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Scott Walker, Governor  
Reginald J. Newson, Secretary

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**Senate Committee on Economic Development and Local Government  
Senate Bill 333, Transitional Jobs Program**

**October 10<sup>th</sup>, 2013**

**Testimony provided by Jonathan Barry, Deputy Secretary**

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Chairperson Gudex and members of the Senate Committee on Economic Development and Local Government:

I am Jonathan Barry, Deputy Secretary of the Department of Workforce Development and I appear before you today to speak in favor of Senate Bill 333.

As you know, Governor Walker's focus has been on making life better for the residents of our state by growing our economy, developing our workforce, transforming education, reforming government, and investing in our infrastructure. Our budget invested over \$100 million in workforce development aimed at equipping workers with the skills they need to find jobs in the modern workforce. These workforce initiatives chart a bright course for Wisconsin's future. Now we are building on that investment with workforce priorities that will continue to further those goals.

This piece of legislation, part of Governor Walker's ongoing commitment to developing the workforce in Wisconsin, reinstates the successful Transitional Jobs program administered by the Department of Children and Families. The program was established to provide low income adults with an immediate income, an opportunity to develop the skills and experience their local labor market demands, and a positive work history.

The Transitional Jobs program is proven to provide a gateway to participants towards building a career as well as creating more financial security for Wisconsin families. This assistance creates a sustainable pathway to workers who are most in need by allowing them to gain valuable work experience, develop a work history, and earn a reference from an employer.

Additionally, the Transitional Jobs program also provides security to Wisconsin businesses by providing willing, able and reliable workers that allow them to either sustain or expand their business when they cannot immediately hire and pay new employees due to reduced revenue or

reduced access to short-term credit lines. By assisting businesses sustain activity, the Transitional Jobs program is a true economic engine proven to improve the Wisconsin economy.

The Transitional Jobs Demonstration Project ended in June of this year. Its successor, the Transform Milwaukee Jobs program, was created in the biennial budget targeted to Milwaukee.

This bill would allow the Department of Children and Families to create a new Transitional Jobs Program to serve cities or counties with high unemployment and/or child poverty rates. The department would use existing agency funds to run the program. The number of communities served would depend on available funding.

In conclusion, SB 333 demonstrates Governor Walker's commitment to creating jobs in Wisconsin. Transitional Jobs are a win for workers by helping them build a work history and providing additional income for their families, a win for business by providing a valuable pipeline of willing and able workers who are committed to helping themselves and their employer, and a win for Wisconsin's state and local economies.

I would be happy to answer any questions they committee may have at this time.



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Governor Scott Walker  
Secretary Eloise Anderson  
Secretary's Office

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Date: October 10, 2013

To: Members of the Senate Committee on Economic Development and Local Government

From: Sara Buschman, Assistant Deputy Secretary, Department of Children and Families

Re: 2013 Senate Bill 333 – Transitional Jobs

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Chairman Gudex and members of the Committee, thank you for the opportunity to testify in support of Senate Bill 333 (SB 333) introduced at the request of Governor Walker and authored by Senator Darling and Representative Weatherston.

I am Sara Buschman, Assistant Deputy Secretary, of the Department of Children and Families. With me is Kris Randal, Administrator, of the Division of Family and Economic Security.

Assembly Bill 401 allows the Department of Children and Families to create a new Transitional Jobs Program to serve cities or counties with high unemployment and high child poverty rates. The new program will be modeled after the Transform Milwaukee Jobs Initiative that passed in Governor Walker's most recent budget and is slated for implementation on January 1<sup>st</sup>. It will also incorporate best practices or "lessons learned" from the original Transitional Jobs pilot program that ended on June 30, 2013.

With this expansion of the Transitional Jobs program, the Department will continue to target low-income adults by providing them with an immediate income - and an opportunity to develop the skills and experience that their local labor market demands.

- Like Transform Milwaukee jobs and the previous transitional jobs program, a participating employer will receive a wage subsidy up to 40 hours per week at the minimum wage. The employer may also pay above the minimum wage – and may not have a participant for fewer than 20 hours per week.
- AB 401 requires individuals to be at least 18 years old to participate as is the case with Transform Milwaukee jobs, and, if over 24 years old, must be the parent or primary relative caregiver of a child under the age of 18. A worker may also be eligible for child care subsidies under the Wisconsin Shares program.
- A participant must not be eligible for Unemployment Insurance and may not be participating in Wisconsin Works.
- Provisions of AB 401 allow the Department to expand Transitional Jobs to geographic areas beyond Milwaukee County – based on funding that is available. I want to emphasize the Department will not use any funding that is currently slated for the Transform Milwaukee Jobs Initiative. The RFP was released last week and is designed with the current funding structure.

