropriate skills to an employer. To the extent that a potential employee needs additional training to fill an employer's work order, they will try to provide or facilitate that training.

Many temporary help agencies use software "tutorials" to teach applicants to use common word-processing or spreadsheet programs. In cases where a client company may have a special need, such as use of certain forms or knowledge of a particular software, temporary help agencies may

provide specialized training to ensure that the employees placed on an assignment can perform the work. A copy of the forms may be obtained and used to train and test potential temporary employees' accuracy and speed in entering data. The client employer can specify requirements such as the way the form is to be filled out or the amount of time it takes to fill out the form.

Some temporary help agencies even provide resume writing services to help candidates “put their best foot forward” when applying for full-time employment. However, for the most part, temporary help agencies recruit employees and match them to the qualifications listed by client firms. The success of temporary help agencies depends on their ability to provide their business customers with an employee pool that can do the required work. The availability of a “skilled pool of employees,” and the level of business demand for those employees, determines the extent to which temporary help agencies provide training. Within reason, the agencies do whatever is necessary to fill their work orders.

Some of the most effective training programs are combined with work on the job. Most people learn better by doing. The job reinforces what they learn in a classroom and *vice a versa*. According to a recent study, a majority of U.S. workers develop their skills via informal on-the-job training.⁴¹ This informal learning takes place in various ways: “Employees pick up tips and absorb workplace knowledge ranging from the practical, such as learning mechanical skills, to interpersonal skills, such as critical thinking and task integration.”⁴² Broad skills such as critical thinking, giving feedback to co-workers, working in a team and understanding company goals are all learned informally. The research finding that most learning occurs at work and is informal has important implications for adults seeking to enter the workforce:

“for adults involved in welfare to work programs, informal learning opportunities may make the reentry to education and the labor force easier. Informal learning opportunities, which are heavily weighted toward practice and applied knowledge, may provide fruitful learning situations for adults who were not successful in high school in earlier years.”⁴³

Public and Private Training Programs

There is considerable debate in the policy and research communities about the most effective pathway for welfare recipients to find jobs. Should they first be assisted with education and training or guided to immediate job placement? The jobs first model is widely known as the Riverside model, after Riverside County in California, which has had considerable success in placing welfare recipients immediately into jobs. This approach is supported by research conducted by the Manpower Development Research Corporation (MDRC). MDRC found little evidence that education and training help welfare recipients get jobs.⁴⁴ Instead their research supports a strategy that focuses on finding people jobs first rather than enrolling them in classes.

Nonetheless, America Works, an employment program founded by MDRC President Judith Gueron, requires “soft skills” training. The goal of America Works is to help people find jobs, to support their transition to work and to remove disincentives to work. Participants take five weeks of classes in which they learn interview techniques, appropriate dress, behavior, and basic office skills.

MDRC research finds that employers hire largely through networks and informal systems: “Welfare-reform policies without a strategy aimed at penetrating the job market are doomed to fail.”⁴⁵ America Works functions as a temporary help agency, locating jobs in firms but keeping employees on the America Works payroll. America Works sells an employee service to a business for a four-month trial period in which the business saves up to \$2,500 in combined benefits and taxes. During the trial period, an America Works staff member acts as a full-service human-resource department for the worker, arranging anything from child care to transportation to providing help in managing a budget.⁴⁶

Various states and localities are experimenting with promising strategies to place people in jobs while supplementing with additional training. Some programs have subcontracted the task to private placement agencies such as Manpower, Inc.’s. America Works or other temporary placement firms. Many involve collaborative arrangements and public-private partnerships, which are discussed further below.

Kelley Services, Inc. has made special arrangements with Work First, Michigan’s welfare-to-work initiative in Detroit. Kelley Services has an office in the one-stop career center where it tests and trains welfare applicants for jobs with its business clients. Since the office opened in November 1994, it has placed more than 285 welfare recipients in work assignments. For example, a Milwaukee employer, Steeltech Manufacturing, “agreed to provide work for temporary employees for at least sixty days if a local temporary services firm” waived the placement fee for the employees. The employees could at the end of the trial period be hired by Steeltech.⁴⁷

Marriott International discovered that many job applicants lack the basic life skills and work ethic required to succeed on the job. To address this need Marriott established a pre-employment training program, Pathways to Independence, designed to assist potential hires to overcome their barriers to successful employment before being hired. This approach is also useful for temporary employees.

