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To: Members of the Joint Committee on Finance
From: Charity Eleson, Executive Director
Date: May 18, 2007
Re: Budget Paper #888: *Real Work Real Pay* (Transitional Jobs Pilot Program)

WCCF recommends adoption of Alternatives 1a, 2, and 3 of the *Real Work, Real Pay* Transitional Jobs (TJ) pilot program.

Transitional Jobs programs are a proven, effective workforce development strategy to assist those with numerous barriers to employment in finding and maintaining work.

Recent research has shown that high numbers of participants in Wisconsin's W-2 program face numerous barriers to employment,ⁱ and W-2 agencies are having a difficult time aiding these individuals, with many who do find work returning to the program a short time later.ⁱⁱ

The *Real Work, Real Pay* proposal will connect W-2 participants to time-limited jobs with a public or private employer, for a wage. Participants also receive ongoing case management and retention services, education and training planning as well as help mapping out career pathways. Employers receive subsidies covering wages to the participant as well as supportive services and incentives for workplace peer mentors.

Transitional Jobs are particularly effective because the ongoing case management occurs while the W-2 participant is working, instead of just *before* job placement. It is in those first days and weeks after starting a job when many employees with little work history and multiple barriers to employment have the most difficulty adjusting to the demands and scheduling of work. Another positive element of TJ programs is that because these workers are earning a real wage, as compared to a subsidy, they are eligible for federal and state earned income tax credits, a significant boost for low-income families. Denying these workers that benefit, as alternative 1b would do, would significantly erode one of the core advantages of this workforce development strategy and would complicate the administration of an otherwise straightforward tax credit.

TJ programs are in place around the country, aimed at TANF participants, at-risk youth, ex-offenders, refugees and immigrants, and disabled individuals. Evidence clearly suggests that for those with multiple barriers to employment, TJ programs are an extremely effective workforce development strategy. (See the attached evidence summary for more details.)

At their core, transitional jobs programs are based on the idea that everyone can work and that everyone has strengths that should be built upon. Evidence has shown that this workforce development strategy can help those hardest to place in employment make successful and lasting connections to the workplace. The evidence suggests it's time to implement a meaningful transitional jobs effort such as *Real Work, Real Pay* in Wisconsin as a way of moving more W-2 participants into work and helping them stay there.

ⁱ Courtney, Mark and Dworsky, Amy. *Those Left Behind: Enduring Challenges Facing Welfare Applicants*, Issue Brief, May 2006. Chicago, IL: Chapin Hall Center for Children, University of Chicago. Available online at: www.ChapinHall.org (requires brief registration).

ⁱⁱ Returning participants increased from 38.6 percent of all subsidized placements in June 2000 to 52.3 percent in June 2004. *An Evaluation: Wisconsin Works (W-2) Program*. Report 05-6, April 2005. Wisconsin: Legislative Audit Bureau. Available online at: <http://www.legis.wisconsin.gov/lab/reports/05-6Full.pdf>