

# Financing Transitional Jobs Programs

A STRATEGIC GUIDE TO FEDERAL FUNDING PROGRAMS



FINANCING STRATEGIES SERIES

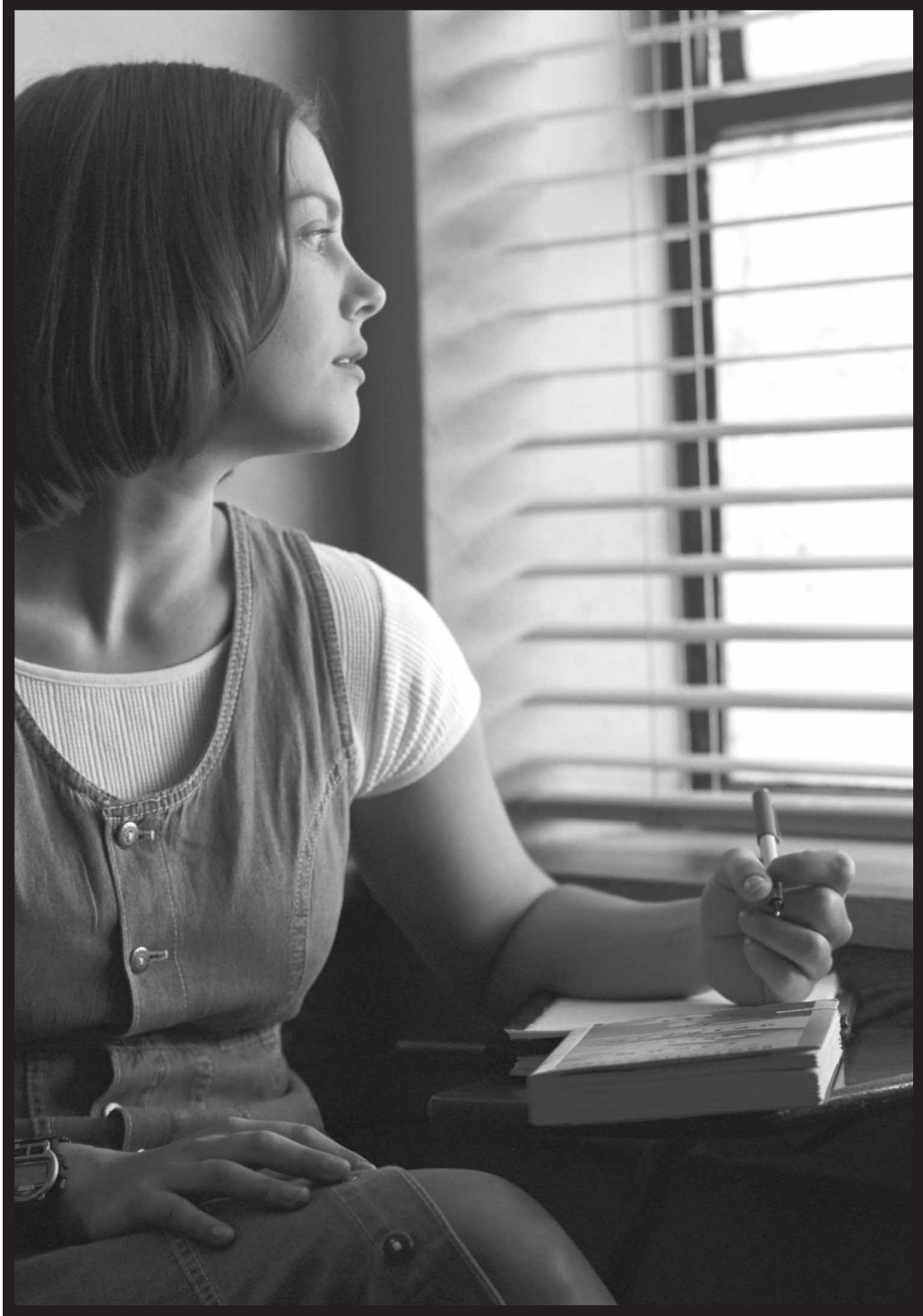
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# Financing Transitional Jobs Programs

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by David S. Kass



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# Preface

Strengthening families and making neighborhoods safe, economically viable places to live and raise a family are growing challenges in many communities across the country. Since 1996, the implementation of welfare reform has created new demands for job training, childcare, and other transitional services among former recipients of income assistance. Higher goals for educational achievement require new investments in teachers, schools, and special programs. Health care costs continue to rise, despite a decade of dramatic financing reforms. And in many towns and cities, renewing the economic and physical assets of the most disadvantaged neighborhoods is a high priority. Yet as the economic prosperity of the late 1990s recedes, public budget surpluses are evaporating and revenue projections are shrinking. As a result, state and local leaders face new pressures in their efforts to finance supports and services and improve the quality of life in their communities.

Finding funding to invest in human capital is almost always a matter of allocating scarce resources among competing priorities. Governments at all levels, corporations, and private philanthropies face growing needs, but in many cases have fewer available resources to meet them. In today's tight fiscal environment, therefore, it is critical for state and community leaders to think broadly and systematically about how to finance important education, family and children's services, and community development initiatives. This includes thinking about how resources can be generated as well as how they can be used best to support efforts that are effective and sustainable. How revenues are raised and how funds

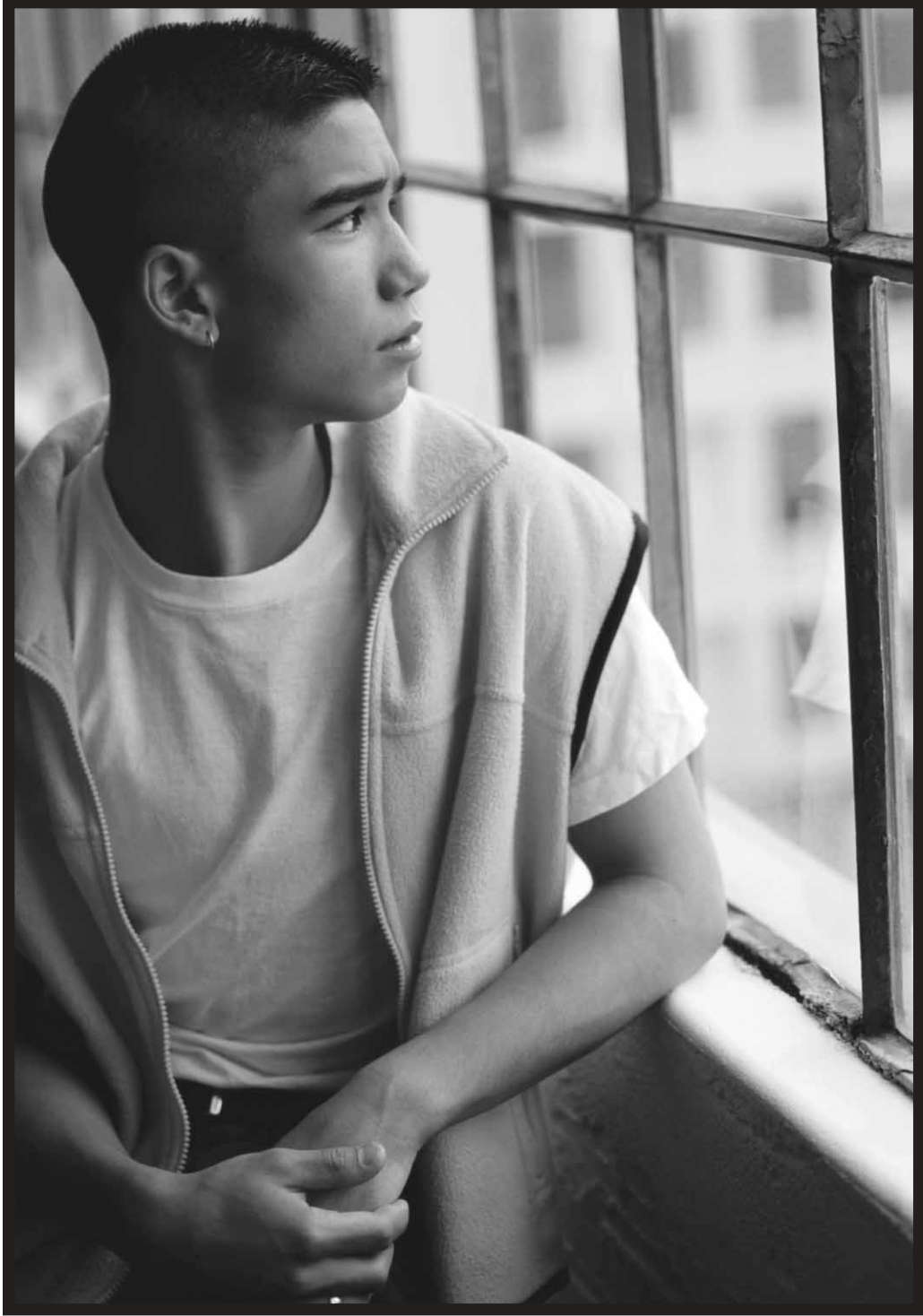
are channeled to schools, human service agencies, and community development initiatives influences what programs and services are available. It determines how services are provided and who benefits from them. Financing also affects how state and local officials define investments and program priorities, and it creates incentives that guide how educators, other service providers, and community volunteers do their jobs. In short, decisions on financing will fundamentally affect how successful and sustainable programs and institutions are in meeting the needs of the people and communities they are in business to service.

This brief, *Financing Transitional Jobs Programs: A Strategic Guide to Federal Funding Programs* represents an important addition to The Finance Project's body of published resources on financing supports and services for children, families, and communities. It is designed to assist decisionmakers as they seek to develop, sustain, or expand transitional jobs programs. It describes federal funding sources and financing strategies for three target populations: ex-offenders, homeless people, and youth. This brief was prepared on behalf of the Institute for Youth, Education, and Families (YEF) within the National League of Cities and was first published in December 2003. (To learn more about the YEF Institute, visit [www.nlc.org/iyef](http://www.nlc.org/iyef).)



Cheryl D. Hayes

Executive Director



# I. Introduction

An increasing number of communities are seeking to help individuals faced with multiple employment barriers succeed in the labor force through transitional jobs (TJ) programs. TJ programs offer temporary, paying jobs with support services and job placement assistance to individuals who are not served by more traditional job training and placement programs. These more intensive programs have been shown to be effective with hard-to-employ adults and youth, but not without a cost. TJ programs cost significantly more per client than employment programs for individuals who are more job-ready.<sup>1</sup>

## What are Transitional Jobs?

Transitional jobs are short-term, publicly subsidized jobs that combine real work, skill development, and support services to help participants overcome substantial barriers to employment. They operate in rural, urban, and suburban areas of the nation. Work placements are typically in public or nonprofit organizations. Workers are paid a wage—not a benefit—of between \$5.15 and \$8.00 per hour, and work between 20 to 35 hours per week. They remain in the program anywhere from three months to a year, and the majority of participants go on to find unsubsidized employment.

This strategy brief is designed to help local leaders seeking funding to develop, sustain, or expand transitional jobs programs. While significant work has already been done on financing TJ for individuals moving off of welfare, there is little information available on financing options for programs that serve other populations. This paper seeks to fill this information gap for three target groups—ex-offenders, homeless people, and youth—by describing federal funding sources and financing strategies that can support TJ programs for these populations.<sup>2</sup>

<sup>1</sup> Studies show that TJ programs typically cost between \$5,000 and \$7,000 per client. Transitional Jobs Network <http://www.transitionaljobs.net>.

<sup>2</sup> Importantly, this guide focuses on financing for TJ programs, not on program design. See “Additional Resources,” listed in the back of this guide, for more information on designing transitional jobs programs.

The following section outlines the cost structure of transitional jobs programs and the types of federal programs that can be used to meet these costs. Section III describes how transitional jobs may be an appropriate policy strategy for overcoming the employment obstacles faced by the three target populations and provides information on key federal funding sources for TJ programs serving these populations. Finally, Section IV provides more detailed information on the major federal funding sources for transitional jobs.

#### ARE TRANSITIONAL JOBS PROGRAMS EFFECTIVE?

Washington state created the Community Jobs program in 1998 to help welfare recipients with multiple barriers to employment. Community Jobs workers spend 20 hours a week in paid employment at public and nonprofit agencies, and another 20 hours per week in education and training. The state contracts with a range of community-based nonprofits that manage the program in their area, provide the work sites, and arrange for the supervision, training, and support services.<sup>3</sup> A University of Washington evaluation found the program increased the employment rate of participants by 33 percent, a finding that is consistent with other TJ program evaluations. For example, a Mathematica Policy Research study of six transitional jobs programs in both urban and rural areas

found that about 50 percent of the participants completed the programs, and between 81 percent and 94 percent of them got an unsubsidized job by the end of the program.<sup>4</sup>

#### REALITIES AND STRATEGIES FOR FINANCING TJ PROGRAMS

In the absence of an obvious federal funding source, financing TJ programs requires more work and creativity. In light of these challenges, a few general strategies can be helpful:

- *Build strong local coalitions and engage municipal leaders.*

Local coalitions and strong municipal leadership are important for: building community support and political will; gaining the buy-in of service providers who may be able to offer some of the program components in-kind; and expanding access to funding sources that may be targeted to different community partners or may require evidence of local collaboration. Strong local political coalitions and alliances (such as connections to corrections, criminal, and juvenile justice officials for ex-offender programs; education and juvenile justice officials for youth programs; and homeless providers and officials with state and federal housing agencies for programs for homeless people) can be key to successfully obtaining program funds. TJ initiatives may also benefit

<sup>3</sup> Clifford M. Johnson and Lana Kim, *Washington State's Community Jobs Initiative* (Washington, D.C.: Center on Budget and Policy Priorities, September 1999). Available at <http://www.cbpp.org/520wtw.htm>.

<sup>4</sup> Margy Waller, *Transitional Jobs: A Next Step in Welfare to Work Policy* (Washington, D.C.: The Brookings Institution, May 2002). Available at <http://www.brook.edu/dybdocroot/es/urban/publications/wallertransjobs.pdf>.



from building relationships with national networks and stakeholders, such as the National Association of Service and Conservation Corps and the National Youth Employment Coalition, for funding ideas and policy and program opportunities.

- *Tie TJ to emerging community priorities.*

An important factor in coalition building may involve educating officials and other organizations about how TJ programs are directly related to their agendas.<sup>5</sup> For example, in Baltimore, Maryland, Mayor Martin O'Malley has made public safety a top priority, and in doing so, has created an opportunity for an emerging TJ program that helps ex-offenders find and keep legitimate jobs.<sup>6</sup>

- *Tap existing sources of funding and in-kind support services.*

In some cases, TJ funding already may be available, but simply needs to be tied into a broader package. For example, in St. Paul, Minnesota, the city has a budget line item to pay for temporary workers.<sup>7</sup> When coordinated with a TJ program, this line item can help pay the wages

for TJ participants to work in city jobs for a time-limited period. As another example, Workforce Investment Act (WIA) funding for job placement can be used to help place TJ participants, even if WIA does not fund the whole program.

- *Combine funding from multiple sources.*

It is often necessary—and more sustainable—to piece together a variety of funding sources to cover the costs of running a TJ program. Sections III and IV offer more details on funding sources that can cover different components of a TJ program.

- *Think outside the “employment and training” world.*

Funding for other purposes—such as rehabilitation of housing, road construction, or environmental cleanup—may allow some of the money to be used to cover training and wages for individuals who work toward these desired outcomes. By creating transitional jobs that address the funding priority while developing transferable skills, a community can achieve several goals at once.

<sup>5</sup> See Erika Bryant and Carol Cohen, *Governance and Financing Strategies for State Networks of Comprehensive Community Collaboratives* (Washington, D.C.: The Finance Project, Winter 2003). Available at <http://www.financeprojectinfo.org/publications/collaborative.pdf>.

<sup>6</sup> Contact: Karen Sitnick, (410) 396-1910, or Email: [ksitnick@oedworks.com](mailto:ksitnick@oedworks.com).

<sup>7</sup> Contact: Jan Mueller, (651) 227-8471, or Email: [janM@lifetrackresources.org](mailto:janM@lifetrackresources.org).

- *Look beyond federal sources for start-up, expansion, or evaluation funding.*

TJ initiatives should consider developing a plan for both start-up funding and long-term sustainability. Since winning federal funding may take time, new TJ programs may want to explore alternate sources of funding for start-up costs. Even small grants can be invaluable to help hire a core staff that can begin the process of program design and fundraising. Investigate state, county, and local government funding sources (including many federal sources that are administered at the state or local level). Apply to national, regional, or local foundations. Partner with private businesses that may have an interest in creating a steady stream of entry-level workers with the experience and support necessary to be productive and reliable. TJ initiatives may have an easier time winning a longer commitment of federal money once they have developed their credibility through a smaller program that is running successfully.