Pathways to Independence is a six-week entry-level hospitality training program designed to help people transition from welfare to work. The program consists of 60 hours of classroom training and 120 hours of occupational skills training conducted on-site at a Marriott business. Occupational skills training includes job shadowing and “hands-on” job practice. Participants learn to perform the same job tasks as employees who hold positions with Marriott. They wear Marriott uniforms and interact with Marriott guests, co-workers, managers and supervisors.

The first week there is little flexibility with respect to punctuality. Participants must be punctual and if absent, they must make the class up. After the second time of being tardy or absent they are out of the program. Participants are evaluated weekly by their trainers to ensure that they are aware of their progress. This allows them the opportunity to address issues and concerns.

The goals of the Pathways to Independence program include:

- Helping individuals acquire the skills required to begin a career in the hospitality industry.
- Increasing Marriott's pool of qualified applicants for entry-level positions.
- Transitioning public assistance recipients into the work force.
- Providing pre-employment training to individuals with barriers to employment.
- Creating direct links between organizations that provide support for people in need of job training and the employers that have the jobs.
- "Trying out" Marriott trainees before they are hired.
- Providing individuals with hands-on occupational skills training in a Marriott facility.
- Contributing to the economic development of communities where Marriott does business.
- Establishing partnerships with community-based organizations and other agencies who will partner with Marriott to share training costs for the program.
- Revising, updating and customizing the curriculum to meet the needs of clients and the hospitality industry.

Participants know that if they are successful in the training program they will have a Marriott job at the end of the training. The cost is approximately \$5,000 per participant. Around half the cost is paid by a combination of public funds from Private Industry Councils/Workforce Development Boards, various community-based organizations, Departments of Social Services, the Job Corps, Departments of Employment Services, and Departments of Labor. The other 50 percent of the cost is provided as an in-kind contribution by Marriott.

Pathways to Independence has graduated more than 800 graduates over the past seven years. Over 90 percent of the participants graduate from the program. Over 90 percent are still on the job after 90 days and approximately 75-77 percent are employed one year later.⁴⁸

A number of employers offer programs in life management techniques to help new employees function more effectively at home and at work. Each program is slightly different. For example, Standard Furniture trainees work six hours a day and then attend classes for two more hours. The classes teach hygiene, checkbook balancing, punctuality, cooperation and other life skills. Typical life skills include:

- Maintaining a positive attitude.
- Being dependable and reliable.
- Committing to long-term job placement.
- Participating in a teamwork environment.
- Building confidence and self-esteem.
- Balancing work and personal life.
- Servicing customers and handling complaints.
- Using customer service telephone skills.
- Preventing workplace accidents and food-borne illness.
- Using basic first aid.

- Formulating a personal budget.
- Establishing and managing credit.
- Opening and managing a checking account.
- Meeting expenses with entry-level wages.
- Differentiating between necessities and luxuries.
- Communicating effectively.
- Accepting and offering constructive criticism.
- Exploring career opportunities.
- Completing job applications and resumes.
- Job interviewing skills.
- Adhering to grooming and hygiene policies.
- Setting and achieving goals.
- Appreciating and working with diverse groups of people.
- Managing and coping with stress.

In Tulsa, Oklahoma, the Metropolitan Tulsa Chamber of Commerce has set up a corporation to “provide skills training and act as the bridge between welfare and full-time work.”⁴⁹ Participants spend a half-day at work manufacturing products and the “remainder of the workday is spent learning how to land and keep a job.”⁵⁰ Transportation, childcare, and training issues are solved by public/private partnerships. For example, the local YWCA handles daycare and transportation. The Department of Education provides the class-room training, including helping applicants to pass the GED exam, and the Tulsa Chamber of Commerce is in charge of overseeing the entire four month program.⁵¹ This is a fairly new program so there is no data yet by which to measure the results.

