



Annual Report to the Oregon Legislative
Assembly and
Governor Kate Brown

Department of Human Services
JOBS Plus Program

Program Year 2014
July 1, 2013 through June 30, 2014

Executive Summary

Oregon Revised Statute 411.896 requires the Department of Human Services (DHS) to submit an annual report to the Legislative Assembly and the Governor, containing an analysis of the JOBS Plus program and recommendations from the department and the JOBS Plus Advisory Board regarding appropriate revisions to the program.

The JOBS Plus program has been an integral part of DHS Self-Sufficiency Job Opportunity and Basic Skills (JOBS) Program since 1994. JOBS Plus provides real work experience and mentorship opportunities for participants in the TANF program. The goal is to move families out of poverty and into employment. In the 2014 program year, 1020 participants were enrolled in the JOBS Plus program. Out of 1020 individuals, 756 completed the JOBS Plus program in the past year, of which 590 (78 percent) individuals obtained unsubsidized employment.

HB 3535, passed by the 2015 Oregon Legislature, includes language that provides DHS flexibility to pilot, for a 12-month period, alternative ways to operate the JOBS Plus subsidized employment program in coordination with workforce agencies and stakeholders for the purpose of increasing employment outcomes of participants on the program including youth. Given the continuing workforce system alignment efforts at the State level and the passage of the Workforce Innovation and Opportunity Act (WIOA), the department looks forward to the ability to engage in this pilot effort to improve outcomes for participants and to align with key workforce strategies.

History of the JOBS Plus Program

The JOBS Plus Program was created upon passage of Ballot Measure 7, the “Full Employment Program,” in 1990. Under this measure, people receiving Food Stamp benefits (now known as the Supplemental Nutrition Assistance Program (SNAP), Aid to Dependent Children (now the Temporary Assistance for Needy Families (TANF) and unemployment insurance benefits in six Oregon counties would work in private and public-sector jobs, for which they would be paid 90 percent of the minimum wage instead of receiving public assistance benefits. After its passage, the Department of Human Services (DHS), applied for the necessary waivers from the federal government. However, waivers were not granted and the program could not be implemented.

Supporters of Measure 7 worked with DHS and staff of then Governor Barbara Roberts to construct a program that would accomplish the same goals as Measure 7, but would also meet with federal approval. The resulting “JOBS Plus” pilot program was adopted by the 1993 legislature, and after a federal waiver process, was approved for start-up in November 1994.

During the 1995 legislative session, a wide-ranging welfare reform law, Senate Bill 1117, was passed. One of its provisions expanded the six-county pilot of the JOBS Plus program to the entire state. Federal approval for SB 1117 was obtained in March 1996, and the JOBS Plus program officially began statewide operation on July 1, 1996.

Enrollment in the JOBS Plus program was briefly suspended on April 1, 2001 when funding for the program was scheduled to end in July 2001. When JOBS Plus funding was secure, enrollment in the program resumed in July 2001. However, Senate Bill 874 (2001) changed the JOBS Plus employer reimbursement amount and maximum participant length for Unemployment Insurance (UI) claimants.

Until July 1, 2001, JOBS Plus was administered jointly by DHS and the Oregon Employment Department (OED). Currently, local JOBS Plus coordinators are responsible for matching participants with appropriate JOBS Plus work site positions. These coordinators are either staff from DHS or a local Job Opportunity and Basic Skills (JOBS) program contracted partner who provides services to participants in the statewide JOBS program.

The UI JOBS Plus program for the Oregon Employment Department was suspended on June 30, 2005. The Oregon Legislative Assembly did not reauthorize the program. On March 17, 2009, the Oregon Legislature passed SB 581 which removed the OED from JOBS Plus statute.

JOBS Plus for DHS TANF Participants

JOBS Plus is one component of the existing Department of Human Services' Job Opportunity and Basic Skills (JOBS) program. The JOBS program is the employment and training component of the TANF program operated across the State through a network of contracted partners such as community colleges and workforce system partner agencies and organizations.

JOBS Plus provides a means for TANF participants who have been unable to find employment through other JOBS services to gain "real world" work experience and expand their resume. Individuals in the program generally participate in JOBS Plus positions for a period of six months. The program is an innovative public-private partnership aimed at helping individuals move off public assistance and into the workforce. This program is one of the strategies for helping TANF participants be on a path out of poverty so that long-term stability can be sustained.

DHS JOBS Plus participants do not receive their TANF grant or SNAP benefits while enrolled in JOBS Plus. Instead they receive a paycheck from the employer. In instances where the JOBS Plus wages are fewer than the amount of benefits

the participant would have received, the difference is paid by DHS to the participant in the form of a cash supplement.