- *Consider incorporating revenue-generating elements into the program design.*

Some communities have designed programs based fully or in part on the social enterprise model. In this model, transitional employees do work that not only develops their skills, but also helps generate revenue to maintain the

program. The program may supplement this with outside funding, but at a minimum it reduces the amount that must be raised elsewhere. For example, Pioneer Human Services (PHS) in Seattle, Washington, offers transitional job employment and training opportunities to high-risk populations, including ex-offenders and former substance abusers. PHS uses a social enterprise model, successfully integrating self-supporting businesses—a retail food service, a construction company, a distribution company, a hotel, and two manufacturing plants—with an array of client services.<sup>8</sup> Likewise, the Center for Employment Opportunities (CEO) in New York, New York, provides TJ through work crews of five to seven people each that carry out government contracts to do highway trash pickup, park maintenance, and custodial services.<sup>9</sup> LifeTrack Resources in Saint Paul, Minnesota, has created an affiliated packaging company that provides transitional employment for individuals with a variety of barriers, including refugees, welfare recipients, and people with disabilities.<sup>10</sup>

- *Pay attention to the size and availability of financing sources.*

Smaller financing sources such as the U.S. Department of Housing and Urban Development's YouthBuild program may be

<sup>8</sup> Contact: Hallie Goertz, (206) 766-7050, or Email: Hallie.Goertz@p-h-s.com.

<sup>9</sup> Contact: Mindy Tarlow, (212) 422-4430, or Email: mtarlow@ceoworks.org.

<sup>10</sup> Contact: Hallie Goertz, (206) 766-7050, or Email: Hallie.Goertz@p-h-s.com.

difficult to tap because the total amount of funding available for the entire nation is relatively small, compared with such programs as the Community Development Block Grant (CDBG) or the Temporary Assistance for Needy Families (TANF) programs. Additionally, some federal funding sources are geared more for employment and training support than others. The HOPE VI program, for example, provides funds primarily to rebuild distressed public housing, although up to 15

percent of the funds can be used for supportive services such as training programs. Since HOPE VI funds are not commonly viewed by Public Housing Authority (PHA) officials as funds available for training, local TJ leaders may have to convince their PHA not only of the merits of their particular form of employment and training assistance, but also that the PHA should be involved in funding this type of activity at all.<sup>11</sup>



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<sup>11</sup> Jeffrey M. Lubell, Director of the Policy Development Division, U.S. Department of Housing and Urban Development, provided information for this paragraph.



## II. Overview of Financing for Transitional Jobs

Transitional jobs programs tend to be expensive initiatives because of their intensive nature. For publicly funded TJ programs, wages and payroll taxes alone cost approximately \$6,000 a year for each participant working 20 hours a week.<sup>12</sup> Services to support program participants can cost an additional \$2,011 to \$14,406 per participant.<sup>13</sup> Below is a description of the cost structure of these programs and the types of federal programs that can support them.

### *COST STRUCTURE OF TRANSITIONAL JOBS PROGRAMS*

There are five main costs of TJ programs for which financing is needed:<sup>14</sup>

- *Wages:* Transitional jobs typically offer participants the opportunity to work for 20 to 35 hours a week for up to a year. Work placements are typically in public or nonprofit organizations, though some programs also subsidize transitional employment in private, for-profit companies. In the latter case, TJ placements are generally shorter, the cost of wages may be partially covered by the employer, and employers may be expected to hire any participants who work out during the subsidized placement (a requirement rarely made of public or nonprofit sites). Wages allow participants to pay into Social Security and qualify for the federal Earned Income Tax Credit, which provides a refundable credit of up to \$4,204 (in the 2003 tax year) for low-income workers and families.
- *Case Management:* Due to the significant barriers to employment faced by most TJ participants, case managers are an important resource to help participants cope with new workplace situations and navigate a variety of needed support services. Case managers with small caseloads may also take on other tasks, such as job coaching and placement.
- *Education and Training:* Most TJ programs provide access to job readiness, basic education, vocational skills, and other needed education and training based on individualized plans. In some cases, a program requires and provides on-site General Educational Development (GED) or skill training classes. In other cases, participants may be linked with a community college or outside training provider.

<sup>12</sup> This per-participant figure assumes a wage of \$5.00 per hour, 20 hours per week, 52 weeks per year. Costs can be higher or lower, depending upon the wages paid, hours worked, and the duration of employment.

<sup>13</sup> Gretchen Kirby et. al., *Transitional Jobs Programs: Stepping Stones to Unsubsidized Employment* (Washington, D.C.: Mathematica Policy Research, Inc., April 2002). Available at <http://www.mathematica-mpr.com/PDFs/transitionalreport.pdf>.

<sup>14</sup> Programs may also need to find core funding for such additional costs as project administration, staff training, data collection, and evaluation.

- *Support Services:* TJ participants may need services such as childcare, transportation assistance, health insurance, financial counseling, substance abuse treatment, or nutritional supports. While programs may need to absorb some of these costs (e.g., bus passes and on-site childcare), this is an area to look for opportunities to build partnerships for in-kind services.

- *Job Placement and Retention:* Unless TJ participants are placed in employment settings that ultimately may hire them, they will need support to find a permanent job elsewhere. In addition to job development activities and a supported job search, many programs provide between six months and a year of post-placement support, job counseling or even incentive payments to promote retention.

## General Strategies for Securing Federal Funding

When creating a financing plan for TJ programs, it is important to recognize that, while there is not a single source of federal funding that is specifically dedicated to transitional jobs, there are nonetheless many federal programs that can support some or all of their activities. However, many of these funding programs—such as the Community Development Block Grant (CDBG) and Workforce Investment Act (WIA) programs—are highly competitive and, consequently, may be difficult to secure. As a result, creating a viable financing strategy for TJ programs requires significant effort and creativity. In light of these challenges, the following general strategies may be helpful:

- **Have a clear vision of whom you want to serve, what you want to do and how you will know if you're successful.** You may have a new program or a new component within an established program, or you may want to replicate a successful program in another county or community. However, the key issue is to make sure that you and your partners agree on the goal and why it is important.
- **Ensure that the funding source fits the target population.** Whether ex-offenders, homeless individuals, or youth are the desired participants, confirm that they are eligible for services from the funding source.
- **Seek multiple funding sources.** Diversify. Don't expect to have all your funding needs met by one source. Many excellent community-based organizations depend on many sources of funding.
- **Consider the costs and benefits of seeking a particular type of funding.** The amount of money from the funding source should be worth the amount of time local leaders must spend to secure the money. Some federal funding sources are enormously complicated to secure and then require extensive paperwork to show the federal government that the funds are being spent appropriately. Local leaders must decide if the amount of money the TJ program is likely to receive and the odds of winning the money are good enough that the funding source is a good fit for the program.
- **Maximize your existing funding sources.** Make the best use of what you already have. Look at the overall budget of your program. Do you have state and local public funds that are not matched to any federal source? Do these funds support activities that could be claimed as a federal expense? Do you have services that could be claimed to a federal source that are funded with private donations or grants, or with other federal funds? See if there is a way that you can reconfigure your budget so that your state and local public funds leverage new federal funds for your program.
- **Find out who is in charge of the programs you want to access.** Find the name of a contact person for the federal program in which you're interested. Find out who makes decisions about the program in your state, county, or city, and when applications can be submitted.

## General Strategies for Securing Federal Funding (continued)

- **Talk to the decisionmakers.** This is especially important if you are asking a state agency to provide the nonfederal match of the federal program you hope to leverage. Find out what the agency's spending priorities are. Learn how agency officials make decisions about funding. Find out if they have a plan that identifies their priorities. Read the plan. If you want changes made, find out when and how the plan can be revised.
- **Increase your potential for accessing federal funds by networking and partnering.** Join a coalition or organization that shares your interests. Work with them to understand what their experience has been in getting federal funds. Building relationships with relevant networks and stakeholders, such as the National Association of Service and Conservation Corps, National Transitional Jobs Networks, and the National Youth Employment Coalition, is an excellent way to develop funding strategies, not to mention policy and program ideas. In addition, federal grants now require collaboration among a variety of community partners. By getting to know those partners, you can establish collaborations that will be in place when grant opportunities arise.
- **Keep good records.** If you're running a program but have never had federal funding, start routinely collecting data on your client population. Try to collect data that show who you serve and what results you achieve. If you already have funding, the data can help support service or site expansion. Your ability to keep good records will be an asset in efforts you undertake to leverage federal funds.

### FEDERAL SUPPORT FOR TRANSITIONAL JOBS PROGRAMS

Attempting to initiate or expand a transitional jobs program is made more difficult by the fact that there currently is no single source of federal funding for the creation of publicly-funded transitional jobs.<sup>15</sup> In 1981, Congress ended the Comprehensive Employment and Training Act (CETA) program that had provided federal funds to localities to create public jobs. Since then, no funding source has been developed specifically for that purpose. Nevertheless, the federal government administers several programs that can be used to support transitional jobs. These programs fall into three basic categories:

- **Grants:** The federal government provides both formula grants and competitive grants

that may be used to support TJ programs. Formula grants provide a fixed amount of money from the federal government to states or localities, based on established formulas that frequently are tied to population or poverty levels. Competitive grants also have a fixed level of funding, but are awarded on the basis of competitive applications. Recipients of competitive grants may be state, local, public or private entities depending on the program.

- **Tax credits:** Tax credits are financial incentives provided by the government to encourage certain types of behavior or activities. Tax credits provide dollar-for-dollar reductions in individuals' or businesses' tax obligations. Though tax credits generally do not provide direct benefits to local governments or

<sup>15</sup> Clifford M. Johnson and Steve Savner, *Federal Funding Sources for Public Job Creation Initiatives* (Washington, D.C.: Center on Budget and Policy Priorities, December 1999), p.1. Available at <http://www.cbpp.org/12-21-99wtw.htm>.

nonprofit organizations due to their tax-exempt status, public entities and nonprofits may be able to take advantage of tax credits by working with for-profit businesses (e.g., the business can use the tax credits to hire graduates of the nonprofit’s training programs).

- *Technical assistance and policy support:* Some federal programs do not provide funding, but instead give training or technical assistance to organizations on how to run programs more efficiently or effectively. In addition, the federal government provides policy supports that may bolster the work of transitional jobs programs (e.g., by requiring that individuals of a specific population be hired for federal projects or by making it easier to place individuals in jobs by extending certain protections to employers).

These categories provide a helpful framework for thinking about the array of federal support for transitional jobs. However, it is important to recognize that there can be tremendous variation in the requirements and restrictions of federal programs. In fact, one of the most challenging aspects of financing TJ programs is securing a portfolio of funding that covers all programmatic

costs while complying with the program restrictions of each funding source. Federal support for TJ programs generally place restrictions on one or more of the following:

- *Participant characteristics:* Federal programs are often targeted to specific populations and, therefore, may restrict the characteristics (such as age, place of residence, or income) of program beneficiaries for which their funds are used. For example, a program’s funds may be restricted to support only low-income residents or only youth 12-18 years of age.
- *Use of funds:* Federal programs may restrict which types of programmatic costs can be covered with its funds. For example, a given federal program may provide funds that can be used for training, but which cannot be used to cover wage subsidies or supportive services.
- *Other restrictions:* Federal programs may contain requirements that set parameters on other aspects of a TJ program’s design or structure. For example, a federal funding source may require a recipient of its funds to acquire matching funds from a nonfederal source or provide a specific type of training to its participants.



*Find out who makes decisions about the program in your state, county, or city, and when applications can be submitted.*



### III. Transitional Jobs for Target Populations

This section is divided into three parts, one for each of the three target populations: ex-offenders, homeless people, and youth. Each part describes the target population's need for transitional jobs programs, examples of successful TJ programs serving that population, and a brief summary of the federal programs most likely to support these initiatives.

#### *EX-OFFENDERS*

The United States has more imprisoned people per capita than any other nation in the world. Nearly 6.7 million people were in the criminal justice system at the end of 2002, a 52 percent increase since 1990, according to the U.S. Department of Justice's Bureau of Justice Statistics. The nation's adult corrections population now consists of nearly 2 million inmates in either prison or jail, 3.9 million probationers, and more than 731,000 parolees.<sup>16</sup>

Of the inmate population, an estimated 650,000 people are released from incarceration every year.<sup>17</sup> Whether or not these ex-offenders find employment has a significant impact on whether they commit another crime. Research now shows that employment significantly reduces recidivism, reversing conclusions from research in the 1970s that cast doubt on such a connection. One of the most widely cited field studies on the subject was conducted in 1994 by Miles Harer, who found that the more educational programs inmates successfully completed, the lower the recidivism rate. That study found that while 36 percent of inmates who completed at least one training program per six months of their term returned to prison, 44 percent of inmates who did not complete any training program returned.<sup>18</sup> Additionally, the study found that inmates who arranged for employment prior to release from prison were half as likely to return as those who did not find work before leaving.<sup>19</sup>

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<sup>16</sup> U.S. Department of Justice Bureau of Justice Statistics. See website <http://www.ojp.usdoj.gov/bjs/glance/corr2.htm>.

<sup>17</sup> U.S. Department of Justice website at <http://www.ojp.usdoj.gov/reentry/>.

<sup>18</sup> Maria L. Buck, *Getting Back to Work: Employment Programs for Ex-Offenders* (New York: Public/Private Ventures, Fall 2000), p.3. Available at [http://www.ppv.org/ppv/publications/assets/94\\_publication.pdf](http://www.ppv.org/ppv/publications/assets/94_publication.pdf).

<sup>19</sup> *Ibid.*, p.4.

However, many ex-offenders face significant barriers to finding gainful employment after they are released from prison. Some ex-offenders have few skills and limited employment experience, and many employers are reluctant to hire people with a criminal record. Ex-offenders with drug convictions face an additional impediment because of the 1996 federal welfare law, which prohibits ex-offenders with drug convictions from receiving Temporary Assistance for Needy Families (TANF) or food stamps.<sup>20</sup>

Because of these challenges, ex-offenders often need the supportive, wage-based work opportunities that transitional jobs can provide. Transitional jobs programs:

- Stabilize ex-offenders during a difficult and risky transition period by providing them with

immediate income to help cover living expenses, a positive routine, and hope that they can move ahead in legitimate employment.

- Allow ex-offenders to re-establish themselves as productive members of the workforce, while building a work history on their resumes.
- Provide an opportunity for ex-offenders to prove to their transitional employment supervisor that they are trustworthy and reliable, thereby developing a critical professional reference for when they are seeking unsubsidized employment.
- Link ex-offenders to community supports and help them manage the many—and sometimes competing—demands on their time, from working with their parole officers to finding housing to re-establishing custody of their children.



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<sup>20</sup> U.S. Department of Labor, *Hard Time to Full Time: Strategies to Help Move Ex-Offenders from Welfare to Work* (Washington, D.C.: U.S. Department of Labor, June 2001), p.4-5. Available at <http://wtw.doleta.gov/documents/hard.html>. Federal law requires states to impose a lifetime ban on the receipt of TANF assistance and food stamps by individuals convicted of drug felonies for conduct that occurred after 22 August 1996 – unless states enact legislation to opt out of or modify the ban. About half the states (24) have implemented a lifetime ban on TANF and food stamps, 18 have modified it in some way, and eight states and the District of Columbia have opted out of the ban. (For information on how each state has responded to the ban, see [http://wtw.doleta.gov/documents/hard\\_appen.html](http://wtw.doleta.gov/documents/hard_appen.html).)

## TJ for Ex-Offenders

### Center for Employment Opportunities

Created by the Vera Institute of Justice in the late 1970s, the Center for Employment Opportunities (CEO) is a New York City program serving nearly 1,800 ex-offenders. Most are from New York State's boot camp program with the average enrollee scoring below the seventh-grade level in reading and math. CEO accepts only nonviolent offenders (95 percent have drug-related offenses). Their Neighborhood Work Project (NWP) offers immediate, short-term paid employment opportunities through maintenance and repair services to government facilities. Participants are paid the minimum wage and receive checks daily within one week of their release. Through the program's relationship with the State Division of Parole, CEO has contracts with other state agencies for janitorial services and painting services.<sup>21</sup>

Contact: Mindy Tarlow, Executive Director, CEO, phone: (212) 422-4850, Email: [mtarlow@ceoworks.org](mailto:mtarlow@ceoworks.org).  
Website: <http://www.ceoworks.org>.

### Pioneer Human Services (PHS)

Pioneer offers transitional employment and training opportunities to high-risk populations, particularly ex-offenders and former substance abusers. PHS uses a social enterprise model, successfully integrating self-supporting businesses with an array of client services. These businesses include a retail food service, a construction company, a distribution company, a hotel, and two manufacturing plants. A major study of Pioneer funded by the Ford Foundation and The Annie E. Casey Foundation concluded that 6.4 percent of Pioneer trainees had been reincarcerated two years after leaving work release, compared to a 15.4 percent rate of reincarceration in a comparison group graduating from other work-release programs. The study also found that the Pioneer group earned more money and worked more hours than the comparison group.

Contact: Larry Fehr, Senior Vice President, PHS, phone: (206) 766-7023, website: <http://www.pioneerhumanserv.com>.

### FINANCING TJ PROGRAMS FOR EX-OFFENDERS

Below is a list of the major federal programs that can be used to support TJ initiatives for ex-offenders. These funding sources and their restrictions are discussed in greater detail in Section IV.

### MAJOR FEDERAL GRANTS FOR TRANSITIONAL JOBS PROGRAMS SERVING EX-OFFENDERS:

The major federal grants that could be used to finance a TJ initiative for ex-offenders are:

- *The Serious and Violent Reentry Initiative (SVRI)* is a program probably most directly aligned with

TJ initiatives serving ex-offenders. The U.S. Department of Justice serves as the lead agency and provides limited funds to states to help juvenile and adult (up to age 35) populations of serious, high-risk offenders return to the community. Other Departments, including the Departments of Labor, Health and Human Services, and Housing and Urban Development, also provide support through the initiative. States have significant discretion over how to expend those funds and usually work with local jurisdictions to develop reentry strategies. TJ leaders should contact state and local officials to determine whether their activities are consistent

<sup>21</sup> Buck, *Getting Back*, p.28.

with the state’s SVRI priorities and whether they may be able to access SVRI funds.