In Lincoln, Rhode Island, the Northern Rhode Island Private Industry Council (PIC) is exploring a partnership with the temporary help industry. Temporary help agencies essentially hire the person and train them before they actually place them on assignment. The PIC’s decision to contract with the temporary help industry was motivated by the fact that the temporary help agencies are “in the business of placing as well as replacing workers.”⁵² They also found that the local labor market data available from the temporary help industry was much more current than anything available from the state or federal government.⁵³

Temporary help agencies, because they are in contact with their business customers daily, often know months in advance which firms will be hiring and for what kind of jobs. For example, Manpower, Inc. conducts a quarterly survey of the labor market. The survey focuses on job growth by industry. Each area or region conducts its own survey, which is then aggregated for a state and national report. In addition to the quarterly survey, each office has first hand knowledge of the job market in its area.

Successfully Matching the Applicant With the Job

A job occurs when there is a match between the needs, skills and interests of the applicant and the requirements of the employer. Temporary help agencies that have developed long term relationships with local employers are the most likely to generate successful job matches. Employers seeking qualified workers usually use organizations with whom they have an established relationship.

Temporary help agencies recruit, interview, test, pre-qualify, check references, provide some soft skills training, counsel employees to perform and “go the extra mile” for their business customers. They monitor the performance of their temporaries and make adjustments and changes as required to please the client firm. Some temporary help agencies employ coordinators that visit new business clients to review and familiarize themselves with the workplace so they have a feel for the kind of work environment in which the temporary employees work. The coordinators also interact with customers to evaluate a temporary employee’s work performance.

As discussed above, temporary help agencies have several advantages that help them in placing potential employees. They have established a working relationship with local employers and they know where there are job openings. They have a compelling business incentive to provide qualified applicants. As the employer of record, they assume responsibility for workers compensation and unemployment insurance, as well as other hiring and firing decisions. Businesses turn to temporary help agencies to gain the flexibility of previewing an employee while not assuming the risks associated with new hires.

Not all jobs or businesses lend themselves to using temporary workers, either because the job requires a high or specialized level of skill or, in some rare cases, because of union constraints. At the same time not everyone can work as a temporary help employee. Two problems are often cited as common reasons for failure: bad attitude and unreliability. Causes associated with poor dependability include lack of a work ethic, domestic violence, alcohol and drug abuse problems, and inadequate childcare and transportation.

Most welfare to work strategies can be categorized into two different approaches: quick employment or building skills. The research shows that the most successful programs are mixed, combining employment and skills building services.⁵⁴ “Work can be a critical part of increasing recipients’ employability if it is part of a broad range of employment and training services.”⁵⁵ It may be especially effective for the most disadvantaged recipients, particularly if designed as a learning experience.

THE ROLE FOR TEMPORARY HELP AGENCIES IN WELFARE REFORM

Employers generally seek employees who possess skills directly applicable to the jobs they will perform. That means that organizations that are assisting welfare recipients to obtain employment must first provide appropriate pre-screening, job-readiness preparation, basic skills, and job-related skills training. Many public employment and training programs provide these services. However, in view of the time limits imposed on placing welfare recipients, and the sheer volume of individuals that need to transition to employment, other organizations in the business of connecting employers with employees offer an important resource. The temporary help industry is one such resource.

The National Governor's Association asserts that "... there is a strong sense that government alone cannot address the challenges of welfare reform and that a broad range of community partners must be actively involved in planning, designing, and assessing programs identifying solutions and implementing strategies to meet local needs."⁵⁶ A recent survey found that, "sixty percent of the fastest growing businesses in the nation are willing to form partnerships with other companies to hire welfare recipients."⁵⁷ Of the CEOs interested in hiring welfare recipients, 82 percent said "they would hire from job placement agencies offering readiness and support services before and after job placement."⁵⁸ In addition, 75 percent agreed that "temporary wage subsidies for workers paid to the employer and tax credits for hiring are vital." This survey confirms that public-private partnerships make good business sense.