Participants in JOBS Plus positions also receive important added benefits. If the state is collecting child support from an absent parent, the entire amount is provided to the participant, instead of being retained by the state. In addition, JOBS Plus participants are likely to be eligible for federal and state Earned Income Tax Credits.

For DHS, JOBS Plus continues to be a successful program. Through JOBS Plus, DHS and its JOBS partners have established an effective relationship with the private sector. Businesses have benefited from the labor provided and, more importantly, participants have gained skills and obtained useful job experience to help them be more competitive in the labor market. A large percentage of people who participate in JOBS Plus go on to be hired at unsubsidized work positions. In the recent economic recession and slow economic recovery, JOBS Plus has played an important role for both program participants and employers. In fact, DHS JOBS Plus expenditures made in Federal Fiscal Years (FFY) 2009 and 2010 that were above FFY 2007 expenditure levels, qualified for reimbursement under the Emergency Contingency TANF funding added through the American Recovery and Reinvestment Act (ARRA) of 2009. This provided for additional participants to be enrolled in JOBS Plus. In the following years, DHS and its partners prioritized JOBS Plus although the JOBS Program experienced significant cuts.

JOBS Plus Program Process for Employers

JOBS Plus participants are placed in positions at private businesses, not-for-profit organizations, or public agencies. The participant receives wages directly from the employer rather than TANF and SNAP benefits from DHS. The employer determines the participants' hourly wage, which must be at least equal to Oregon's minimum wage.

Employers pay participants directly and are reimbursed retroactively. DHS reimburses employers for wages paid to the participant, not to exceed Oregon's minimum wage, and payroll taxes including worker's compensation and unemployment insurance benefits. An employer may choose to pay a participant more than the Oregon minimum wage, as many do, however, they are responsible for the difference.

JOBS Plus employer wage reimbursements are processed by the DHS Direct Pay Unit. The funds to reimburse employers come from the funds of individual TANF and SNAP benefits.

Employers are required to provide each JOBS Plus participant with an on-site mentor to acquaint the worker with all facets of the job. Mentors are asked to set

up regular meetings with the participant to discuss any concerns or questions. The objective is to ensure the participant is successful in the JOBS Plus employment.

After 30 days in a JOBS Plus work site position, the employer begins paying \$1 per hour, for every hour the participant works, into an Individual Education Account (IEA).

Individual Education Account (IEA)

The purpose of the Individual Education Account (IEA) is to improve the position of the JOBS Plus participant in the workforce by increasing their access to continuing education. After obtaining full-time unsubsidized employment for 30 days, the participant or a member of their family may access the funds for continued education and training. The Office of Student Access and Completion (OSAC) administers the IEA accounts.

According to the Office of Student Access and Completion (OSAC), since the program's inception to June 30, 2014:

- 6,373 Individual Education Accounts totaling \$3,956,678 had been activated.
- The average Individual Education Account was \$621 per person.
- 3,168* (49.7 percent) individuals had used all or part of their IEA funds.
- The amount of IEA funds paid by OSAC to training providers was \$1,654,816*.

*Note: OSAC has adjusted the way the IEA usage is calculated as well as the way the IEA funds paid are calculated.

IEA funds may be used for the cost of books and supplies in addition to lab fees, tests, student body cards, and tuition.

JOBS Plus Work Site Placement Information

July 2013 through June 2014:

- 1020 individuals were enrolled in JOBS Plus positions which represents a nine percent increase over the previous fiscal year;
- The average wage was \$9.95 per hour, a two percent increase from the previous fiscal year.

JOBS Plus Results

There were 756 JOBS Plus work-site agreements completed in 2013-14 that resulted in 590 individuals subsequently working in unsubsidized employment (78 percent). Overall, there was an increase in work-site agreements of 31 percent and subsequent placements of 30 percent over the previous year. The increase in subsequent employment placements is likely attributed to the improving economy. Between July 2013 and June 2014 the unemployment rate fell from 7.8 percent to 7.0 percent, a drop of 0.8 percentage points.

JOBS Plus Cost Benefit Analysis

The cost benefit analysis is based on a comparison between the JOBS Plus program costs and the JOBS work experience and supported work activity program costs. The 2012-2013 program period was used for the comparison in this report to allow sufficient time to identify the impacts related to these program activities.

JOBS Plus program participants are considered employees and are paid for their work in lieu of receiving TANF and SNAP benefits. Work experience and supported work participants are considered volunteers, and are not paid but continue to receive TANF and SNAP benefits.