Wisconsin's Transitional Jobs program is unique. By design, vendors were given flexibility how to develop their own programs – whether it meant extensive skills development prior to obtaining an unsubsidized job – or a more aggressive immediate placement. No matter what the

model has been, the intense focus is on people who traditionally have had the most difficult time landing a job - low income, non-custodial parents (mostly men/fathers not participating in W2 or UI and who have been unemployed for a significant amount of time) – those re-entering the workforce from a corrections setting – and in the future - teens aging out of the foster care/child welfare system.

In many cases, a transitional job provided these more barriered individuals with their first positive work experience – and helped them begin to build a work history. The majority in the program began with a subsidized job and subsequently obtained employment in an unsubsidized private sector – not necessarily with the employer they started with.

This “on the job training” provides the foundation or stepping stone to future employment. Preliminary evidence demonstrates that this workforce development strategy can help those hardest to place in employment make successful and lasting connections to the workplace.

One of Governor Walker’s goals is to help move people from dependence to independence. Stable employment from transitional jobs helps provide a higher quality of life for working adults. With it comes increased self-sufficiency, a greater ability to care for one’s family, the power to purchase goods and services, and the opportunity to make a more positive contribution to one’s community. Long term, this is a financial boost for low-income families – and the economy as a whole.

Participants are not the only beneficiaries of the program. Businesses gain needed workers. During the recession for example, transitional jobs allowed businesses that wanted to either stay open or expand -but could not immediately hire and pay new employees due to reduced revenue

or reduced access to short-term credit lines - to hire TJ employees at lower costs. This created jobs and kept businesses open. Interestingly, we also know that 63% of employers interviewed about their participation in the program created a new job – specifically for a transitional job participant.

We believe this trend will continue – and the reason we believe it is so important to begin to have the option to expand transitional jobs to other communities.

We are eager to build upon the successful Transitional Jobs pilot program – and improve upon it. Governor Walker’s goal is to help connect the unemployed with the needed skills and work experience to transition into long-term employment. Transitional jobs helps with this goal.

We look forward to working with you on this legislation and would be happy to address your questions. Thank you for the opportunity to appear before your committee.



# **Stimulating Opportunity:** An Evaluation of ARRA-Funded Subsidized Employment Programs

**Anne Roder and Mark Elliott**  
**Economic Mobility Corporation**

September 2013

the age of 30 (see [Figure 4.10](#)). About one-third (34 percent) were non-custodial parents, and 39 percent were convicted felons. A higher percentage of participants in Wisconsin (62 percent) were among the long-term unemployed when they enrolled in the program than those in Florida and Mississippi. Annual earnings among all TJ participants were only \$1,966 during the year prior to starting the program.

**Figure 4.10** Wisconsin TJ Program Participant Characteristics

<b>Gender</b>	
Female	37%
Male	63%
<b>Race</b>	
White	23%
African American/Black	66%
Other	5%
Hispanic	6%
<b>Age</b>	
Under 30	49%
30 to 39	31%
40 to 49	16%
50 and over	4%
<b>Noncustodial parent</b>	34%
<b>Felony conviction</b>	39%
<b>Long-term unemployed</b>	62%
<b>Average annual earnings in the year before program entry</b>	\$1,966