Some temporary help agencies are experiencing a shortage of labor to send out on assignments, therefore they have an incentive to train individuals to become part of their labor pool. The advantages of temporary help agencies, which are particularly pertinent to welfare reform, include the following:

- They operate like a subcontractor by developing a relationship with a company, determining business requirements, and delivering to meet those requirements.
- They enjoy credibility with employers because they effectively screen clients, perform job-readiness certification, assume the liabilities of employment, and offer post-entry job retention services. Agency job developers often coordinate short-term customized training to fit a company's needs.
- They provide a combination of training that addresses job readiness and life skills as well as specific job skills.
- They prosper or fail on demonstrated performance. Businesses enter into pay-for-performance contracts for services rendered. Companies expect intermediaries to share job placement and retention data before entering into a service contract.⁵⁹

Temporary help agencies are accustomed to providing one-stop services in a customer-friendly format. They can operate as an efficient link between a company and the welfare system, relieving many of the administrative burdens. Many employers, particularly small businesses, are reluctant to deal with government agencies. They find the multiple programs and different requirements confusing, particularly for job placement and training. Burdensome government paperwork is a major disincentive cited by employers when considering whether to hire welfare recipients.

Two-thirds of all workers in California work for companies with fewer than 250 employees.⁶⁰ In order for welfare to work programs to be successful they must meet the needs of small businesses. Most small businesses lack the resources and the time to screen and train people who have little or no work experience; they “already have trouble hiring the known candidates, . . . but [welfare-to-work] brings up a new issue. You can’t do reference checks, and you can’t call past employers because there are not any.”⁶¹ Many small firms hire at the minimum wage but do not want the burdens associated with new hires. Temporary help agencies can serve as an intermediary to provide the needed services.

A recent (May 15, 1998) Norrell Employment Trends Survey found that 52 percent of Sacramento employers were interested in hiring a qualified welfare recipient. However, 70 percent of the human resource professionals surveyed responded that, “Government is doing a poor job of communicating availability of these workers to private industry employers.”⁶² They also agreed that, “Government really hasn’t been very good at advertising or marketing,” . . . partly because “there is no one agency responsible for the program.”⁶³ Human resource managers actively involved in hiring welfare recipients were also critical of their preparation to enter the workforce. Many cited problems with attendance, attitude and a lack of basic skills in meeting on-the-job needs.

Juanita Foods Inc. has been cited as an example of a small business successfully hiring welfare recipients. Yet the company “. . . experienced a nightmare with one of several welfare recipients hired.” The employee filed a worker’s compensation claim and subsequently went to jail after robbing some people with a gun.⁶⁴ The general manager at Juanita Foods “suggests that the government could help small business by establishing a temporary employment agency of sorts.”⁶⁵ The intermediary would allow employers to see how an employee performs on the job without the risks and burdens of permanent employment.

Temporary help work assignments can increase a welfare recipient’s income dramatically, even when the work is part-time or for low wages. This is due to the combination of government programs designed to help people on welfare. A recent study found that a welfare recipient who works part-time at the minimum wage increased household income by an average of 51 percent.⁶⁶ This in part is because most states’ welfare reform policies allow families to keep more of what they earn without corresponding cuts in benefits. For example, “in California, the first \$225 a month is ignored and benefits are reduced at 50 cents on the dollar after that.”⁶⁷ In addition, recipients are often able to take advantage of other benefits, such as free childcare and the federal earned income tax credit, designed to help the working poor. Even short-term jobs can provide the positive reinforcement that may be necessary for welfare recipients to develop the positive attitudes that can generate and lead to full time employment.

The CalWORKs program requires welfare recipients families, unless exempted, to meet work requirements by participating in welfare-to-work activities such as unsubsidized or subsidized employment, work experience, community service, or vocational training. Temporary work assignments (depending on the length of the assignment) could qualify as subsidized or unsubsidized employment or as work experience categories. Welfare recipients would get training while in various work assignments while developing and searching for the appropriate job for them.

Public-Private Partnerships-Intermediaries

Some non-profit and publicly supported entities are already functioning in part as temporary help agencies. Research conducted for this report found a number of emerging public-private intermediary models, and several examples of temporary help agencies that act as the employer of record while welfare recipients work on a trial basis.

Intermediaries are entities that act “as a broker between the employer and public sector.” Intermediaries recruit, train, and place recipients with businesses, and follow-up to make sure that job placements are successful. Some intermediaries make referrals for support services while others provide such services themselves. Intermediaries range from for-profit companies such as America Works (see discussion on page 22 and 23) to the temporary staffing components of nonprofit community-based organizations and local Chambers of Commerce.