- *The Workforce Investment Act (WIA)* is a formula grant program that provides funds for paid work experience and training supports. However, every local community receives limited funding, and WIA’s program rules require beneficiaries to engage sequentially in core services, intensive services, and then training services. The rigidity of this funding program may not be compatible with the specific design of a TJ initiative serving ex-offenders. Nonetheless, TJ program leaders should contact the local Workforce Investment Board (WIB) to discuss whether WIA funds may be used for their activities.
- *The Community Development Block Grant (CDBG)* program of the U.S. Department of Housing and Urban Development awards annual formula grants to states and certain municipalities (called “entitlement communities”) to develop and sustain programs that enhance the economic and housing conditions of low- and moderate-income persons and neighborhoods. Grant recipients have significant flexibility in how they can spend CDBG funds and, at their discretion, may use their CDBG funds to support transitional jobs programs for ex-offenders. However, this flexibility leads to intense competition among communities hoping to tap into CDBG funds for a range of infrastructure, housing, economic development, and other core service needs.

#### OTHER FEDERAL GRANTS:

There are several other federal funding sources that could be used to finance pieces of a TJ initiative for ex-offenders, depending on the characteristics of the target population:

- *The Food Stamp Education and Training (FSET)* program offers states a small formula grant to provide adult recipients of food stamps with employment and training services. In addition to job search and other activities, the regulations permit FSET funds to be used for programs that increase participants’ employability “through actual work experience or training,” as well as “supported work.” States receive a federal grant to administer FSET and also a dollar-for-dollar unlimited match for program costs.<sup>22</sup> However, FSET cannot be used to pay for wages in a TJ program. Adult ex-offenders are eligible for these services so long as they meet income and asset tests for food stamps. However, TJ programs serving ex-offenders should check whether their state has chosen to exclude drug felons from receipt of FSET funds.
- *The State Vocational Rehabilitation Services Program* provides formula grants to state vocational rehabilitation (VR) agencies for training and job placement for individuals with disabilities. Although wages cannot be funded with this program, the other costs of a TJ program can be covered. The most likely TJ initiatives to qualify for this funding source are

<sup>22</sup> Center for Law and Social Policy (CLASP), *Federal Funding Sources for Transitional Jobs Programs* (Washington, D.C.: Center for Law and Social Policy, forthcoming). Contact: Steve Savner, [ssavner@clasp.org](mailto:ssavner@clasp.org).

those serving individuals with learning disabilities. Interested TJ initiatives should contact their state vocational rehabilitation agency.

- *The Youth Opportunity Grants and YouthBuild Programs* provide competitive grants that can be used to fund TJ initiatives that serve young offenders (up to age 21 for Youth Opportunity Grants; up to age 24 for YouthBuild). Youth Opportunity Grants can pay wages to TJ participants who successfully complete short-term education and training programs. YouthBuild can fund all five major TJ elements—wages, case management, education and training, support services, job placement and retention—although the program model is very specific and allows very little flexibility outside of it.
- *The Carl D. Perkins Vocational and Technical Education Act* provides formula grants for vocational and technical training. Grants are given to states, which use the funds to support a state plan for vocational education. Up to 1 percent of these funds can be used to serve youth and adults in state correctional institutions, although the funds cannot be used to pay wages to TJ participants. TJ initiatives interested in accessing these funds should contact their state board of vocational education and corrections agencies.
- *The Workplace and Community Transition Training for Incarcerated Youth Program* provides formula grants for training, employment counseling, and literacy services for incarcerated youth

(age 25 and under) within five years of release.

These funds cannot be used for wages.

- *The Life Skills for State and Local Prisoners Program* provides competitive grants for job training and other life skills training for incarcerated people. Funds may not be used to finance wages.
- *The Resident Opportunities and Self-Sufficiency (ROSS) and HOPE VI competitive grant programs* can benefit TJ initiatives that serve ex-offenders who are residents of public housing. ROSS grants can be used to fund case management, skill development, and supportive services for a TJ program. The HOPE VI program offers competitive grants to rebuild distressed public housing, but allows up to 15 percent of the funds available to be used for supportive services—funding that can provide stipends for people in training programs.<sup>23</sup> However, because housing authorities are now permitted to conduct background checks and deny housing to various types of ex-offenders, it may be increasingly difficult for ex-offenders to benefit from these two programs.
- *The Social Service Block Grant (SSBG) Program* provides formula grants to states, which determine how funds are spent. Although there is tremendous flexibility in how these funds may be spent, services supported with SSBG funds must be directed toward at least one of five goals, one of which is “achieving or maintaining self-sufficiency.” SSBG funds may not be used to pay wages to individuals.<sup>24</sup>

<sup>23</sup> Most communities, however, spend significantly less than 15 percent.

<sup>24</sup> One exception is that wages of welfare recipients employed in child day care can be funded with SSBG. See <http://www.cfda.gov/public/catalog.pdf>.

- *Temporary Assistance for Needy Families (TANF)* is the major federal welfare program and provides formula grants to states, which have significant discretion over how these funds are used. In addition to cash assistance, TANF funds can be used for a wide range of employment-related services (e.g. childcare and training) and can be used to cover wages in a TJ program. Although TANF provides cash assistance only to adult custodial parents, ex-offenders (both youth and adults) without children may be eligible for services funded with TANF grants. TJ programs serving ex-offenders should determine whether or not their state prohibits drug felons from receiving TANF funds.
- *Job Opportunities for Low Income Individuals (JOLI)* is a competitive grant program that provides up to \$500,000 to job initiatives, but only awards five to ten grants nationally a year. The program focuses on creating new employment opportunities and links to the TANF program in the community.
- *Renewal Communities, Empowerment Zones, and Enterprise Communities funds:* Renewal Communities (RCs), Empowerment Zones (EZs), and Enterprise Communities (ECs) are geographic areas that have been designated by the U.S. Department of Housing and Urban Development (HUD) to receive certain federal funds and tax incentives for community development activities. RCs, EZs, and ECs may have limited federal money available for TJ programs

operating in their neighborhoods. Restrictions on fund use will vary from location to location.

- *Operation Weed and Seed* is a U.S. Department of Justice program that targets high-crime neighborhoods with a two-pronged strategy: 1) “weed” out the criminals through enhanced enforcement, and 2) “seed” the neighborhood with human services encompassing prevention, intervention, treatment, and neighborhood revitalization. Grants are limited to a maximum of \$225,000 per designated neighborhood and are intended to be leveraged with other public and private resources. “Seed” funds may be used for job training and placement activities, including those for ex-offenders.

#### TAX CREDITS:

- TJ initiatives can partner with Workforce Investment Act (WIA) On-the-Job (OJT) contracts to subsidize a portion of the wages (see WIA details in Section IV for more information).
- Employers who are located in an Empowerment Zone (EZ) or Renewal Community (RC) and hire ex-offenders who are residents of EZs or RCs may be eligible to receive tax credits on wages paid to these employees. The Empowerment Zone Employment Wage Credit provides a tax credit of up to \$3,000 a year to EZ employers for every employee who is a resident of the EZ. The Renewal Community Employment Credit provides a credit worth up to \$1,500 a year to RC businesses for every employee who is a resident of the RC.

## Allowable Uses of Federal Grants for TJ Programs Serving Ex-Offenders

Name of Program	Wages	Case Management	Skill Development	Support Services	Job Placement and Retention
Serious and Violent Reentry Initiative	Yes <sup>25</sup>	Yes	Yes	Yes	Yes
Workforce Investment Act (WIA)	Yes	Yes	Yes	Yes	Yes
Community Development Block Grant (CDBG)	Yes	Yes	Yes	Yes	Yes
Food Stamp Education and Training (FSET)	No	Yes	Yes	Yes	Yes
State Vocational Rehabilitation Services	No	Yes	Yes <sup>26</sup>	Yes <sup>27</sup>	Yes
Youth Opportunity Grant	Yes	Yes	Yes	Yes	Yes
YouthBuild	Yes	Yes	Yes	Yes	Yes
Perkins Vocational and Technical Education Act	No	Yes	Yes	Yes <sup>28</sup>	Yes
Workplace and Community Transition Training for Incarcerated Youth	No	Yes	Yes	No	Yes
Life Skills for State and Local Prisoners Program	No	Yes	Yes	No	Yes
Resident Opportunities and Self-Sufficiency Program (ROSS)	Yes <sup>29</sup>	Yes	Yes	Yes	Yes
HOPE VI	Yes <sup>30</sup>	Yes	Yes	Yes	Yes
Social Service Block Grants	No	Yes	Yes	Yes	Yes
Temporary Assistance for Needy Families (TANF)	Yes	Yes	Yes	Yes	Yes
Job Opportunities for Low-Income Individuals (JOLI)	Yes	Yes	Yes	Yes	Yes
Renewal Communities (RCs), Empowerment Zones (EZs), Enterprise Communities (ECs)	Yes	Yes	Yes	Yes	Yes
Operation Weed and Seed	Yes	Yes	Yes	Yes	Yes

<sup>25</sup> Although funds from the Department of Justice cannot be spent on wages or stipends, the Department of Labor may offer funds through the initiative that can be used for stipends, provided they are used in connection with conferences, symposia, or training projects.

<sup>26</sup> Skill development services financed with ROSS funds must be comprehensive and go beyond those found in routine job training programs.

<sup>27</sup> Services that can be supported by ROSS funds include work evaluation services; assessment for and provision of assistive technology, such as customized computer interfaces for persons with physical or sensory disabilities; job counseling services; and medical and therapeutic services.

<sup>28</sup> For details, see U.S. Department of Education Program Memorandum OVAE/DVTE-99-13, *Services That Prepare Individuals for Nontraditional Training and Employment and Related Issues* (Dependent Care and Other Direct Assistance to Students). Available at <http://www.ed.gov/about/offices/list/ovae/pi/cte/vocnontrad13.html>

<sup>29</sup> According to HUD rules, up to \$200 per month of ROSS funds can be used for stipends per individual.

<sup>30</sup> Public housing residents who receive a stipend up to \$200 per month will not have their income affected; any amount above \$200 per month will be counted as income (and may increase their rent). Individuals who qualify for a stipend but are not public housing residents who qualify for other government programs may also be affected.

### TECHNICAL ASSISTANCE AND POLICY SUPPORT:

- The U.S. Department of Justice’s National Institute of Corrections provides a range of technical assistance to staff that provide employment assistance to ex-offenders, such as the Offender Employment Specialist Training and the Offender Workforce Development Specialist Training.
- The Federal Bureau of Prison’s Inmate Placement Program branch can provide assistance in holding real and mock job fairs for soon-to-be-released prisoners.
- The Federal Bonding Program through the U.S. Department of Labor indemnifies employers from the loss of money or property caused by dishonest acts of their employees. The bond is free to the employer and serves as an incentive to the company to hire a job applicant who is an ex-offender.
- A number of states also offer options for sealing and expunging records.

### HOMELESS PEOPLE

Under federal law, a person is considered homeless if he or she lacks a fixed, regular home, or lives in a shelter or other temporary institution.<sup>33</sup> Although figures on the number of homeless people vary, the

Urban Institute estimated in a February 2000 report that at least 2.3 million adults and children—nearly 1 percent of the nation’s population—are likely to experience homelessness at least once during a year.<sup>34</sup> Research cited by the National Coalition for the Homeless estimates that the number of people who are homeless on any given night exceeds 700,000.<sup>35</sup>

One of the challenging factors in addressing unemployment among the homeless is the “Catch-22” that many homeless people face. On the one hand, it is difficult to get a job without a permanent address. Paradoxically, securing a permanent place to live without a steady income is also next to impossible. Transitional jobs offer an important strategy for helping homeless people break this cycle by providing an opportunity for homeless people to work while they are still in a shelter or transitional living facility. The income can help them obtain more permanent housing, which in turn can provide the stability necessary for unsubsidized employment. As with ex-offenders, TJ programs provide critical support services to help stabilize and provide a safety net for individuals and families who were recently homeless. In addition, the opportunity to work allows homeless people to strengthen their work histories, which may not be substantial and likely include long interruptions.

<sup>33</sup> As defined in the Stewart B. McKinney Homeless Assistance Act, U.S. Code, title 42, sec. 11302 (2001), a homeless person “lacks a fixed, regular, and adequate night-time residence, and ... has a primary night-time residency that is: (A) a supervised publicly or privately operated shelter designed to provide temporary living accommodations... (B) an institution that provides a temporary residence for individuals intended to be institutionalized, or (C) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.” The term “ ‘homeless individual’ does not include any individual imprisoned or otherwise detained pursuant to an Act of Congress or a state law.” [42 U.S.C. § 11302(c)].

<sup>34</sup> For more information, see [http://www.urban.org/uploadedPDF/end\\_homelessness.pdf](http://www.urban.org/uploadedPDF/end_homelessness.pdf).

<sup>35</sup> For more information, see the National Coalition for the Homeless’s Fact Sheet #2, *How Many People Experienced Homelessness*, available at [www.nationalhomeless.org/numbers.html](http://www.nationalhomeless.org/numbers.html).

## TJ for Homeless People

### Project Comeback

Project Comeback, located in New York City and part of the SoHo Partnership, is a six-month program offering comprehensive employment readiness training to homeless people. In 1992, SoHo Partnerships was created to provide job training through community enhancement projects to homeless individuals recovering from alcohol and drug abuse. The six-month paid internship helps homeless people reach self-sufficiency while receiving training and counseling. The formerly homeless receive counseling, peer support, presentation skills, resume writing, interview skills, money management, job-related workshops, internship placement, and transitional support. The participants' work includes street sweeping, refuse removal, a community-wide recycling program, tree care and maintenance, an urban parks renewal project, and snow and ice removal. Toward the end of the six months, work opportunities are identified for eligible clients, and referrals are provided for full-time employment. Since July of 1997, over 200 men and women who entered the PC program have reentered the work world in full-time, permanent positions. Since 1999, over 87 percent of graduates continue to remain employed one year or longer. Follow-up services are included, and individual incentives are offered to encourage long-term employment.<sup>36</sup>

Contact: Carol Davis, Program Director, The SoHo Partnership. Phone: (212) 274-0550, ext.18.  
Website: [http://www.ace4homeless.org/ace/p/prog\\_pcomeback.html](http://www.ace4homeless.org/ace/p/prog_pcomeback.html).

### The Doe Fund

The Doe Fund is a New York-based nonprofit organization whose mission is to help homeless and disadvantaged men and women achieve lives of independence and self-sufficiency. The Doe Fund's primary goal is to provide these individuals with the job-skills training, social support services, and the paid employment experience necessary to secure and maintain private sector employment and self-supported housing. The Doe Fund's Ready, Willing, and Able program provides a structured environment in which roughly 1,300 residential program participants can restore their self-esteem and regain power over their lives by becoming self-sufficient and productive members of society. Sixty-two percent of those who enter the program graduate to permanent jobs and remain housed for follow-up periods of up to three years.

Contact: Alton Johnson, Director of Ready, Willing, & Able Program, The Doe Fund, Inc., 232 East 84<sup>th</sup> Street, New York, NY 10028.  
Phone: (212) 628-5207. Website: <http://www.doe.org>.

### FINANCING TJ PROGRAMS FOR HOMELESS PEOPLE:

Following is a list of major federal programs that can be used to support TJ for homeless men and women. These funding sources and their restrictions are discussed in greater detail in Section IV.

### MAJOR FEDERAL GRANTS FOR TRANSITIONAL JOBS PROGRAMS SERVING HOMELESS

The major sources of federal funding for TJ initia-

tives serving the homeless include the Supportive Housing Program (SHP), the Workforce Investment Act (WIA), Community Development Block Grant (CDBG), and Temporary Assistance to Needy Families (TANF) programs.

- *The Supportive Housing Program (SHP)* established by the Stewart B. McKinney Homeless Assistance Act, is designed to develop supportive housing and services to help homeless persons live as independently as possible. The program provides grants that can be used for employment

<sup>36</sup>Michelle Mullenix, *Transitional Services for Homelessness Families*, Welfare Information Network, Issue Note, vol. 3, no. 9, (December 1999). Available at <http://www.financeproject.org>.

and training services, though SHP funds cannot be used to pay wages directly. The U.S. Department of Housing and Urban Development (HUD) awards SHP funds annually through a competitive process.

- *Workforce Investment Act (WIA)* is a formula grant program under the U.S. Department of Labor that provides funds that can be used for paid work experience and training supports. However, every local community receives limited funding and WIA’s program rules require beneficiaries to engage sequentially in core services, intensive services, and then training services. The rigidity of this program may not be compatible with a specific TJ initiative’s program design. Nonetheless, TJ programs who want to inquire about using these funds to serve homeless individuals should contact the local Workforce Investment Board (WIB).
- *The Community Development Block Grant (CDBG) program* of the U.S. Department of Housing and Urban Development awards annual formula grants to states and certain municipalities (called “entitlement communities”) to develop and sustain programs that enhance the economic and housing conditions of low- and moderate-income persons and neighborhoods. Grant recipients have significant flexibility in how they can spend CDBG funds and at their discretion may use their CDBG funds to support transitional jobs programs serving the homeless. However, the great flexibility in how localities may use CDBG funds leads to intense competition among communities hoping to tap into CDBG funds for

a range of housing, economic development, and social service needs.