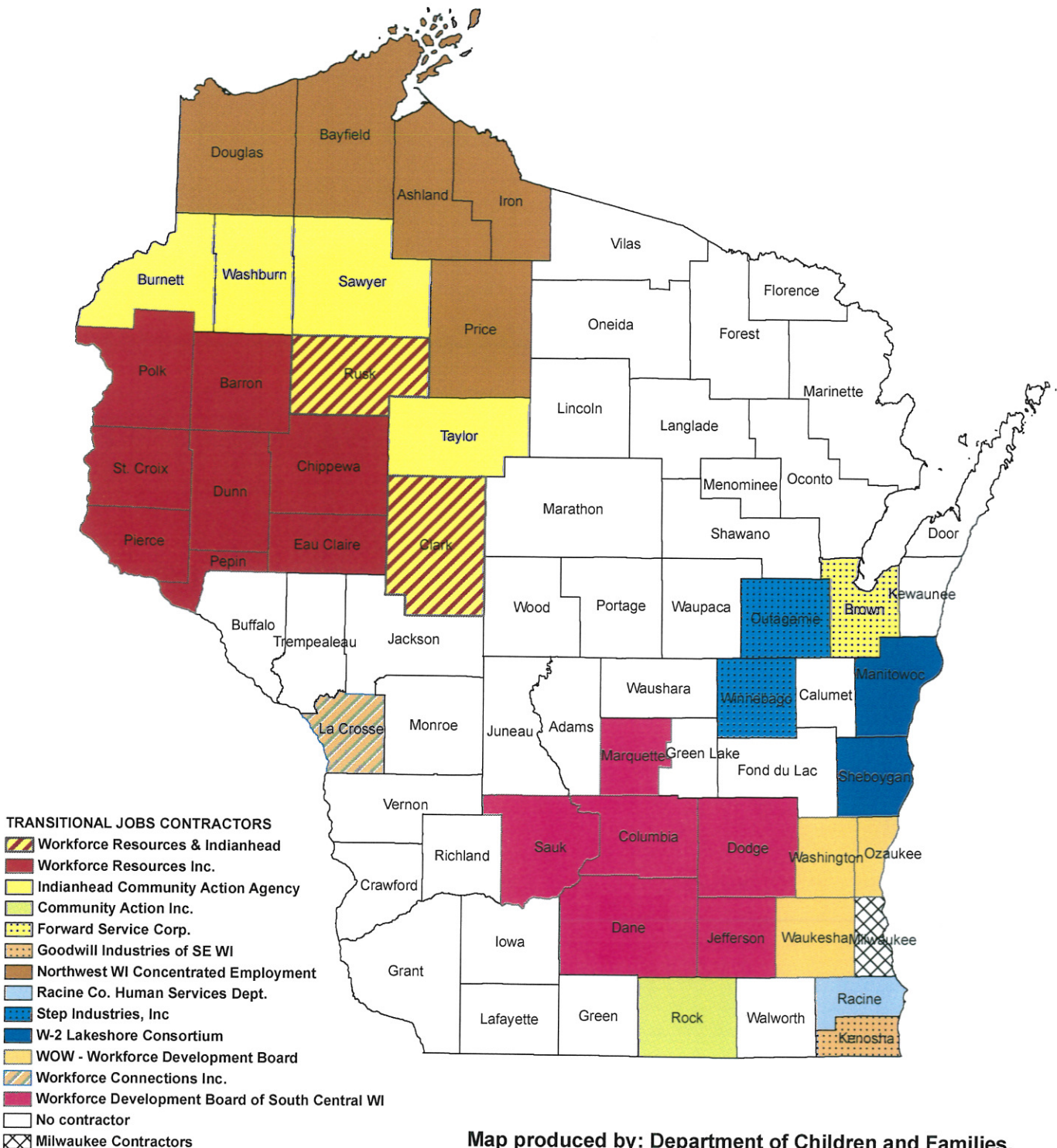
## The TJ Program Subsidized Jobs

The TJ contractors placed participants with for-profit, non-profit and public employers. Participants in the TJ program were paid the minimum wage—\$7.25 an hour—in their subsidized jobs. Employers could choose to supplement the wage if they wanted to pay the workers more, but program staff reported that this was not common.<sup>12</sup> Participants could work in subsidized jobs for up to 1,040 hours—the equivalent of six months on a full-time schedule.

Most participants (91 percent) worked in one subsidized position. The average time in a subsidized job was four months. About half of participants (52 percent) were in a subsidized position for three months or less, and 13 percent held a subsidized position for more than six months. About half (52 percent) were placed in subsidized jobs with non-profit agencies, 44 percent with for-profit firms, and 4 percent with government agencies. Nineteen percent of participants worked in subsidized positions at the contractor operating the TJ program.



# Transitional Jobs Contractors January 2011



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**Wisconsin Department of Children and Families**  
**Transitional Jobs Demonstration Project**