Companies that use intermediaries prefer those that offer a mix of services such as:

- *Employer-centered training* based on needs expressed by employers.
- *Job-readiness training* including skills refreshment, punctuality, dress, interviewing skills, attitudinal training, supervisor-employee relationships, life skills, and problem-solving such as budgeting and conflict resolution.
- *Job placement* into unsubsidized, private sector work.
- *Retention services* including direct or indirect contact with childcare, health care, transportation, counseling, and mentoring services over a period of at least six months.
- *Strong and continuing relationships with employers* in their surrounding communities.
- *Performance-based contracts* or a willingness to be paid based on performance.
- *Tracking success* through the number of job placements and retention in those jobs.⁶⁸

A number of intermediaries offer a broad array of services. For example, CHARO Community Development Corporation, in Los Angeles, California, is a non-profit 501 (c) (3) community-based development corporation that provides a comprehensive set of services: business incubation, entrepreneurial training, business plan development, hands-on computer training, career development counseling, child care, affordable housing and vocational rehabilitation.⁶⁹ Recently CHARO established a temporary help agency to not only provide training for recipients but also to hire them and lease their services. As an intermediary, the organization has the option of placing participants right away or leasing their services until the person is ready for a permanent job.

The Oregon JOBS Plus Program, encourages welfare participants to be hired as temporary employees. The employer receives a wage subsidy per hour for up to 6 months to hire welfare recipients. If after four months the employer is not interested in hiring the participant, “the employer is required to provide up to eight hours per week of paid time for the participant to conduct a job search for the remaining two months of employment.”⁷⁰ Participants are paired with company personnel who serve as mentors and assist them with job responsibilities.⁷¹

Chrysalis Labor Connection is a nonprofit temporary staffing services agency that employs

homeless and disadvantaged individuals in the Los Angeles area. It pays wages to clients and covers the workers compensation and liability insurance costs of employers. Clients work as temporary employees while on Chrysalis' payroll. Many of the work assignments are long term.

Home Care Associates of Philadelphia trains and places public assistance recipients in paraprofessional health care jobs. The program starts with seven weeks of job-readiness training. The trainee is then placed for a three-month trial period at a hospital, nursing home, or mental health facility. During this time the worker is considered a temporary employee by the host company. While the worker is undergoing this trial period, Home Care Associates of Philadelphia provides job coaching and counseling services to make sure that the worker is able to function on the job and that the employer is pleased with the employee.⁷²

In Indianapolis, community-based groups that assist the poor with housing and other social needs are forming alliances with other organizations, thereby “. . . changing the focus of the existing social-service apparatus from assisting people in getting welfare benefits to finding them jobs.”⁷³

Curtis and Associates, Inc. of Anaheim is collaborating with Manpower Temporary Services, the State Department of Social Services, the Employment Development Department, and the local Job Training Partnership Act Private Industry Council to train and place welfare recipients into jobs. This unique public-private partnership assumes that formal education and prior work experience are not necessary in order to obtain employment: “Employers base hiring decisions on the applicants' attitude and communication skills.” The program's aim is to improve the self-esteem and communication skills of participants. The assumption is that employers are willing to train employees who exhibit those qualities.

In another example, American Airlines collaborates with public and private service providers. The airline asks service providers to provide a pool of potential employees from the welfare rolls who have received “soft skills” training. The company wants motivated candidates who understand the world of work and know how to dress, behave and manage problems. Service providers offer customized training for specific positions. American Airlines works in partnership with other businesses and agencies across the United States. For example, in Texas, American Airlines and United Parcel Service of America are pooling their resources to jointly create full-time employment from part-time jobs. Employees work part-time for each company, but in total end up working full-time.

LEGISLATIVE AND ADMINISTRATIVE OPTIONS

While not necessarily recommendations of the author or the California Research Bureau, the following are potential options for action.