- *Temporary Assistance for Needy Families (TANF)* is the major federal welfare program and provides formula grants to states, which have significant discretion over how the funds are used. In addition to cash assistance, TANF funds can be used for a wide range of employment-related services (e.g., childcare and job training). Transitional jobs programs for homeless individuals may be eligible to receive TANF funds.

#### OTHER FEDERAL GRANTS:

There are several federal funding sources that could finance pieces of a TJ initiative for homeless people, depending upon the characteristics of the target population. They are:

- *YouthBuild may fund TJ programs* that focus on youth (up to age 24). YouthBuild is a federal competitive grant program that can fund all five major TJ elements—wages, case management, education and training, support services, job placement, and retention—although the program model is very specific and allows very little flexibility outside of it. Homeless youth is one of the program’s target populations.
- *The Food Stamp Education and Training (FSET)* program provides states with a separate, relatively small funding stream to provide adult recipients of food stamps with employment and training services. Homeless people with or without children are eligible for FSET, if they qualify to receive food stamps. In addition to job search and other activities, the regulations permit FSET

funds to be used for programs that increase participants' employability "through actual work experience or training," as well as "supported work." States receive a federal grant to administer FSET and also a dollar-for-dollar unlimited match for program costs.<sup>37</sup> FSET cannot be used to pay wages.

- *The Homeless Veterans' Reintegration Project* assists homeless veterans in reintegrating into the workforce through job counseling, development, and placement, and through supportive services such as clothing, shelter, and transportation. Local TJ programs should check with the U.S. Department of Labor's Veterans' Employment and Training Service office to see if funds were awarded to their area.
- *Job Opportunities for Low Income Individuals (JOLI)* is a competitive federal grant program through the U.S. Department of Health and Human Services that provides up to \$500,000 per grant, but only provides five to ten grants nationally per year. The program focuses on creating new employment opportunities and links to the TANF program in the community.
- *The State Vocational Rehabilitation Services Program* provides formula grants to state vocational rehabilitation (VR) agencies for training and job placement for individuals with disabilities. Although wages cannot be funded with this program, the other parts of a TJ program can be funded. The most likely TJ initiatives to qualify for this funding source are those serving individuals with learning disabilities. Interested TJ

initiatives should partner with the state vocational rehabilitation agency.

- *Social Services Block Grant (SSBG)* provides formula grants to states, which determine how funds are spent. Although there is tremendous flexibility in how these funds may be spent, services supported with SSBG funds must be directed toward at least one of five goals, one of which is "achieving or maintaining self-sufficiency."
- *Renewal Communities, Empowerment Zones, and Enterprise Communities funds:* Renewal Communities (RCs), Empowerment Zones (EZs), and Enterprise Communities (ECs) are geographic areas that have been designated by the U.S. Department of Housing and Urban Development (HUD) to receive certain federal funds and tax incentives for community development. RCs, EZs, and ECs may have limited federal money available for TJ programs operating in their neighborhoods. Restrictions on fund use will vary from location to location.
- *Operation Weed and Seed* is a U.S. Department of Justice program that targets high-crime neighborhoods with a two-pronged strategy: 1) "weed" out the criminals through enhanced enforcement, and 2) "seed" the neighborhood with human services encompassing prevention, intervention, treatment, and neighborhood revitalization. Grants are limited to a maximum of \$225,000 per designated neighborhood and are intended to be leveraged with other public and private resources. "Seed" funds may be used for job training and placement activities.

<sup>37</sup> Center for Law and Social Policy, *Federal Funding*.

## Allowable Uses of Federal Grants for TJ Programs Serving the Homeless

Name of Program	Wages	Case Management	Skill Development	Support Services	Job Placement and Retention
McKinney Homelessness Supportive Housing Program (SHP)	No	Yes	Yes	Yes	Yes
Workforce Investment Act (WIA)	Yes	Yes	Yes	Yes	Yes
Community Development Block Grant (CDBG)	Yes	Yes	Yes	Yes	Yes
Temporary Assistance for Needy Families (TANF)	Yes	Yes	Yes	Yes	Yes
YouthBuild	Yes	Yes	Yes	Yes	Yes
Food Stamp Education and Training (FSET)	No	Yes	Yes	Yes	Yes
Homeless Veterans' Reintegration Project	Yes <sup>38</sup>	Yes	Yes	Yes	Yes
Job Opportunities for Low-Income Individuals (JOLI)	Yes	Yes	Yes	Yes	Yes
State Vocational Rehabilitation Services	No	Yes	Yes <sup>39</sup>	Yes	Yes
Social Service Block Grants (SSBG)	No	Yes	Yes	Yes	Yes
Renewal Communities (RCs), Empowerment Zones (EZs), Enterprise Communities (ECs)	Yes	Yes	Yes	Yes	Yes
Operation Weed and Seed	Yes	Yes	Yes	Yes	Yes

<sup>38</sup> Program funds generally are not used for wages, although may be used to pay an incentive for completing a training program or a certain number of days at an unsubsidized job after a training program.

<sup>39</sup> Services must be comprehensive and go beyond those found in routine job-training programs.

### TAX CREDITS:

TJ initiatives can partner with WIA On-the-Job (OJT) contracts to subsidize a portion of the wages (see WIA details in Section IV for more information).

### TECHNICAL ASSISTANCE AND POLICY SUPPORT:

A potential source of support for TJ programs is the U.S. Department of Housing and Urban Development's Section 3 hiring obligations, which require that 30 percent of new hires supported by certain public housing or community development funds come from low-income households. Regulations also state that generally 10 percent of the contracting opportunities generated from the use of housing and community development funds should be targeted to businesses controlled by, or that provide significant numbers of jobs for, public housing residents or other low-income people. Section 3 gives priority to homeless people for jobs, training, and contracting opportunities funded under the Stewart B. McKinney Homeless Assistance Act. Although Section 3 regulations will not result in direct funding for TJ programs, public housing officials may be willing to partner with TJ initiatives that can provide job preparation, access, and retention services. It is important to note that Section 3 has not been well utilized across the country, and local officials may not be aware of its potential.

### YOUTH

Youth who are employed—or involved in educational

activities leading to employment—are less likely than their unemployed peers to engage in negative behavior such as dropping out of school, becoming teen parents, or using illegal drugs. However, finding and maintaining a job can be an enormous challenge for young adults: in 1999, the unemployment rate for people ages 16-24 was more than six times higher than for the overall market (26 percent versus 4.2 percent).<sup>40</sup>

Research by the nonprofit National Youth Employment Coalition found that youth often progress through a number of jobs before they develop a long-term attachment to the labor market upon reaching their late twenties. During this long process, a great deal of support and follow-up are necessary to help youth maintain their jobs, get a new job, return to school, or stay in school.<sup>41</sup>

Supportive transitional employment services for youth appear to produce significant returns to youth and the community. The Youth Development and Research Fund found that every dollar invested in youth results in more than two dollars returned to the economy in the form of wages and reduced welfare benefits.<sup>42</sup> A 14-month study of youth TJ programs by Abt Associates, funded under the National and Community Service Act, found that youth community service projects returned a value of more than one dollar per service hour, as well as additional benefits, such as increased wages for African-American young men.<sup>43</sup>

<sup>40</sup> Economic Policy Institute, *Crime and Work: What We Can Learn From the Low-Wage Labor Market, Executive Summary*, p.2. Available at [http://www.epinet.org/content.cfm/books\\_crimeandwork](http://www.epinet.org/content.cfm/books_crimeandwork).

<sup>41</sup> April Kaplan, *Youth at Risk of Welfare Dependency*, p.5. Available at [www.financeproject.org](http://www.financeproject.org).

<sup>42</sup> Ibid.

<sup>43</sup> See [http://www.abtassoc.com/reports/ES-ccc\\_youth\\_0596.pdf](http://www.abtassoc.com/reports/ES-ccc_youth_0596.pdf).

## TJ for Youth

### Casa Verde Builders Program

The Casa Verde Builders Program serves at-risk youth ("at-promise," as the initiative calls them) ages 17-25 in Austin, Texas and surrounding Travis County, Texas. In a typical program cycle, Casa Verde enrolls 64 youths who have dropped out of school, been negatively involved with the criminal justice system, or come from low-income families. The majority of participants are from the east Austin neighborhoods where Casa Verde builds houses. Participants commit at least six months to the program, receive a stipend, and spend half their time completing on-site construction training activities and half in educational activities at American Youth Work's Charter High School. The educational program for Casa Verde requires participants to gain competency in three broad areas: academic foundation skills, career preparation, and project-based community service learning. Casa Verde and its parent organization run a wide variety of youth programs, including a leading YouthBuild program and an Environmental Corps.

Contact: Richard Halpin, Founder/CEO, American Youth Works, Phone: (512) 472-3395, Email: rhalpin@ail.org, website: <http://www.ail.org/cub.html>.

### San Antonio Youth Opportunity Program

The goal of the Youth Opportunity (YO!) Program is to increase the long-term employment and education of youth residing in the San Antonio Empowerment Zone. Through this program, young adults (ages 14-21) in the Empowerment Zone go through a process of career assessment and exploration, and then have opportunities for paid, transitional employment through subsidized employment, internships, apprenticeships, on-the-job training, and special community learning projects. Participating youth are generally paid \$8.75 an hour and have access to a variety of job readiness, skill development, and support services in addition to the transitional employment experience.

Contact: Lynn Stewart, Social Services Manager, Department of Community Initiatives, Phone: (210) 207-6107, website: <http://www.sanantonio.gov/commit/yo/yomain.asp>.

### LA Conservation Corps

The Los Angeles Conservation Corps annually employs approximately 300 youths, ages 18-23, who need job experience and a high school diploma. These young people build trails in natural areas, improve parks, clear brush to reduce fire hazards, respond to natural disasters, and provide environmental education to students at elementary schools.

Contact: Bruce Saito, Executive Director, Phone: (213) 747-1872 ext. 305, Email: bsaito@lacorps.org, website: <http://www.lacorps.org>.

### *FINANCING TJ PROGRAMS FOR YOUTH*

Following is a list of major federal programs that can be used to support TJ for youth. These funding sources and their restrictions are discussed in greater detail in Section IV.

### *MAJOR FEDERAL GRANTS FOR FINANCING TJ PROGRAMS SERVING YOUTH:*

- *Youth Opportunity Grants and YouthBuild* are two competitive grant programs that may fund TJ initiatives focusing on youth (up to age 21 for

Youth Opportunity Grants, and up to age 24 for Youthbuild). Youth Opportunity Grants can pay wages to TJ participants who successfully complete short-term education and training programs. Youthbuild can fund all five major TJ elements—wages, case management, education and training, support services, job placement, and retention—although the program model is very specific and allows very little flexibility outside of it.

- *AmeriCorps* is a competitive grant program that provides funds to promote public service. AmeriCorps volunteers receive a modest living allowance, health coverage, and childcare (for those who qualify) to provide a broad range of community service for approximately one year. AmeriCorps participants must be at least 17 years old (there is no upper age limit). TJ initiatives can apply to their state AmeriCorps program or to the national AmeriCorps program for funding (TJ programs are most likely to get funds through the state service commissions—see Section IV for more details).
- *The Workforce Investment Act (WIA)* is a formula grant program that provides funds for workforce development activities for adults, dislocated workers, and youth. Under WIA, all local Workforce Investment Boards (WIBs) must establish youth councils to oversee the youth components of the WIA program. However, every local community receives limited youth funding and WIA’s program rules require that ten program elements, reflecting a focus on

youth development, be made available to youth participants as well as one year of follow-up services. These program requirements may hamper TJ programs’ ability to design programs that they deem to be the most effective at serving youth. Nonetheless, TJ programs may want to contact the local WIB to discuss their interest in funding TJ programs for youth.

- *Temporary Assistance for Needy Families (TANF)* is the major federal welfare program and provides formula grants to states, which have significant discretion over how these funds are used. In addition to cash assistance, TANF funds can be used for a wide range of employment-related services. Transitional jobs programs serving youth may be eligible to receive TANF funds.
- *The Community Development Block Grant (CDBG)* program of the U.S. Department of Housing and Urban Development awards annual formula grants to states and certain municipalities (called “entitlement communities”) to develop and sustain programs that enhance the economic and housing conditions of low- and moderate-income persons and neighborhoods. Grant recipients have significant flexibility in how they can spend CDBG funds and, at their discretion, may use their CDBG funds to support transitional jobs programs serving youth. However, this flexibility leads to intense competition among communities hoping to tap into CDBG funds for a range of community infrastructure, housing, economic development, and other core service needs.

OTHER FEDERAL GRANTS:

- *The Carl D. Perkins Vocational and Technical Education Act* provides formula grants for vocational and technical education programs and services. These grants are awarded to states, which use the funds to support a state plan for vocational education. TJ initiatives should partner with state boards of vocational education agencies.
- *The State Vocational Rehabilitation Services Program* provides formula grants to state vocational rehabilitation (VR) agencies for training and job placement. Although wages cannot be funded with this program, the other parts of a TJ program can be funded. The most likely TJ initiatives to qualify for this funding source are those serving individuals with learning disabilities. Interested TJ initiatives should partner with the state vocational rehabilitation (VR) agency.
- *The Workplace and Community Transition Training for Incarcerated Youth* program provides training, employment counseling, and literacy services to incarcerated youth, age 25 and under, within five years of release.
- *The Social Services Block Grant (SSBG)* program provides formula grants to states, which determine how funds are spent. Although there is tremendous flexibility in how these funds may be spent, services supported with SSBG funds must be directed toward at least one of five goals, one of which is “achieving or maintaining self-sufficiency.” SSBG funds may not be used to pay wages to individuals.<sup>44</sup>
- *Renewal Communities (RCs), Empowerment Zones (EZs), and Enterprise Communities (ECs)* are geographic areas that have been designated by the U.S. Department of Housing and Urban Development (HUD) to receive certain federal funds and tax incentives for community development. RCs, EZs, and ECs may have limited federal money available for TJ programs operating in their neighborhoods. Restrictions on fund use will vary from location to location.
- *The Resident Opportunities and Self-Sufficiency (ROSS) and HOPE VI* competitive grant programs can benefit TJ initiatives that serve youth who are residents of public housing. ROSS grants can be used to fund case management, skill development, and supportive services for a TJ program. The HOPE VI program offers competitive grants to rebuild distressed public housing, but allows up to 15 percent of the funds available to be used for supportive services—funding that can provide stipends for people in training programs.<sup>45</sup>
- *Operation Weed and Seed* is a U.S. Department of Justice program that targets high-crime neighborhoods with a two-pronged strategy: 1) “weed” out the criminals through enhanced enforcement, and 2) “seed” the neighborhood with human services encompassing prevention, intervention, treatment, and neighborhood revitalization. Grants are limited to a maximum of \$225,000 per designated neighborhood and are intended to be leveraged with other public and private resources. “Seed” funds may be used for job training and placement activities.

<sup>44</sup> One exception is that wage of welfare recipients employed in child day care can be funded with SSBGs. See [http://12.46.245.173/pls/portal30/SYSTEM.PROGRAM\\_TEXT\\_RPT.SHOW3p\\_arg\\_names=prog\\_nbr&p\\_arg\\_values=93.667](http://12.46.245.173/pls/portal30/SYSTEM.PROGRAM_TEXT_RPT.SHOW3p_arg_names=prog_nbr&p_arg_values=93.667)

<sup>45</sup> Most communities, however, significantly spend less than 15 percent.

## Summary of Federal Grants for TJ Programs Serving Youth

Name of Program	Wages	Case Management	Skill Development	Support Services	Job Placement and Retention
Youth Opportunities Grant	Yes	Yes	Yes	Yes	Yes
YouthBuild <sup>46</sup>	Yes	Yes	Yes	Yes	Yes
AmeriCorps	Yes	Yes	Yes	Yes	Yes
Workforce Investment Act (WIA)	Yes	Yes	Yes	Yes	Yes
Temporary Assistance for Needy Families (TANF)	Yes	Yes	Yes	Yes	Yes
Community Development Block Grant (CDBG)	Yes	Yes	Yes	Yes	Yes
Perkins Vocational and Technical Education Act	No	Yes	Yes	Yes <sup>47</sup>	Yes
State Vocational Rehabilitation Services	No	Yes	Yes <sup>50</sup>	Yes <sup>51</sup>	Yes
Workplace and Community Transition Training for Incarcerated Youth	No	Yes	Yes	Yes	Yes
Social Service Block Grants (SSBG)	No	Yes	Yes	Yes	Yes
Renewal Communities (RCs), Empowerment Zones (EZs), Enterprise Communities (ECs)	Yes	Yes	Yes	Yes	Yes
Resident Opportunities and Self-Sufficiency Program (ROSS)	Yes <sup>48</sup>	Yes	Yes	Yes	Yes
HOPE VI	Yes <sup>49</sup>	Yes	Yes	Yes	Yes
Operation Weed and Seed	Yes	Yes	Yes	Yes	Yes

<sup>46</sup> YouthBuild funds can be used for: ongoing training, technical assistance, education, job training, counseling, employment, and leadership development services and activities; wages, benefits, and need-based stipends for participants; entrepreneurial training, driver education, internships, and programs for those with learning disabilities; in-house staff training; acquisition, rehabilitation, or construction of the housing and related facilities used in the program; necessary relocation payments for residents of such housing; and administrative costs, which generally cannot exceed 15 percent of the total grant.