The results of the cost benefit analysis shows the work experience and supported work cost-per-participant was \$11.56 per hour, compared to the JOBS Plus cost-per-participant of \$2.84 per hour. The analysis also shows the direct cost-per-participant in work experience and supported work was \$969 per participant and the cost per participant for JOBS Plus was \$967. The cost is calculated using contracted costs, support service costs, and employer reimbursements. The employer reimbursement portion is calculated by using the average starting wage per JOBS Plus participant multiplied by the number of people in the program. The cost-per-participant for JOBS Plus has decreased due to a larger number of clients using the program with a similar funding level from year to year. As in previous years, JOBS Plus participants were less likely to be receiving TANF and SNAP benefits in December 2013 compared to participants in work experience and supported work. Overall, JOBS Plus participation results in more people connecting to permanent work.

JOBS Plus Cost Benefit Analysis for Active Participants - July 2012 to June 2013

Type of Activity	Work Experience & Supported Work	JOBS Plus
Active Participants (unduplicated)	7,783	1,023
Contracted Costs	\$5,859,596	\$1,341,066
Support Services	\$1,679,633	\$178,400
Employer Reimbursements	0	\$3,472,212
Less Diverted TANF and FS Grants ¹	0	(\$4,001,976)
Net Program Costs	\$7,539,229	\$989,702
Net Cost Per Participant ²	\$969	\$967
Total Hours of Participation	651,967	348,966
Cost Per Hour of Participation	\$11.56	\$2.84
Program Status as of December 2013		
% Off TANF	74%	82%
% Off SNAP	4.4%	30.2%

¹Based on the average standard TANF grant for a family of three of \$506 and \$472 in SNAP per month for 4.0 average months on JOBS Plus

²Costs associated with program activities do not include case management or administration costs.

The program status as of December 2013 above shows that the percentage of families who are no longer receiving TANF is eight percentage points greater for those who accessed JOBS Plus compared to those who accessed Work Experience and Supported Work. The savings are calculated to be approximately \$406,824 for the fiscal year.

Oregon Workforce System Alignment Efforts, Potential Changes at the Federal Level, and recent State Legislation

State workforce system agencies have been working on aligning workforce programs and services to improve the workforce system for job seekers and to eliminate duplication of services. Key strategies of the Oregon Workforce Investment Board strategic plan currently include: system innovation; creating work ready communities; and developing sector strategies. The recently passed federal Workforce Innovation and Opportunity Act creates additional opportunities for program alignment as the TANF program is now considered a mandatory partner in the workforce system.

The Federal Fiscal Year 2016 President's proposed budget (like his FY 2015 proposed budget) funds a new Pathways to Jobs Initiative which would support states' efforts to provide subsidized work opportunities (like JOBS Plus) to low income individuals. The FY 2016 proposed budget redirects the TANF Contingency Fund to be spent only on subsidized employment. Currently the TANF Contingency Fund can be spent on any TANF federal purpose. The U.S. Congress is currently considering a potential reauthorization of the TANF program. If Congress adopts the President's proposal and the TANF Contingency Fund continues to exist, any funds Oregon is able to access from this fund will need to be spent exclusively on JOBS Plus or other forms of subsidized work for TANF participants.

HB 3535, recently passed by the 2015 Oregon Legislature, and portions of the DHS budget will make targeted reinvestments in the TANF program using projected caseload savings in the 2015-17 biennium. HB 3535 also includes language that provides DHS flexibility in the 2015-17 biennium to pilot, for a 12-month period, alternative ways to operate the JOBS Plus subsidized employment program in coordination with workforce agencies and stakeholders for the purpose of increasing employment outcomes of participants in the program including youth. This will provide a good opportunity for the state to pilot strategies that could further improve outcomes for TANF participants and align with key workforce strategies.

Summary

The DHS JOBS Plus program has operated smoothly since its inception in 1994. The cost benefit analysis consistently shows individuals who participate in JOBS Plus have increased outcomes such as obtaining employment experience, getting hired following completion of the program, and moving off the TANF and SNAP programs. Enrollment increased beginning in 2008 based on increased demand, program investments, and on the availability of the American

Reinvestment and Recovery Act of 2009 (which helped fund increased demand in JOBS Plus in Fiscal Years 2009 and 2010).

While the JOBS program budget has experienced a reduction beginning in 2011-13 biennium, the State continues to invest in JOBS Plus, as it is one key option for TANF participants to obtain real work history and increase their ability to enter unsubsidized employment opportunities.

HB 3535, passed by the 2015 Oregon Legislature, includes language that provides DHS flexibility to pilot, for a 12-month period, alternative ways to operate the JOBS Plus subsidized employment program in coordination with workforce agencies and stakeholders for the purpose of increasing employment outcomes of participants on the program including youth. Given the continuing workforce system alignment efforts at the State level and the passage of the Workforce Innovation and Opportunity Act (WIOA), the department looks forward to the ability to engage in this pilot effort to improve outcomes for participants and to align with key workforce strategies.