Designing a Welfare-to-Work System with Temporary Employment

The dramatic reform of the country's welfare system, coupled with the challenges posed by the state's diverse regional economies (and varying unemployment rates), suggests that California needs to be innovative and try new strategies to expedite the successful entry, retention and advancement of welfare recipients into the labor force. This massive change in the welfare system requires a new mix of skills that may not be quickly gained by public agencies. For example, social services staff generally does not have long term experience in the employment field, nor broad access to local employers.

State law and regulations establish welfare eligibility, benefit levels, work requirements, and time limits and sanctions. Counties have administrative responsibility and the ability to develop local programs that best prepare welfare recipients for employment. The state and counties will share any monetary sanctions imposed for failing to meet federal welfare employment goals.

Welfare agencies and others involved in the welfare reform process may need to consider alternate ways of connecting recipients with jobs. It may be faster and more effective for those agencies to work with professionals, such as the temporary help industry, that know where the jobs are, than to train public assistance agency staff to become effective job developers.

A national survey conducted by the Economic and Social Research Institute (ESRI) to determine employers' attitudes about hiring welfare recipients found that "employers seem to have a difficult time finding qualified candidates for entry-level positions." Of the employers interviewed, who were aware of government initiatives, "there was more interest in government-sponsored welfare-to-work programs that would assist businesses in screening job applicants than in programs offering economic incentives for hiring welfare workers."⁷⁴ Their study suggests that "states should invest in welfare-to-work programs that acquaint welfare recipients with employers' expectations in the job market."⁷⁵

Temporary help agencies have a lot to offer welfare recipients. They know the employment needs of their employer customers, are experienced in quickly training applicants to meet those needs, and offer guidance to ensure employment success. They are able to quickly place applicants, thereby taking advantage of today's expanding job market. They could assist the public sector as it responds to the challenge of welfare reform.

The state and counties could offer financial incentives to the temporary help industry to subsidize the additional efforts the industry would need to undertake to successfully place welfare recipients in jobs. Temporary help agencies could receive payments based upon the services provided, such as the completion of the following tasks:

- successfully case managing a welfare recipient through both "soft" skills and job training, as appropriate;

- partnering with social service providers as needed, such as for child care and transportation assistance;
- assisting the recipient to secure a temporary job; and
- assisting the recipient to gain long-term permanent employment.

Businesses could be offered a state tax credit for hiring welfare recipients and providing long term employment and training. The paperwork associated with credits and any public job training reimbursements could be managed by the temporary help agency, should the business desire. This might be a particular benefit to small businesses.

Encouraging Public-Private Partnerships

California has granted counties considerable discretion in formulating and implementing local welfare-to-work plans. Counties already have the authority to partner with the temporary help industry but they may not for various reasons. The state could encourage them to do so.

Temporary help agencies and public-private intermediary organizations could function as case managers to assist welfare recipients to identify and gain the ancillary support services that they may require to secure and maintain employment. These might include “soft skills” training, child care, transportation and other supportive services.

The state might want to encourage these partnerships. One mechanism, suggested above, could be to provide a financial payment to the case-managing entity for successfully identifying and linking a welfare recipient to the services required for successful employment.

An ideal collaborative arrangement could include the client (potential employee), a training organization, a social services agency (childcare, transportation) and a temporary placement organization. An example given by the manager of a temporary help agency concerns the auto industry, which was placing many job orders. The agency was unable to find persons with the skills needed to fill the jobs. It requested that a training provider develop a new training program, tailored for the auto industry. When the trainees completed the training, they were all employed by the auto industry.

Counties might contract with nonprofit as well as private temporary help businesses. For example, training organizations are often located in poorer neighborhoods and many are operated by or under contract with county Private Industry Councils, which allocate federal Job Training Partnership Act funds. Some nonprofit service providers are incorporating temporary help services in order to guide welfare recipients to full-time employment. For example, CHARO (page 29) not only provides training for recipients but also “hires” them and leases their services until they are ready for permanent jobs.

These collaborative arrangements could continue once trainees are employed, to facilitate promotion from entry-level positions to the next level in the career ladder. Continued supportive services such as mentoring, job counseling, transportation, child care and alcohol and drug abuse treatment might assist with job retention. Job retention is one of the biggest problems welfare

recipients' experience, according to employers, researchers and temporary help agency professionals.