<sup>47</sup> U.S. Department of Education, *Services That Prepare*.

<sup>48</sup> According to HUD rules, up to \$200 per month of ROSS funds can be used for stipends per individual.

<sup>49</sup> Public housing residents who receive a stipend up to \$200 per month will not have their income affected; the amount above \$200 per month will be counted as income (and may increase their rent). Individuals who qualify for a stipend but are not public housing residents who qualify for other government programs may also be affected.

<sup>50</sup> Skill development services funded with ROSS must be comprehensive and go beyond those found in routine job training programs.

<sup>51</sup> Services eligible for ROSS funds include: work evaluation services; assessment for and provision of assistive technology, such as customized computer interfaces for persons with physical or sensory disabilities; job counseling services; and medical and therapeutic services.

*TAX CREDITS:*

- TJ initiatives can partner with WIA On-the-Job (OTJ) contracts to subsidize a portion of the wages (see WIA under Section IV for more information).
- Employers who are located in an Empowerment Zone (EZ) or a Renewal Community (RC) and who hire youth who are residents of EZs or RCs may be eligible to receive tax credits on wages paid to these employees. The Empowerment Zone Employment Wage Credit provides a tax credit worth up to \$3,000 a year to EZ employers for every employee who is a resident of the EZ. The Renewal Community Employment Credit provides a credit worth up to \$1,500 a year to RC businesses for every employee who is a resident of the RC.

*TECHNICAL ASSISTANCE AND POLICY SUPPORT:*

There are several federal programs that may provide support for TJ programs serving youth. Among them:

- The U.S. Department of Housing and Urban Development’s Section 3 hiring obligations require that 30 percent of new hires supported by certain public housing or community development funds come from low-income households. Regulations also state that generally 10 percent of the contracting opportunities generated from the use of housing and community development funds should be targeted to businesses controlled
- by, or that provide significant numbers of jobs for, public housing residents or other low-income people. Section 3 gives priority to several populations, including residents of public and assisted housing, low-income individuals living near a HUD-assisted project, youth participating in YouthBuild, and homeless persons. However, it is important to note that Section 3 has not been well utilized across the country.
- The *Recreational Trails* program of the U.S. Department of Transportation’s Federal Highway Administration provides funds to develop and maintain recreational trails for motorized and non-motorized recreational trail users. Legislation and guidance for the program encourages states to enter into contracts or cooperative agreements with qualified youth conservation or service corps to perform trail construction and maintenance projects, and numerous corps have obtained funding from this source.
  - The *Transportation Enhancement (TE)* program provides formula grants to strengthen the cultural, aesthetic, and environmental aspects of the nation’s intermodal transportation system. The TE program provides for a variety of nontraditional projects, with examples ranging from: the restoration of historic transportation facilities; bicycle and pedestrian facilities; landscaping and scenic beautification; and the mitigation of water pollution from highway runoff. The authorizing legislation<sup>52</sup> encourages the use of qualified youth

<sup>52</sup> *Transportation Equity Act for the 21st Century*, Public Law 178, 105th Cong., 2d sess. (9 June 1998), 1108(g).

conservation or service corps to perform appropriate TE activities on federal-aid highway projects. Several youth conservation corps around the country have successfully obtained and used TE funding.

- *Neighborhood Networks*, computer centers in public or HUD-assisted housing, can offer locations for youth to practice computer skills, look for jobs, and take on-line courses.



## Guide To Federal Funding and Support Programs for TJ Programs

Federal Program	Eligible Target Populations <sup>53</sup>	Page
AmeriCorps	Youth	39
Community Development Block Grant (CDBG)	Ex-offenders, Homeless people, Youth	42
Renewal Communities, Empowerment Zones, and Enterprise Communities (RC, EZ, EC)	Ex-offenders, Homeless people, Youth	43
Empowerment Zone and Renewal Community (EZ/RC) Employment Tax Credits	Ex-offenders, Youth	45
Federal Bonding Program	Ex-offenders	46
Food Stamp Education and Training (FSET)	Ex-offenders, Homeless people	47
Homeless Veterans' Reintegration Project (HVRP)	Homeless people	48
HOPE VI	Ex-offenders, Youth	49
Inmate Placement Program Branch (IPPB): Job Fairs	Ex-offenders	50
Job Opportunities for Low-Income Individuals (JOLI)	Ex-offenders, Homeless people	51
Life Skills for State and Local Prisoners Program	Ex-offenders	52
McKinney Act's Supportive Housing Program for the Homeless	Homeless people	53
Neighborhood Networks (NN)	Youth	54
Offender Employment Specialist Training	Ex-offenders	55
Offender Workforce Development Specialist Training	Ex-offenders	55
Operation Weed and Seed	Ex-offenders, Homeless people, Youth	56
Perkins Vocational and Technical Education Act	Ex-offenders, Homeless people, Youth	57
Recreational Trails Program (RTP)	Youth	58
Resident Opportunities and Self-Sufficiency Program (ROSS)	Ex-offenders, Youth	59
Sealing and Expunging Records	Ex-offenders	60
Section 3 Hiring Obligations	Homeless people, Youth	60
Serious and Violent Offender Reentry Initiative	Ex-offenders, Youth	61
Social Services Block Grant (SSBG)	Ex-offenders, Homeless people, Youth	63
Temporary Assistance for Needy Families (TANF)	Ex-offenders, Homeless people, Youth	64
Transportation Enhancements (TE)	Youth	65
Vocational Rehabilitation Services Program (Carl D. Perkins)	Ex-offenders, Homeless people, Youth	67
Workforce Investment Act (WIA)	Ex-offenders, Homeless people, Youth	68
Workplace and Community Transition Training for Incarcerated Youth Offenders	Ex-offenders, Youth	69
YouthBuild	Youth	70
Youth Opportunity Grants (YOG)	Youth	71

<sup>53</sup> "Eligible target populations" refers to which of this report's three target groups (i.e., ex-offenders, homeless people, and youth) may be eligible beneficiaries under federal guidelines. It is important to note that most of these funds are controlled by state or local entities that may further restrict the funds to specific groups.

## IV. Federal Funds To Support Transitional Jobs Programs

This final section provides a guide (see p.38) to each federal funding source or support discussed in Section III, followed by a listing of the programs in alphabetical order, each with an overview segment that describes the program's eligibility requirements, whether a match is required, how the funds may be used and how to apply for the funds.<sup>54</sup>

### *AMERICORPS – Competitive Grant Program*

*Description:* AmeriCorps is a network of national service programs that engage more than 50,000 Americans each year in intensive service to meet critical needs in education, public safety, health, and the environment. AmeriCorps members serve through more than 2,100 nonprofits, public agencies, and faith-based organizations. They tutor and mentor youth, build affordable housing, teach computer skills, clean parks and streams, run afterschool programs, and help communities respond to disasters. AmeriCorps members receive a modest living allowance, health coverage, and childcare for those who qualify. After completing one year of full-time service (from 10 to 12 months), AmeriCorps members receive an education award worth \$4,725. The award is made in the form of a voucher that can be used to cover future costs of college or vocational school and to pay back student loans.

#### • *Eligibility:*

State and local governments, nonprofit organizations, educational institutions, community and faith-based organizations, and Indian tribes are eligible to apply for AmeriCorps grants through their state offices for community and national service. National nonprofit organizations that operate in two or more states, as well as consortia formed across two or more states (consisting of institutions of higher education, Indian tribes or other nonprofits, including labor and religious organizations), may apply for funding through the AmeriCorps national grant program.

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<sup>54</sup> This section relies heavily on the following federal agencies' websites: [www.hud.gov](http://www.hud.gov), [www.justice.gov](http://www.justice.gov), [www.hhs.gov](http://www.hhs.gov), [www.ed.gov](http://www.ed.gov), [www.nicic.org](http://www.nicic.org), [www.dot.gov](http://www.dot.gov), [www.doleta.gov](http://www.doleta.gov), and [www.cfda.gov](http://www.cfda.gov).

- *Program Restrictions:*

The organizations receiving grants are responsible for recruiting, selecting, and supervising AmeriCorps members. AmeriCorps members must be United States citizens, nationals, or lawful, permanent residents of the nation and at least 17 years of age. Funds must be used to operate or plan national and community service programs in the areas of education, public safety, human services, and the environment. Funds may be used for all five cost components (i.e., wages, case management, skill development, support services, job placement, and retention) of TJ programs.

- *Match Requirement:*

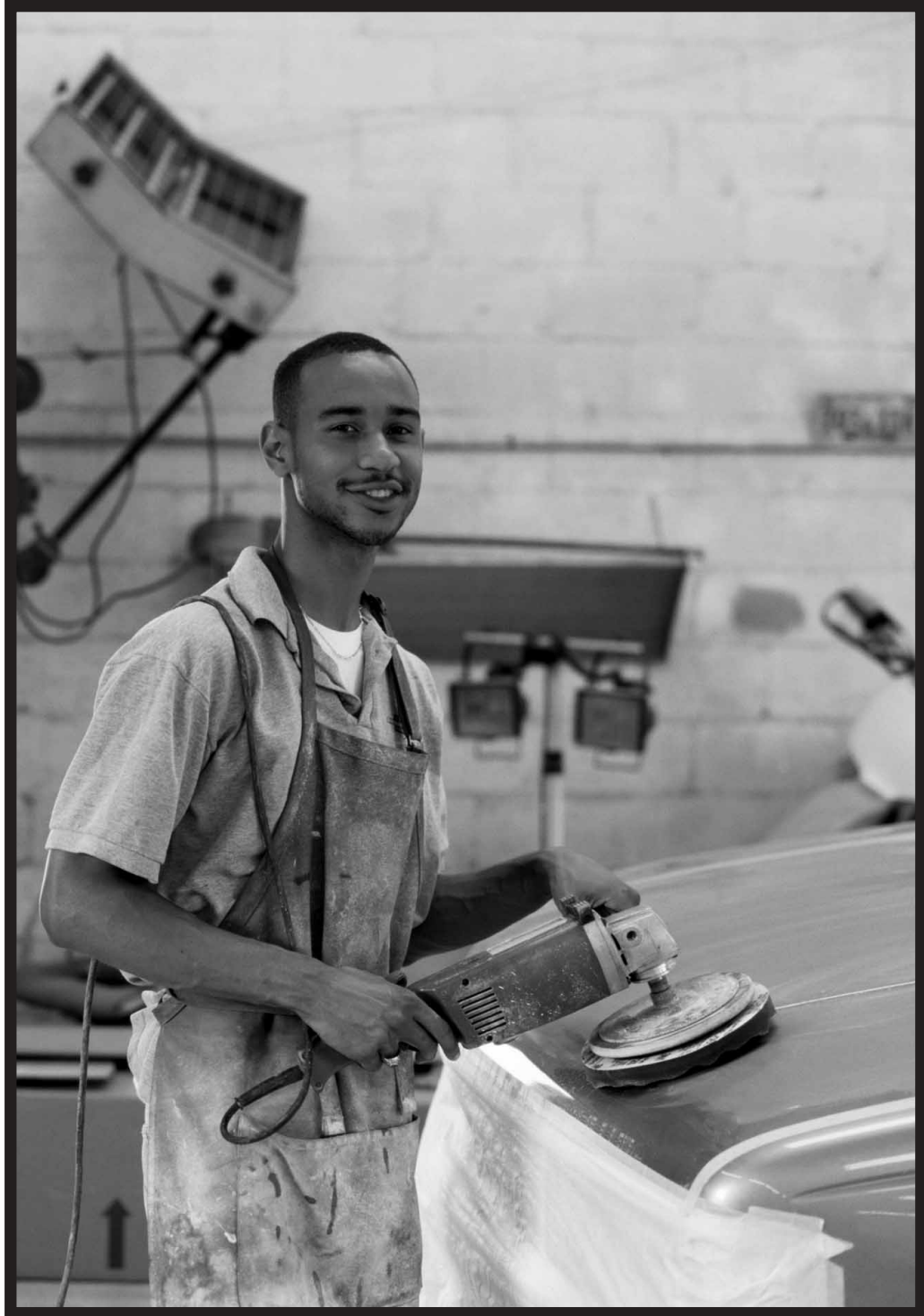
Fifteen percent of the living allowance for AmeriCorps volunteers and 33 percent of the operating and support expenses must be matched.

- *Application Process:*

More than three-quarters of AmeriCorps grant funding goes to Governor-appointed state commissions, which in turn distribute and monitor grants to local nonprofits and agencies. The other quarter of the funding goes to national nonprofits that operate in more than one state. For a listing of state commission contacts, see the Corporation for National and Community Service website at: [http://www.nationalservice.org/about/family/commissions\\_pick.html](http://www.nationalservice.org/about/family/commissions_pick.html).

*Considerations:*

- TJ programs may want to affiliate with a national organization, such as the National Association of Service and Conservation Corps (Phone: (202) 737-6272; website: [www.nascc.org](http://www.nascc.org)), in order to qualify their program participants for the AmeriCorps education awards described above. While this affiliation typically would not enable a TJ program to secure AmeriCorps funding for core program costs, the program would receive an administrative payment of \$400-\$500 for each award earned by program participants. One advantage of this approach is that the application and reporting requirements imposed upon programs receiving only education awards are much simpler than those applied to full-fledged AmeriCorps grantees.
- Programs will need to emphasize the results of the community service they will accomplish, rather than the individual or group transformations or training that will occur for TJ program participants. In addition, many states may now place an emphasis on having AmeriCorps participants marshal and manage community volunteers, rather than do projects themselves most of the time. This emphasis may not be compatible with many TJ programs.



COMMUNITY DEVELOPMENT BLOCK  
GRANT (CDBG)—Formula Grant Program

*Description:* The U.S. Department of Housing and Urban Development's CDBG program can be used for a broad range of community development activities, including neighborhood revitalization, economic development, and improved community facilities and services. Up to 15 percent of local and state formula grants can be used for job training and services, which in FY 2004 meant that \$652 million could be spent on job training and services. However, although that is the maximum allocation, spending priorities may be fairly stable over time, reducing the chances that cities would dramatically increase their spending on job training to reach this upper limit.

• *Eligibility:*

Recipients of CDBG entitlement funds include local governments with 50,000 or more residents, other local governments designated as central cities of metropolitan areas, and urban counties with populations of at least 200,000 (excluding the population of entitled cities). Local governments may carry out all activities themselves or award some or all of the funds to nonprofit or for-profit entities within the community. A separate component of CDBG—the state CDBG program—provides program funds to the states, which they allocate among localities that do not qualify as entitlement communities.

• *Program Restrictions:*

All eligible activities must benefit low- and moderate-income persons (defined as members of a family having an income equal to or less than the Section 8 low-income limit established by HUD), aid in the prevention or elimination of slums or blight, or meet other community development needs having a particular urgency. Funds may be used for all five cost components (i.e., wages, case management, skill development, support services, and job placement and retention) of TJ programs.

• *Match Requirements:* None.

• *Application Process:*

Each year, the grant funds available for entitlement communities are allocated according to relative need on the basis of the higher of two formulas. The first considers the presence of overcrowded housing in the locality, its population, and poverty rate. The second uses housing age, population growth lag, and poverty rate. These funds are distributed to local organizations at the entitlement communities' discretion (or at the state's discretion for non-entitlement communities). Because the application process for CDBG funds varies within a given city or state, TJ programs that do not receive entitlement funds directly should inquire with their state or local government to determine how the money is allocated.

- Each state's FY 2004 CDBG allocation can be viewed at <http://www.hud.gov/offices/cpd/about/budget/budget04/index.cfm>.

*Considerations:*

- Since HUD has provided CDBG to localities for more than 25 years, considerable effort may be required to refocus funds on new transitional job initiatives. All communities face intense competition from a range of infrastructure, housing, economic development, and other core service needs. Therefore, a long-term strategy may be necessary to win CDBG funds. For example, since each year grantees create a funding plan of how they will allocate the grant, an interested organization could apply to be included for the following fiscal year. Additionally, a successful strategy may be to focus on finding current or future CDBG economic development projects and partnering to include a transitional jobs component.
- Every ten years HUD reweighs the percentage of CDBG funds that go to each entitlement jurisdiction and state, based on the federal decennial census. For additional information about the impact of the 2000 census on the CDBG formula, see [http://www.huduser.org/publications/pdf/cdbg\\_report.pdf](http://www.huduser.org/publications/pdf/cdbg_report.pdf).



