

County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES

12860 CROSSROADS PARKWAY SOUTH • CITY OF INDUSTRY, CALIFORNIA 91746
Tel (562) 908-8400 • Fax (562) 908-0459



PHILIP L. BROWNING
Director

SHERYL L. SPILLER
Chief Deputy



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August 12, 2010

TO: Each Supervisor

FROM: Philip L. Browning, Director

**SUBJECT: AMERICAN RECOVERY AND REINVESTMENT ACT TRANSITIONAL
SUBSIDIZED EMPLOYMENT PROGRAM**

The purpose of this memo is to advise your Board of current plans to end the County's expanded Transitional Subsidized Employment (TSE) program on September 30, 2010, the date on which 80 percent federal financing is scheduled to end under current law.

The American Recovery Reinvestment Act (ARRA) of 2009 appropriated \$5 billion for a new Temporary Assistance for Needy Families (TANF) Emergency Contingency Fund (ECF), which reimburses 80 percent of increased TANF-related expenditures on basic assistance, subsidized employment, and non-recurrent short-term benefits incurred during Federal Fiscal Years (FFYs) 2009 and 2010. To take advantage of the 80 percent TANF ECF financing, the Department of Public Social Services implemented an expanded TSE program to provide subsidized jobs to adult CalWORKs recipients and non-custodial parents of children on CalWORKs with the goal of creating 10,000 subsidized jobs. Pursuant to your Board's direction, the County also has implemented a TANF ECF-financed summer youth employment program in 2010. The County administers the subsidized employment programs for both adults and youth in partnership with the South Bay Workforce Investment Board (WIB) and Worksource Centers.

The County has far exceeded its goal of creating 10,000 subsidized jobs using TANF ECF funds. As of August 10, 2010, 20,454 subsidized jobs have been created -- 10,577 jobs for adults and 9,877 summer youth jobs. The TSE program has been a great success despite the poor economy. This is because the 80 percent federal financing makes it affordable and attractive for employers to hire additional workers. The program has also become increasingly popular with the private sector.

"To Enrich Lives Through Effective And Caring Service"

Adult participants and their families directly benefit from the increased income from subsidized employment. The entire economy and all County residents also have benefited from the thousands of newly created subsidized jobs. The businesses and public and private non-profit agencies who employ them directly benefit from reduced labor costs. Subsidized employment also stimulates the economy through multiplier effects from the increased incomes of newly hired persons who purchase more goods and services. This indirectly leads to increased tax revenues for all levels of government. The increased earned income also reduces public assistance expenditures for all levels of government with the federal government realizing Food Stamp benefit cost savings and the State and County realizing CalWORKs grant savings and General Relief (GR).

Unfortunately, under current law, TANF ECF will sunset when FFY 2010 ends on September 30, 2010, and Congress left for its August recess before enacting legislation, which would extend and provide additional TANF ECF funding for another year. Given current State and County finances, the County cannot afford to maintain the expanded TSE program without the 80 percent federal financing after September. As a result, we have had to initiate steps to end the TSE program.

At the end of July, the County stopped placing individuals into new subsidized worksites. We are preparing flyers notifying participants of the end of the program, which will be distributed with their August 20, 2010 paychecks. The subsidized employers also will be notified on the same day. The Department also is collaborating with the South Bay WIB and Worksource Centers to transition as many individuals as possible into unsubsidized employment and/or other appropriate work activities that would assist affected participants.

For current participants who no longer receive CalWORKs or GR due to increased TSE income, we are developing a process to streamline the re-application process with the goal to minimize any disruption of income to this population. For CalWORKs participants who currently are receiving a reduced CalWORKs grant due to their increased earned income, we are also working on a process to ensure the grant amount is increased as soon as possible after they lose earned income when their subsidized jobs end.

As you know, the Department is working closely with the Chief Executive Office in aggressively pursuing legislation which would extend TANF ECF financing of subsidized employment beyond September 30, 2010. If such legislation is enacted after Congress reconvenes next month, the Department will work with the South Bay WIB and Worksource Centers to re-start the County's subsidized employment program as soon as possible.

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c: Chief Executive Officer
County Counsel
Deputy Chief Executive Officer
Executive Officer, Board of Supervisors