A key challenge in creating public-private partnerships is assigning clear responsibility for generating and nurturing such alliances. County welfare-to-work plans might specify mechanisms to facilitate public-private partnerships, along with performance measures to ensure accountability. Social services agencies could creatively direct TANF funds (county and Governor's 15 percent set aside for pilot projects) to support public-private partnerships. In addition, counties could apply for federal grant funds for innovative pilot projects. The Department of Social Services could provide technical assistance to the counties to facilitate federal grant applications.

Temporary Help Assignments as an Alternative

Temporary employment could count in the same manner as "community service" for purposes of fulfilling a welfare recipient's work/service requirements. Temporary employment offers an alternative to community service (workfare) that might directly lead to unsubsidized employment opportunities. In contrast, some critics contend that community service jobs are dead-end "make work" positions. Temporary placements in employment would be analogous to an internship. Welfare recipients would experience a more realistic work setting, with work assignments that could develop the skills required for full-time employment opportunities. In addition, CalWORKs supportive services could be provided to help individuals participate in their required program or work activity.

CalWORKs currently limits adult applicants' ability to receive aid to a cumulative period not to exceed 18 months. The county may extend this period for six months if the extension is likely to result in employment. These time limits apply unless a county certifies that there is no job currently available for the recipient and that the recipient is participating in a community service activity.⁷⁶

"The federal welfare reform law allows states flexibility in designing their welfare reform programs." In addition, under current law, "the Department of Social Services may conduct experimental projects to test different ways to administer public assistance and services. The Department may waive state statutory requirements, regulations, and standards in one or more counties, or on a statewide basis, by a formal order from the Director."⁷⁷

Temporary Assistance for Needy Families (TANF's) work requirements are designed to ensure that a significant and increasing percentage of recipients are "engaged in work,"⁷⁸ either in unsubsidized employment, subsidized employment, or other work activities. California could implement programs using temporary help agencies to provide work for TANF parents. Federal law provides states with multiple options to assist welfare recipients find employment: "states may use federal TANF and state funds for community service employment, i.e., publicly funded, wage-paying jobs designed to provide employment for individuals and to address unmet community needs."⁷⁹ Work activities may also include various forms of unsubsidized and subsidized private sector employment and work experience to help recipients gain basic job skills to enhance their existing job skills.

The state has some flexibility to experiment with job creation efforts in TANF. A state may elect to use TANF funds, state maintenance-of-effort funds, or both, to create work experience programs as well as “job creation through public and private sector wage subsidies.”⁸⁰

California could consider a variety of job creation strategies including paying an incentive to temporary help agencies to successfully train and place welfare recipients in jobs. Temporary help agencies could also work jointly with organizations that provide classroom training. Temporary help job assignments could supplement whatever classroom training is provided and enhance the skills needed by recipients to move into unsubsidized employment. Federal TANF and/or state funds could also be used to pay all or part of the cost of wages for individuals employed by non-profit organizations.

The legislature could “stop the clock” for TANF recipients who are working through a temporary help agency to gain training and employment experience. California has enacted a two-year limitation on TANF, with some flexibility according to the local economy and an individual recipient’s welfare to work plan.

Putting the Pieces Together

The following example illustrates how an integrated system, based on these options, might work. A company decides to recruit welfare recipients as workers. The company retains a temporary help agency to “preview” prospective employees. The temporary help agency arranges for the prospective employees to receive life and job skills training from selected training providers. The agency also helps the recipients to gain needed support services such as alcohol and drug abuse treatment, employee counseling, mentoring, child care, and transportation. The agency mentors and manages the recipients’ job placement and on-the-job training and performance, receiving payments at specified times to ensure success. The hiring business receives a tax credit after a suitable period of time.

Farther along the range of contracting out, a county might privatize a broad range of functions. Although California law requires that counties determine the eligibility and amount of aid that a recipient receives, other functions could be privatized. Counties could offer performance incentives to temporary help agencies or businesses that tie compensation to certain milestones. For example, a partial payment could be made when a welfare client gets a job and a subsequent payment when the client stays on the job a certain length of time. Terms of the contract might include provisions that stipulate a higher payment if a client obtains a job paying above the minimum wage, or if a client remains on the job over a specified length of time, such as a year.

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