*RENEWAL COMMUNITIES,  
EMPOWERMENT ZONES, AND  
ENTERPRISE COMMUNITIES (RC/EZ/EC)  
Competitive Program*

*Description:* The Empowerment Zone (EZ) and Enterprise Community (EC) program was created in 1994 and has gone through three funding rounds. The programs' purpose is to help rebuild disadvantaged communities across the nation through grants and tax incentives. During Round I the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture (USDA) designated 105 distressed communities nationwide as EZs and ECs. The designation came with the funding. The six EZs selected during the Round I competition received \$100 million in Social Security Block Grant (SSBG) funds over a ten-year period and a host of tax incentives to strengthen their economic infrastructure. Round I ECs received about \$3 million in SSBG funds and limited tax incentives. With the exception of EZs, which have been extended through 2009, Round I designations expire at the end of calendar year 2004. In 1999, HUD and USDA made additional designations in Round II.<sup>55</sup>

Currently, each Round II EZ is receiving such amounts as designated by Congress on a year-to-year basis over the life of the program. In December 2000 Congress authorized the Renewal Community (RC) program and designation of additional EZs. Renewal Communities receive tax

<sup>55</sup> Round II EZs received \$19 million, while Round II ECs received \$250,000.

credits, tax deductions, capital gains exclusions, and other incentives for a range of economic development activities, but no direct funds, with the exception of rural EZs. In FY 2004, \$500,000 in funding from USDA was designated for Round III rural EZs. An eight-year designation period for Round III Empowerment Zone communities began in January 2002. Continued use of available tax incentives is encouraged.

- *Eligibility:*

Over 140 economically distressed urban neighborhoods and rural areas have been designated federal RC, EZ, or EC areas. These designated areas are composed of clusters of census tracts, nominated by the localities, and meet certain qualifications as “distressed.” The federal government designated three rounds of project areas for each. The funding formula and process for each program and each round varied.

- *Program Restrictions:*

Communities designated in Round I that received SSBG funds have tremendous flexibility in the allowable uses of federal funds for projects aimed at promoting self-sufficiency and strong families. As a result, funds may be used for all five components (i.e. wages, case management, skill development, support services, and job placement and retention) of TJ programs. Localities use the flexible funding for projects and activities designed to meet their strategic plan goals. A local governing body allocates funds in keeping with the plans, which

may be amended as new opportunities and issues arise. Round I sites are required to use U.S. Department of Health and Human Services (HHS) funds to support projects that further the goals of their state strategic plans



and provide meaningful benefits to residents. Federal guidance allows the localities significant flexibility in determining how a project or activity shows “benefit.” Round II EZ funds have two additional requirements. First, expenditures must be in conjunction with economic development. Second, grant funds must be closely targeted to serve residents of HUD’s 15 designated Empowerment Zones. Currently, residential status is decided on a case-by-case basis, but HUD is in the process of seeking formal regulations on residential benefit.<sup>56</sup>

- *Match Requirements:*

RCs, EZs, and ECs are all required to leverage public and private funds and make other state and local commitments.

- *Application Process:*

City agencies or nonprofits within a designated RC, Round I EZ or EC may still have access to SSBG funds through the local lead entity.

<sup>56</sup> For more information on Round II Projects, contact John Haines, HUD, (202) 708-6339, ext. 4616.

Those in a designated Round II EZ or EC may also be able to access EZ funds. Congress has not authorized HUD or USDA to designate additional RCs, EZs, or ECs. Even if they were to authorize additional designations, it is unlikely that they will authorize grant funds of any type in advance of competition for designation.

*Consideration:*

- Although RCs, EZs, and ECs are not specifically designed to fund transitional jobs programs, there is a considerable amount of flexibility in how funds may be used. However, there is intense competition among community initiatives hoping to tap into these funds for a range of community infrastructure, housing, economic development, and other core service needs.

*EMPOWERMENT ZONE AND RENEWAL COMMUNITY (EZ/RC) EMPLOYMENT TAX CREDITS –*

*Tax Credit Program*

*Description:* Employers located in an EZ or RC that hire local residents may be eligible to receive tax credits on wages paid to these employees. The Empowerment Zone Employment Wage Credit provides a tax credit worth up to \$3,000 a year to

EZ employers for every employee who is a resident of the EZ. The Renewal Community Employment Credit provides a credit worth \$1,500 a year to RC employers for every employee who is a resident of the RC.

• *Eligibility:*

Businesses located in an EZ or RC that hire qualified local residents are eligible to receive tax credits. Employers located in EZs may receive tax credits equal to 20 percent of the qualified wages paid (or incurred) to eligible employers during a calendar year, with a maximum credit of \$3,000 per employee. Those located in RCs who hire qualified RC residents<sup>57</sup> are eligible to receive tax credits equal to 15 percent of qualified wages paid (or incurred) to eligible employees during a calendar year, with a maximum credit of \$1,500 a year per employee.

• *Program Restrictions:*

Qualified wages do not include any amount used to claim the welfare-to-work credit or the work opportunity credit.<sup>58</sup>

• *Match Requirements:* None.

• *Application Process:*

Employers can claim credits by filing form 8844 with the IRS.

<sup>57</sup> To be a “qualified zone employee,” the employee must live in the same Empowerment Zone or Renewal Community in which substantially all of the services are performed for the employer. To help businesses document whether an EZ, EC, or RC resident qualifies as a zone employee, HUD has published Tax Incentive Guide For Businesses in the Renewal Communities Empowerment Zones and Enterprise Communities FY 2003. In most cases, a driver’s license will serve to establish the age and address of a prospective employee. The EZ, EC, or RC can confirm that the address is within designated boundaries, or a business can obtain the information using the EZ/EC/RC address locator, found at this HUD website: <http://hud.esri.com/egis/cpd/rcezec/welcome.htm>. For a copy of the guide, call (800) 998-9999, or see <http://www.hud.gov/offices/cpd/economicdevelopment/library/taxguide2003.pdf>.

<sup>58</sup> The U.S. Department of Housing and Urban Development recently published a thorough booklet explaining the many tax incentives available to businesses that do business in federal EZ and RC neighborhoods. It is entitled, *Tax Incentive Guide for Businesses in the Renewal Communities, Empowerment Zones, and Enterprise Communities, FY 2003* available at <http://www.hud.gov/offices/cpd/economicdevelopment/library/taxguide2003.pdf>.

*Consideration:*

There is no limit on the number of eligible residents for which EZ and RC employers can claim these credits. Consequently, these credits can be a powerful tool for TJ programs operating in EZs or RCs to partner with local businesses.

*FEDERAL BONDING PROGRAM—*

*Policy Support*

*Description:* Created in 1966 by the U.S. Department of Labor, the Federal Bonding Program helps to alleviate employer concerns that at-risk job applicants would be untrustworthy workers by allowing employers to obtain fidelity bonds to indemnify them for loss of money or property caused by dishonest acts of their employees. The bond is given to the employer free-of-charge, and serves as an incentive to the company to hire a job applicant who is an ex-offender or has some other "risk" factor in their personal background. A total of \$5,000 in bond coverage is usually issued, with no deductible amount for the employer.

• *Eligibility:*

Any employer, public or private, is eligible to apply for federal bonds. The person being bonded must be an employee of the applying employer. An individual employee cannot apply for federal bonding on his or her own behalf.

• *Program Restrictions:*

The employer may request the bond for employees who have one or more of the following risk factors:

- Ex-offenders with a record of arrest, conviction, or imprisonment;
- Anyone who has ever been on parole or probation, or has any police record;
- Ex-addicts who have been rehabilitated through treatment for alcohol and drug abuse;
- People who have declared bankruptcy or who have poor credit records;
- Low-income people lacking a work history;
- People who were dishonorably discharged from the military.

Eligible employees must work at least 30 hours a week and be paid wages with federal taxes automatically withheld.

• *Match Requirements:* None.

• *Application Process:*

Employers may request bonding from the local agency certified by the Federal Bonding Program. For more information on this program or the state bonding coordinator's information, contact 1-877-US2JOBS.

*Consideration:*

The initial fidelity bond is issued for a six-month period. After the six months, continued coverage may be made available for purchase depending on the worker's job performance.

FOOD STAMP EDUCATION AND  
TRAINING (FSET) – Formula Grant Program

*Description:* The Food Stamp Program provides states with a separate, and relatively small, funding stream to provide adult recipients of food stamps with employment and training services. Since low-income individuals are potentially eligible for food stamps, whether or not they have children, FSET provides an opportunity to serve those who are not eligible for TANF. Recent changes to the Food Stamp Program, included in the 2002 Farm Bill amendments to the Food Stamp Act, have lowered the amount of federal funding available for FSET, but also loosened some of the restrictions on how states may spend the funds.<sup>59</sup>

• *Eligibility:*

Only state and county food stamp agencies can apply directly to the federal government for FSET funds. Program operators may receive funds as contractors/grantees of the food stamp agencies.

• *Fund Restrictions:*

Regulations governing Food Stamp Employment and Training activities and the uses of FSET funds permit the establishment of transitional jobs programs to assist food stamp recipients in retaining permanent employment. Childless adults, as well as parents with children, are eligible to receive food stamps as long as they meet income and asset tests. Able-bodied food stamp recipients who do not receive cash benefits from other public assistance programs

are generally required to participate in a food stamp employment program. FSET-funded programs are required to be implemented through the state's workforce development system, unless the FSET program is unavailable locally.

• *Match Requirement:*

Each state receives a grant from the federal government to administer FSET programs. In addition to these formula funds, which in FY 2003 totaled \$112 million for all states, states may also receive uncapped matching funds from the federal government. The federal government matches state expenditures for FSET programs at a one-for-one rate. In FY 2001, 37 states and territories used nearly \$90 million of state funds on such programs, receiving the same amount from the federal government as a match.

• *Application Process:*

TJ programs will want to partner with the Food Stamp Program at the local level. Organizations should begin by approaching their state or local food stamp agency to determine if there is an interest in this type of program. If there is, they can work to secure funding through whatever contractual or grant process the agency uses to implement its FSET programs.

*Consideration:*

One of the benefits of using FSET funds for a transitional jobs program is that the funds may be used to serve certain populations—particularly childless adults—who are not eligible for programs funded through TANF. As more and more local areas

<sup>59</sup> Center for Law and Social Policy, *Federal Funding*.

seek to provide employment services to adult men, this source of funds could become increasingly attractive. Nevertheless, there is one potentially significant limitation. States may choose to exclude drug felons from the receipt of FSET funds, much as they may exclude drug felons from the receipt of TANF. Since in some areas, a sizable share of poor, single men are ex-offenders, this rule may limit the practicality of using FSET funds to serve this target group. As of mid-2004, 17 states have adopted the drug felon ban on the receipt of food stamps, 20 states have adopted a modified version of the ban, and 14 states have opted out of the ban. The remainder have made modifications to the ban (e.g., barring only those convicted of trafficking, barring people for a limited amount of time, or barring only those who refuse treatment).

#### HOMELESS VETERANS' REINTEGRATION PROJECT—Competitive Grant Program

*Description:* The purpose of the Homeless Veterans' Reintegration Project (HVRP) is to expedite the reintegration of homeless veterans into the labor force.<sup>60</sup> Grantees provide an array of services directly and through linkages in the local community including job counseling, resume preparation, job development, and placement. Supportive services such as clothing, shelter, referral

to medical or substance abuse treatment, and transportation assistance can also be provided.

- *Eligibility:*

Funds are awarded competitively to units of state or local governments, Workforce Investment Boards (WIBs), Private Industry Councils, and nonprofit organizations.

- *Program Restrictions:*

Programs must serve individuals who are homeless veterans.<sup>61</sup> The program must include outreach performed by formerly homeless veterans. Program funds generally are not used for wages, although they may be used to pay an incentive for completing a training program or a certain number of days at an unsubsidized job after a training program.

- *Match Requirement:* None.

- *Application Process:*

State and local public agencies, Private Industry Councils, not-for-profit agencies including community-based and faith-based organizations, and State and Local Workforce Investment Boards can apply for funds. Grantees may in turn contract to sub-grantees. For more information on the Homeless Veterans' Reintegration Project, see [http://www.dol.gov/vets/programs/fact/Homeless\\_veterans\\_fs04.htm](http://www.dol.gov/vets/programs/fact/Homeless_veterans_fs04.htm).

<sup>60</sup> Authorized in 1987, 42 U.S.C. § 11448 (2001).

<sup>61</sup> Federal law defines a homeless person as: "1) an individual who lacks a fixed, regular, and adequate night-time residence; and 2) an individual who has a primary night-time residence that is: a) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill); b) an institution that provides a temporary residence for individuals intended to be institutionalized; or c) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings." (42 U.S.C. § 11302). A "veteran" is defined as an individual "who served in the active military, naval or air service, and who was discharged or released there from under conditions other than dishonorable." (38 U.S.C. § 101 (2) [2001]). See the *Catalogue of Federal Domestic Assistance* at <http://www.cfda.gov/public/viewprog.asp?progid=612>.



*Consideration:*

For information on other Veterans' Employment and Training Service programs, see <http://www.dol.gov/vets/programs/main.htm>.<sup>62</sup>

*HOPE VI—Competitive Grant Program*

*Description:* While the primary purpose of the U.S. Department of Housing and Urban Development's HOPE VI program is to provide funds to public housing authorities to renovate and rebuild distressed public housing stock, up to 15 percent of these funds can be used for supportive services including, but not limited to, literacy programs, job training, and childcare.<sup>63</sup>

• *Eligibility:*

Public Housing Agencies (PHAs) operating public housing units can apply.

• *Program Restrictions:*

HOPE VI grant funds may be used to fund demolition of severely distressed public housing developments or portions thereof, revitalization (where appropriate) of sites on which such developments are located, and the construction of replacement housing that will avoid or lessen concentrations of very low-income families. Public housing residents in a training program funded with HOPE VI funds may receive a stipend up to \$200 a month and not have their income affected for calculating rent (any stipend amount above \$200 a month will be counted as income and will increase their rent). HOPE VI grant funds can be used to pay a stipend to non-public housing residents who are eligible for public housing.

<sup>62</sup> It is interesting to note that the Federal Contractor Program requires that any contractor receiving a contract from the federal government in the amount of \$25,000 or more, or any subcontractor receiving a contract in the amount of \$25,000 or more from such a covered contractor, take affirmative action to hire and promote qualified special disabled veterans, veterans of the Vietnam era, and any veterans who served on active duty during a war or in a campaign or expedition for which a campaign badge has been authorized.

<sup>63</sup> Up to 20 percent of each grant made during FY 1993 through FY 1996 can be used for supportive services. For FY 1997 and FY 1998 grants, HUD set the permissible supportive services expenditures at a maximum of \$5,000 times the number of households in occupancy at the time of grant application plus new tenants moving into replacement housing. For FY 1999 through FY 2001 grants, up to 15 percent of each grant may be spent on supportive housing. A match is required if more than 5 percent of the grant is spent on supportive services. See Barbara Sard, *Outline of How Federal Housing Programs Can Help Provide Employment and Training Opportunities and Support Services to Current and Former Welfare Recipients* (Washington, D.C.: Center on Budget and Policy Priorities, revised April 2002), p.16. Available at <http://www.cbpp.org/1-6-00hous.pdf>.

- *Match Requirement:*

Grantees must provide a 5 percent overall match, and if more than 5 percent of the grant is used for Community and Supportive Services, any amount over that 5 percent must be matched.<sup>64</sup>

- *Application Process:*

PHAs apply directly to HUD for HOPE VI funds. For more information, go to [www.hud.gov/offices/pih/programs/ph/hope/index.cfm](http://www.hud.gov/offices/pih/programs/ph/hope/index.cfm). It is important to note, however, that HUD has proposed eliminating this program entirely in their FY 2004 budget. Nevertheless, new grants were awarded in 2003 and many communities have significant funding remaining from prior year grants.

*Considerations:*

There are two potential ways for transitional jobs programs to tap into HOPE VI funds. First, a PHA could include a TJ program as part of their HOPE VI application so that, if the applicant is funded, the PHA could enter into a sub-grant agreement with the designated program without having to go through a HUD-regulated procurement process. Alternatively, if a TJ program was not explicitly named as a partner in the HOPE VI application, the program could apply for funds from the HOPE VI grantee through a procurement process [listed in the Notice of Funding Availability (NOFA)] that will guarantee a fair opportunity to all entities of interest. Therefore, TJ programs interested in working with individuals

from HOPE VI communities should build a partnership with the local PHA, ideally before the application is submitted.

HOPE VI supportive services funds can be a critical source of funding for training that tenants may need to obtain Section 3 jobs.

*INMATE PLACEMENT PROGRAM BRANCH (IPPB): JOB FAIRS—Technical Assistance and Policy Opportunity*

*Description:* The Federal Bureau of Prisons' Inmate Placement Program Branch (IPPB) holds mock job fairs, posts job openings on bulletin boards in the federal prisons, and ensures that soon-to-be released prisoners prepare employment folders that include a social security card, resume, education transcript and achievement certificates, and other documents critical for post release employment. In addition, IPPB staff, on request, have assisted state prisons, regional jails, and federal probation services to hold both real and mock job fairs. IPPB has a Mock Job Fair Handbook that is available in English and Spanish that explains how to set up a successful Job Fair.

- *Eligibility:*

The Bureau of Prisons' mock job fairs can be accessed by organizations and government agencies working with prison and jail populations.

- *Program Restrictions:* N/A

- *Match Requirements:* None.

- *Application Process:*

For more information about getting IPPB to

<sup>64</sup> For more information, see *Catalogue of Federal Domestic Assistance* website: <http://www.cfda.gov/public/viewprog.asp?progid=377>.

hold a job fair in a prison or jail, see <http://www.unicor.gov/placement>.

*Consideration:*

TJ programs serving ex-offenders may want to utilize this program to host a job fair for ex-offenders. IPPB has a Mock Job Fair Handbook that is available in English and Spanish that explains how to set up a successful fair and can help local programs develop subsequent job fairs on their own.

*JOB OPPORTUNITIES FOR LOW-INCOME INDIVIDUALS (JOLI)–*

*Competitive Grant Program*

*Description:* The U.S. Department of Health and Human Services' Office of Community Services funds the JOLI program to create new employment and business opportunities for TANF recipients and other low-income individuals through projects that include self-employment, micro-enterprise, expansion of existing businesses, new business ventures, and nontraditional (women and minorities in highway construction, machinist industries, etc.) strategies of developing or creating new jobs or employment opportunities. Between five and ten grants are made each year, which are approved for up to three-year project periods and are funded for up to a maximum of \$500,000.

• *Eligibility:*

Nonprofit organizations are eligible to receive funds. Individuals, for-profit organizations and public entities cannot apply for JOLI funds.

• *Program Restrictions:*

Projects must: 1) Create new employment

and/or business opportunities for TANF recipients and other low-income individuals whose income does not exceed 100 percent of the official poverty guidelines; 2) Ensure that each nonprofit organization funded under this demonstration enters into a cooperative relationship with the agency responsible for administering the TANF program in the area served by the project; 3) Develop a comprehensive project design that describes the work program and strategy, the training design, support services and counseling, technical and financial assistance plan, and access to business capital and follow up support services; and 4) Include an independent, methodologically sound evaluation of the effectiveness of the activities in creating new jobs and/or business opportunities. Funds awarded under this program cannot be used for new construction or the purchase of real property.<sup>65</sup>

• *Match Requirement:*

There is no requirement for matching federal funds, however grantees are encouraged to share in the cost of projects and to mobilize other resources for project implementation. Cooperative letters of resource commitment are given special consideration in the review of applications.

• *Application Process:*

Nonprofit organizations may apply to HHS for JOLI funds. JOLI funds are made available on a competitive basis once a year. In FY 2003 and FY 2004, \$5.4 million in grants were awarded.

<sup>65</sup> *Catalogue of Federal Domestic Assistance* at <http://www.cfda.gov/static/p93593.htm>.

For general information about the program, see <http://www.acf.hhs.gov/programs/ocs/dcdp/joli/welcome.htm>.

*Consideration:*

Not only can this funding source be used to serve individuals eligible to receive TANF assistance, but it can also be used for any other individual whose income level does not exceed 100 percent of the official poverty line, with special emphasis on those who are unemployed; residing in public housing or receiving housing assistance; non-custodial parents; and those who are homeless.



*LIFE SKILLS FOR STATE AND LOCAL PRISONERS PROGRAM—Competitive Grant Program*

*Description:* Under this discretionary grant program authorized by the National Literacy Act, the U.S. Department of Education awards approximately \$15 million over a three-year grant period to assist state or local correctional or correctional education agencies in establishing and operating programs designed to reduce recidivism through the development and

improvement of life skills necessary for the reintegration of an incarcerated individual into society. Life skills programs can include training for the development of communications, job, financial, and interpersonal skills.

• *Eligibility:*

State and local correctional agencies and correctional education agencies may apply for these funds.

• *Program Restrictions:*

Grantees must serve prisoners serving their sentence in a state or local prison. Funds cannot be used for cash stipends or construction of buildings.

• *Match Requirements:* None.

• *Application Process:*

State and local correctional agencies, and state and local correctional education agencies may apply. Thirteen awards were made in FY 2003; the average grant was \$361,798. For a list of the states that received grants under this program in FY 2003, see <http://www.ed.gov/offices/programs/lifeskills/grantees03.doc/demoproj.html>.

*Consideration:*

The federal government appropriated \$5 million each year for FY 2000–FY 2003, however, it is not clear whether Congress will provide more money for the program in future years. For general information about the program, see <http://www.ed.gov/programs/lifeskills/index.html>.



*THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT'S SUPPORTIVE HOUSING PROGRAM—Competitive Grants*

*Description:* The Supportive Housing Program (SHP), established by the McKinney Act, is funded by the U.S. Department of Housing and Urban Development (HUD) as part of its Targeted Housing and Homeless Assistance effort. The SHP is one of the programs encompassed by the SuperNOFA (Notice of Funding Availability) for the Continuum of Care Homeless Assistance. SHP is designed to develop supportive housing and services that will allow homeless persons to live as independently as possible. One of the eligible uses of SHP funds is employment and training services. In fact, \$40 million of the total SHP funds are currently used for employment and training services.<sup>66</sup>

• *Eligibility:*

Eligible grantees include states, units of local

government, other governmental entities such as Public Housing Authorities (PHAs), and private nonprofits. More than 90 percent of the grantees each year are nonprofits.

• *Program Restrictions:*

SHP funds can be used for education and training services and other supportive services to homeless individuals and families.<sup>67</sup> Funds cannot be used to provide cash transfers to program participants. Grantees may use up to 5 percent of their grant for administrative expenses.

• *Match Requirement:*

Recipients must match grants for acquisition, rehabilitation, and new construction with an equal amount of funds from other sources. Recipients must also provide a cash match for support services and operations. The Supportive Housing Program will pay no more than 80 percent of total support service costs and 75 percent of total operating costs.<sup>68</sup>

• *Application Process:*

Applications for competitive grants for SHP funds are accepted by HUD each year after its Notice of Funding Availability (NOFA) for Continuum of Care Homeless Assistance is published in the Federal Register. Contact: Office of Special Needs Assistance Programs, HUD Office of Community Planning and

<sup>66</sup> John Garrity, Office of Special Needs Programs, U.S. Department of Housing and Urban Development, interview by author, 20 August 2002.

<sup>67</sup> Eligible services include housing services such as: 1) transitional housing (generally used for 24 months or less as a stepping stone to permanent housing); 2) permanent housing for homeless people with disabilities; 3) supportive services for homeless people not living in supportive housing; and 4) other types of innovative supportive housing for homeless people. Additional supportive services include childcare, employment assistance, outpatient health services, case management, help in getting permanent housing, nutritional counseling, security arrangements, and help in obtaining other assistance.

<sup>68</sup> *Catalogue of Federal Domestic Assistance* <http://www.cfda.gov/public/viewprog.asp?progid=336>.

Development, 451 Seventh Street, SW, Washington, DC 20410. Phone: (202) 708-0614, ext. 4473. Website: <http://www.hud.gov/offices/cpd/homeless/programs/shp/shpqfacts.cfm>.

*Consideration:*

As a general rule, SHP funds can be used for the non-wage expenses of transitional jobs. However, if a participant works at a homeless shelter and provides allowable maintenance or other operating functions, wages can be paid through SHP.

*NEIGHBORHOOD NETWORKS (NN) –*

*Technical Assistance and Policy Support*

*Description:* Neighborhood Networks was initiated by the U.S. Department of Housing and Urban Development (HUD) in 1995 for its privately owned project-based Section 8 developments, as well as developments with HUD-insured mortgages. Through Neighborhood Networks, HUD has issued model plans and extensive resource material to facilitate owners' development of on-site, computer-based "lifelong learning centers." Services at NN centers vary, but may include computer training, Internet access, job-readiness support, micro-enterprise development, General Educational Development (GED) certification, health care and social services, adult education classes, and youth services. There are currently more than 1,100 Neighborhood Network centers in HUD-assisted or insured multi-family housing across the nation. These centers are eligible for tech-

nical assistance and networking opportunities only. HUD also expanded the Neighborhood Networks initiative to public housing facilities and nearby community facilities. The Consolidated Appropriations Resolution for 2003 (Public Law 108-7) earmarked \$15 million from the Public Housing Capital Fund<sup>69</sup> and \$5 million from the HOPE VI program for the NN public housing initiative.<sup>70</sup> There are now more than 800 Neighborhood Networks centers in operation in or near public housing communities across the country. Public housing agencies and nonprofits that partner with residents are eligible for a variety of grants for NN centers.

• *Eligibility:*

Privately owned, HUD-insured and -assisted multi-family properties (e.g., Section 8 housing) must submit a business plan to their HUD field office to have their NN centers officially certified. Official NN centers are eligible to receive modest technical assistance and peer networking opportunities. Public Housing Authorities (PHAs) and nonprofits with expertise in computer technology can apply for HUD funds (described below) to create and expand NN centers.

• *Program Restrictions:*

Neighborhood Networks centers are required to design programs primarily for public housing or HUD-assisted housing residents, but may serve other area residents if the center has sufficient capacity.

<sup>69</sup> <http://www.phada.org/pdf/audit.pdf>.

<sup>70</sup> <http://www.ncseonline.org/nle/crsreports/03Apr/RL31304.pdf>.

- *Match Requirements:* None.
- *Application Process:*

No application is necessary to access the technical assistance and networking connections that HUD offers to officially certified Neighborhood Networks operated by privately owned, HUD-assisted properties. However, programs that are not part of public housing need to secure their own funding to develop and maintain NN sites, generally through foundation grants, local contributions, and user fees. PHAs and eligible nonprofits may apply for funds under the Notice of Funding Availability (NOFA) for the Resident Opportunities and Self-Sufficiency (ROSS) program.

*Consideration:*

While Neighborhood Networks does not offer a dedicated funding stream for centers in privately operated multifamily housing, technical assistance on the creation of computer centers for low- to moderate-income residents may be helpful to some emerging TJ programs. In addition, those TJ programs that are operated by, or in conjunction with, Public Housing Authorities can access other HUD funding sources for the purpose of creating this type of computer resource center.

*OFFENDER EMPLOYMENT SPECIALIST TRAINING – Technical Assistance*

*Description:* This is a free, 36-hour basic program that develops and enhances skills for individuals who provide employment assistance to offenders.

In October 2002, the U.S. Department of Justice’s National Institute of Corrections (NIC) began providing a free distance-learning program. It targets offender employment and workforce development specialists who want to learn more about the skills, strategies, and resources needed to address ex-offender job retention, and increase ex-offenders’ job advancement and employment success.

- *Eligibility:*

Staff members of organizations providing employment assistance to offenders and ex-offenders are eligible for the program.

- *Program Restrictions:* N/A
- *Match Requirement:* None.
- *Application Process:*

The curriculum and accompanying distance learning program videotape are available for free from the U.S. Department of Justice’s National Institute of Corrections (NIC) at: <http://www.nicic.org/services/trainingservices.aspx>.

*Consideration:*

The Offender Employment Specialist Training is available only via distance-learning. Practitioners who want a more intensive, classroom-based program should consider the NIC’s Offender Workforce Development Specialist Training.

*OFFENDER WORKFORCE DEVELOPMENT SPECIALIST TRAINING – Technical Assistance*

*Description:* This free program from the U.S. Department of Justice’s National Institute of Corrections (NIC) trains employment specialists

in 12 competencies related to workforce development and instructs them on how to train other offender employment service providers in workforce development and career facilitation. This advanced course consists of three 36-hour classroom instruction sessions and 48 hours of practical experience and homework assignments. This training program is designed for six-person teams whose primary sponsoring agency must be a federal, state, or local public corrections agency that provides job training or placement services to offenders, directly or indirectly.

- *Eligibility:*

Staff members of organizations providing employment assistance to offenders and ex-offenders are eligible for training.

- *Program Restrictions:* N/A

- *Match Requirements:* None.

- *Application Process:*

Applicants must apply as groups of six. For more information, see: [http://www.nicic.org/services/training\\_services.aspx](http://www.nicic.org/services/training_services.aspx).

*Considerations:*

The Offender Workforce Specialist Training is an intensive, time-consuming program. Practitioners who want a more basic, less intensive program should consider the NIC's Offender Employment Development Specialist Training, described earlier.

*OPERATION WEED AND SEED –*

*Grant and Technical Assistance*

*Description:* Operation Weed and Seed is a U.S. Department of Justice program that targets high-crime neighborhoods with a two-pronged strategy: 1) “weed” out the criminals through enhanced enforcement, and 2) “seed” the neighborhood with human services encompassing prevention, intervention, treatment, and neighborhood revitalization. Grants are limited to a maximum of \$225,000 per designated neighborhood and are intended to be leveraged with other public and private resources. “Seed” funds may be used for job-training and placement activities.

- *Eligibility:*

Locally formed steering committees that include the U.S. Attorney, local governmental officials, community groups, businesses, unions, and residents must convene meetings and create a strategic plan. After several months, the committee can apply for formal recognition as a Weed and Seed site. Once approved, the site becomes eligible for funding.

- *Program Restrictions:*

Half of a site's grant funds must be used for “weeding,” including community policing. Up to \$50,000 of the grant funds should be budgeted for Special Emphasis Initiatives. The Executive Office of Weed and Seed (EOWS) has a limit on funding equal to three EOWS-funded sites (\$675,000) per city or county within a given fiscal year.

- *Match Requirement:* None.

- *Application Process:*

Officially recognized sites apply through the Executive Office of Weed and Seed at: <http://www.ojp.usdoj.gov/eows/funding.htm>.

- *Consideration:*

Since Weed and Seed is primarily a strategy rather than a grant program, it requires significant involvement from all levels of the community, including the U.S Attorney, local officials, private, and nonprofit entities. Forming a steering committee requires a high level of leadership and commitment.

## THE PERKINS VOCATIONAL AND TECHNICAL EDUCATION ACT –

### *State Grant Program*

*Description:* This federal program funds vocational-technical education programs and services to youth and adults. The vast majority of funds appropriated under the Perkins Act are awarded as grants to state education agencies. States use the funds for the priorities they establish in their approved state plan for vocational-technical education.

- *Eligibility:*

These state basic grants are allotted to states according to a formula based on states' populations in certain age groups and their per capita income.

- *Program Restrictions:*

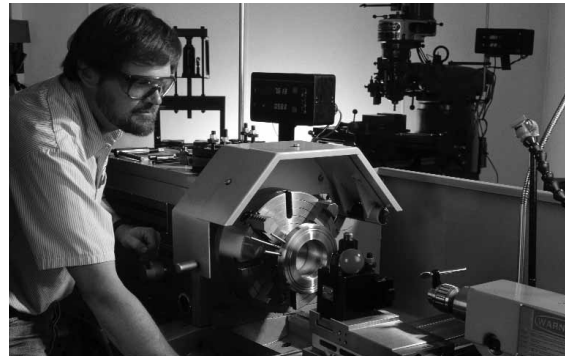
Funds may be used to assist individuals in developing knowledge and vocational skills

relevant to labor market demands.<sup>71</sup> The funds cannot be used, however, for stipends to individual participants. Up to 1 percent of the funds is available to serve those in state correctional institutions.<sup>72</sup>

- *Match Requirement:* None.<sup>73</sup>

- *Application Process:*

Only State Boards for Vocational Education are eligible to apply for funding directly from the federal government, although local education agencies and postsecondary institutions are eligible recipients for sub-grants. For more infor-



mation about the program, see <http://www.ed.gov/about/offices/list/ovae/pi/cte/index.html>. Contact: U.S. Department of Education, OVAE, Division of Vocational-Technical Education, 400 Maryland Ave., SW, Room 4318, MES, Washington, DC 20202-7241. Phone: (202) 205-9441.

<sup>71</sup> See U.S. Code, title 20, sec. 2355 (2001) for a list of allowable uses of the funds.

<sup>72</sup> 20 U.S.C. § 2322 (a)(2)(A) requires that “an amount equal to not more than 1 percent of the amount allotted to the state under Section 2321 of this title for the fiscal year shall be available to serve individuals in state institutions, such as state correctional institutions and institutions that serve individuals with disabilities.” The law can be found in its entirety at [http://www.access.gpo.gov/uscode/title20/chapter44\\_.html](http://www.access.gpo.gov/uscode/title20/chapter44_.html).

<sup>73</sup> Program dollars do not need to be matched. The states’ cost to administer the program must be matched by the state on a one-to-one basis.

*Considerations:*

Though states may contract with local education agencies and postsecondary institutions to provide services, each state sets its own priorities and allocation system. TJ programs hoping to tap into these funds should contact their state's vocational education director to learn more about the specific priorities and allocation process in their state.

*RECREATIONAL TRAILS PROGRAM –  
Formula Grants and Policy Support*

*Description:* The Recreational Trails Program (RTP) of the U.S. Department of Transportation's Federal Highway Administration (FHWA) provides formula grants to develop and maintain recreational trails and trail-related facilities for motorized and non-motorized recreational trail users. Total funding for the RTP stands at \$50 million in FY 2003.

• *Eligibility:*

In most states, the state parks and recreation agency administers an annual funding competition open to trail groups, other nonprofit organizations, and federal, state, and local public agencies.

• *Program Restrictions:*

Eligible project categories defined in U.S. Code, title 23, sec. 206(d)(2) for TJ programs include the following:

- Maintenance and restoration of existing recreational trails;

- Development and rehabilitation of trailside and trailhead facilities and trail linkages;
- Construction of new recreational trails; and
- Operation of educational programs to promote safety and environmental protection as those objectives relate to the use of recreational trails (up to 5 percent of a state's funds).

In addition, states must meet minimum funding shares among motorized, nonmotorized, and diverse trail use—40 percent minimum for diverse trail use, 30 percent minimum for motorized recreation, and 30 percent minimum for nonmotorized recreation.

• *Match Requirement:*

Grantees are generally required to provide a 20 percent match. Federal agency project sponsors may provide additional federal funds up to a total federal share of 95 percent, funds from other federal programs may be used for the matching share, and states may allow a programmatic match instead of a project level match. A soft match is also permitted.

• *Application process*

States receive formula grants and distribute funds on a competitive basis. Youth Corps programs may apply directly or with a partner—many states give “extra credit” in scoring to proposals that involve a corps. See <http://www.fhwa.dot.gov/rectrails/rtpstate.htm>, for information on how to apply in your state.

*Consideration:*

The Recreational Trails program is of particular value to youth-serving TJ programs because of legislation and guidance for the program that encourage states to enter into contracts or cooperative agreements with qualified youth conservation or service corps to perform trail construction and maintenance projects. Numerous corps have obtained funding from this source.

*RESIDENT OPPORTUNITIES AND SELF-SUFFICIENCY PROGRAM (ROSS) –*

*Competitive Grant Program*

*Description:* Under this U.S. Department of Housing and Urban Development (HUD) program, approximately \$40 million in competitive grants are awarded to Public Housing Authorities (PHAs), resident organizations, and nonprofit agencies for services that help public housing residents obtain and retain employment.

• *Eligibility:*

Public and Indian Housing Authorities, site-based resident associations, intermediary resident organizations, and nonprofit entities that administer programs for the benefit of public and assisted housing resident organizations may apply for funds.

• *Program Restrictions:*

Grantees must demonstrate that there is resi-

dent support for their proposals (e.g., by submitting letters of support from resident groups). Programs must serve residents of public or Indian housing. Eligible activities include, but are not limited to, service coordinators, childcare, skills training, education, transportation assistance, development of resident businesses, and physical improvements to provide space for self-sufficiency activities.<sup>74</sup>

• *Match Requirements:* None.

• *Application Process:*

Applicants must respond to the annual Notice of Funding Availability (NOFA) to learn about the specific application process for that year. For more information on the ROSS program, see <http://www.hud.gov/offices/pih/programs/ph/ross/index.cfm>.

*Consideration:*

ROSS incorporates three categories of funding: Technical Assistance and Training Support for Resident Organizations; Resident Service Delivery Models; and Service Coordinators. Though funds through the Resident Service Delivery Models are most closely aligned with the objectives of TJ programs, grants through the Resident Organizations category may help to provide supportive services that complement TJ programs.

<sup>74</sup> Johnson and Savner, *Federal Funding*, p.9.

## SEALING AND EXPUNGING RECORDS –

### *Policy Opportunity*

*Description:* Some states have tried to reduce the stigma and legal barriers from individuals’ criminal histories by allowing ex-offenders to seal or expunge their criminal records or by offering certificates of rehabilitation to ex-offenders who have minimal criminal histories or who have remained out of the criminal justice system for a specified period of time.

- *Eligibility:* Ex-offenders.
- *Program Restrictions:* N/A
- *Match Requirements:* None.
- *Application Process:* Varies by state.

### *Considerations:*

There is not a federal seal and expunge program. The following states have passed legislation to allow sealing and expunging criminal records under certain conditions: California, Colorado, Florida, Georgia, Illinois, North Carolina, Ohio, Tennessee, and Texas. The circumstances under which ex-offenders may be eligible and how they may apply varies by state. To find out if and how your state permits ex-offenders to seal or expunge their criminal records or to obtain certificates of rehabilitation, contact your state’s repository of criminal records, available at [http://wtw.doleta.gov/documents/hard\\_appen.html](http://wtw.doleta.gov/documents/hard_appen.html).

## SECTION 3 HIRING OBLIGATIONS –

### *Policy Opportunity*

*Description:* One avenue for creating transitional jobs is through the “Section 3” hiring obligations for Public Housing Authorities (PHAs) and other recipients of HUD funding. The purpose of Section 3 is to ensure that “employment and other economic opportunities generated by federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing.”<sup>75</sup>

Section 3 requirements give TJ programs leverage to engage PHAs and other recipients of HUD funds. PHAs and other HUD grantees subject to Section 3 requirements can make progress toward their hiring goals by providing work sites for public housing residents and other targeted individuals who are enrolled in public job creation programs. This added benefit can serve as a strong selling point when developing work sites for participants who need transitional jobs.<sup>76</sup>

- *Eligibility:*  
Section 3 applies to all recipients of HUD funds.
- *Program Restrictions:*  
HUD’s Section 3 program requires that at least 30 percent of any new hires supported by certain public housing or community development

<sup>75</sup> <http://www.hud.gov/offices/fheo/section3/section3brochure.cfm>.

<sup>76</sup> The information on Section 3 borrows heavily from Johnson and Savner, *Federal Funding*, p.7.

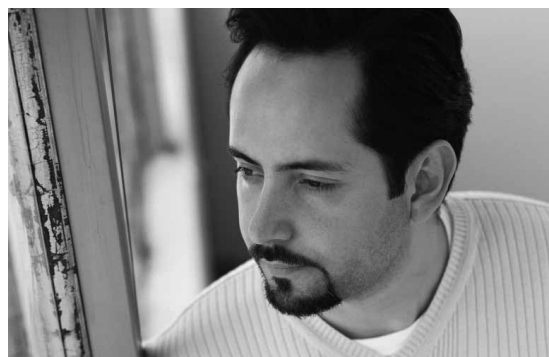
funds come from low-income households. Regulations also specify that a certain proportion (generally 10 percent) of the contracting opportunities generated from the use of housing and community development funds should be targeted to businesses controlled by, or that provide significant employment opportunities for, public housing residents or other low-income households. Section 3 gives priority to residents of public and assisted housing, low-income individuals living near a HUD-assisted project, youth participating in YouthBuild programs, and homeless persons.<sup>77</sup>

- *Match Requirements:* None.
- *Application Process:* N/A

*Consideration:*

Many PHAs and other HUD grantees may be willing to hire public housing residents or other low-income individuals from surrounding neighborhoods, but feel unprepared to supervise and support such individuals without outside help. Transitional jobs programs can help partners by providing case management services to participants and guidance and support to work site supervisors when they are confronted with new or difficult situations. Successful transitional job initiatives under Section 3 are also likely to provide job retention and support services that help PHAs and other grantees or contractors reduce turnover among their new employees. Finally, transitional job

creation programs can serve as feeder mechanisms for PHAs, other HUD grantees, and their contractors that have incorporated Section 3 goals into their normal hiring procedures. These graduates can either be brought directly into the regular workforce or referred to “pre-apprenticeship” programs that provide more specific vocational training required for specific occupations.<sup>78</sup>



*SERIOUS AND VIOLENT OFFENDER  
REENTRY INITIATIVE – Competitive Grant  
Program*

*Description:* The Serious and Violent Offender Reentry Initiative is a joint program of the Departments of Justice, Education, Labor, Health and Human Services, Housing and Urban Development, Veterans Affairs, and the Social Security Administration, and leverages resources from several programs of these agencies. Grants can be used to fund efforts that help juvenile and adult populations of serious, high-risk offenders return to the community.<sup>79</sup>

<sup>77</sup> <http://www.hud.gov/offices/fheo/section3/section3.cfm>.

<sup>78</sup> For more information about Section 3, see HUD’s website at <http://www.hud.gov/offices/fheo/section3/section3brochure.cfm> and the National Low Income Housing Coalition’s website at <http://www.nlihc.org/advocates/section3.htm>.

<sup>79</sup> Though the Department of Justice serves as the lead agency, the initiative is really a collaborative project of the Departments of Justice, Labor, Health and Human Services, Education, and Housing and Urban Development.

These initiatives can include:

- Education, parenting instruction, vocational training, treatment, and life skills programs while offenders are in institutions;
- Services and supervision as they reenter the community; and
- Networks of agencies and individuals to support offenders as they become reestablished in their communities.

The Reentry Initiative, which incorporates several federal grant programs, provided \$100 million to states and localities in FY 2002 for projects lasting up to three years. Because the FY 2002 grant awards were for a three-year period, no new funding was made available in FY 2003 or FY 2004. The funds can be used to help communities identify the current gaps in their reentry strategy and fill those gaps. Additionally, communities can enhance existing reentry strategies with training and technical assistance that will build community capacity to effectively, safely, and efficiently reintegrate returning offenders.

• *Eligibility:*

State or local government entities representing a partnership between “institutional and community corrections agencies” are eligible to receive federal funding.<sup>80</sup>

• *Program Restrictions:*

Programs must serve juvenile and/or adult offenders who have served a significant period of secure confinement in a state training school,

juvenile or adult correctional facility, or other secure institution. Juveniles must be 14 to 17 years (although can be extended up to age 24 for states whose juvenile court jurisdiction extends beyond the age of 18). Eligible juveniles must fall under the jurisdiction and supervision of the juvenile court, and targeted serious, high-risk offenders must be returning from commitment to the community. There are two eligible categories of adult offenders: young adults (ages 18-24) and adults (ages 25-35). The Reentry Initiative encourages applicants to focus on the juvenile and young adult populations because it is believed that those



groups have been shown to be the most predatory of the offender-age populations.<sup>81</sup>

Reentry Initiative funds can generally be used to finance three phases of programs: preparing offenders to reenter society (education, mental health, job training, etc.); working with offenders prior to and immediately following their release from correctional institutions (educa-

<sup>80</sup> <http://www.ojp.usdoj.gov/reentry/solicitation.pdf>.

<sup>81</sup> Additionally, DOJ recommends that the program help offenders who serve at least six-month terms rather than very short prison sentences because they tend to be more high-risk individuals.

tion, life skills training, job skills development, etc.); and connecting individuals who have left the supervision of the justice system with social services agencies and community-based organizations to provide ongoing services and mentoring relationships (institutional and community assessment centers, mentoring programs, etc.).

- *Match Requirement:*

Funds awarded to each jurisdiction are supposed to constitute only a portion of the total costs of a reentry effort although there are no specific matching requirements.

- *Application Process:*

Only state or local units of government can apply for Reentry Initiative funds. However, these entities must establish partnerships with other corrections agencies. Specifically, entities serving adults must partner with their state's department of corrections and at least one local agency. Entities serving juveniles must partner with their state's juvenile corrections agency and at least one local organization that provides services to juveniles returning from correctional facilities. For more information, see the description of the application process at <http://www.ojp.usdoj.gov/reentry/solicitation.pdf>.

*Considerations:*

Many of the Reentry Initiative grantees may have formed a partnership with local government and

nonprofits while other grantees may still be seeking additional partners. One strategy for accessing funds is to contact the existing grantee in your state to find out about their target population, timeline for moving forward, and current partners to determine how (and whether) to join the initiative.

It is not clear at this point whether there will be additional funding in future years to provide additional grants to new applicants or to renew current grants.

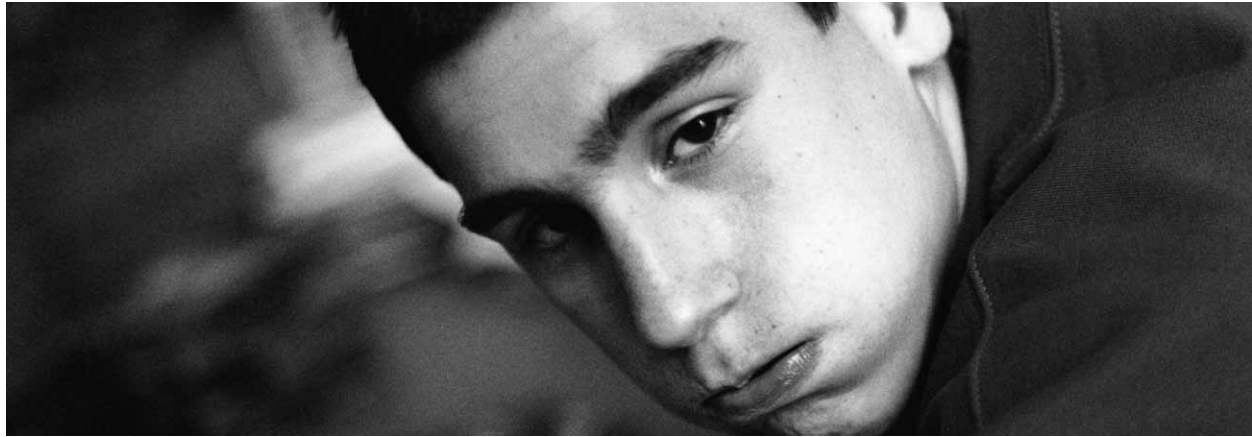
*SOCIAL SERVICES BLOCK GRANT (SSBG) – Formula Grants*

*Description:* SSBG is a program of the Administration for Children and Families, an agency within the U.S. Department of Health and Human Services. The program provides formula grants to states, which determine how funds are spent. Although there is tremendous flexibility in how these funds may be spent, services supported with SSBG funds must be directed toward at least one of five goals, one of which is “achieving or maintaining self-sufficiency.” SSBG funds may not be used to pay wages to individuals.<sup>82</sup>

- *Eligibility:*

States can use SSBG funds to provide services directly or contract with nonprofit service providers. For-profit organizations that waive their fees may also apply for funds from states.

<sup>82</sup> One exception is that wages of welfare recipients employed in child day care can be funded with SSBG. See [http://12.46.245.173/pls/portal30/SYSTEM.PROGRAM\\_TEXT\\_RPT.SHOW3p\\_arg\\_names=prog\\_nbr8p\\_arg\\_values=93.667](http://12.46.245.173/pls/portal30/SYSTEM.PROGRAM_TEXT_RPT.SHOW3p_arg_names=prog_nbr8p_arg_values=93.667)



- *Program Restrictions:*

Funds must be used to promote one of the following objectives: 1) preventing, reducing, or eliminating dependency; 2) achieving or maintaining self-sufficiency; 3) preventing neglect, child abuse, or exploitation of children or adults; 4) preventing or reducing inappropriate institutional care; or 5) securing admission or referral for institutional care when other forms of care are not appropriate.

- *Match Requirement:* None.

- *Application Process:*

The federal government provides formula block grants each year to states. States may provide direct services or contract with private providers. Prior to expending any funds, the state must report on the intended use by providing information on the types of activities to be supported and the categories or characteristics of individuals to be served.

*Considerations:*

As is true with CDBG, TANF, and other block grants, SSBG funds are very flexible, making them an attractive financing mechanism for TJ programs.

However, as is also true with these other funding sources, the flexibility of the SSBG program leads to intense competition for these funds.

*TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) – Formula Grants*

*Description:* The 1996 federal welfare law (the Personal Responsibility and Work Opportunity Reconciliation Act) repealed the Aid to Families with Dependent Children program, and instead provides welfare funds through block grants in the Temporary Assistance to Needy Families (TANF) program. States can now use federal TANF funds and state “maintenance of effort” funds<sup>83</sup> to create paying, transitional jobs for individuals eligible for the state’s TANF program.<sup>84</sup>

- *Eligibility:*

These formula block grants are given annually to every state. States have tremendous flexibility over the expenditure of these funds and may enter into contracts with nonprofit service providers.

- *Program Restrictions:*

TANF funds can be used to provide transitional

<sup>83</sup> States spend their maintenance of effort as a condition of receiving federal TANF funds.

<sup>84</sup> Johnson and Savner, *Federal Funding*, p.2.

jobs to poor individuals who meet the state’s eligibility requirements. This can include people who are not receiving cash assistance, such as noncustodial parents, childless teenagers, and young adults, if the state’s TANF eligibility rules include these individuals in the definition of eligible families.<sup>85</sup>

- *Match Requirement:*

The TANF block grant program has an annual cost-sharing requirement known as “maintenance of effort.”<sup>86</sup> Though there is no federal requirement for how much sub-grantees must match TANF funds that they receive from their state, states can require matching from those organizations to which they provide TANF dollars.

- *Application Process:*

The state receives TANF funds through a formula from the U.S. Department of Health and Human Services.

*Considerations:*

Transitional jobs can be funded under TANF in two ways. First, state welfare agencies can earmark TANF funds at their own discretion, through legislative appropriations, or at a governor’s directive for a transitional job program that they administer. The state agency can also provide funds directly to other state, local, or nonprofit agencies for a TJ program. Alternatively, state or county

welfare agencies can “divert” welfare recipients’ cash grants and use the funds as wage subsidies for those recipients. This approach allows the state and county to provide funds on a per capita basis with the knowledge that the cost of wages will be partially or wholly offset by reductions in cash assistance to participants.

TANF regulations state that when TANF funds subsidize wages, the resulting wage payments to participant employees do not constitute assistance and will not count against the 60-month federal time limit applicable when TANF funds are used to provide cash welfare grants (although states may choose to apply the time limit to these individuals).<sup>87</sup> This gives states and counties greater flexibility to provide transitional job opportunities, especially to people who will soon hit their time limit. While direct allocation of TANF funds tends to be simpler and easier to administer, states and communities are finding ways to also effectively implement the cash diversion approach.

*TRANSPORTATION ENHANCEMENTS (TE)–  
Formula Grants and Policy Support*

*Description:* Transportation enhancements (TE) are transportation-related projects funded by states with support from the Surface Transportation Program as authorized by the Transportation

<sup>85</sup> One of TANF’s goals is to reduce out-of-wedlock pregnancies. Research evidence from an evaluation of youth corps programs indicates that participation reduces the incidence of out-of-wedlock births among participants. Therefore, expenditures on job creation programs for teenagers and young adults “appears to fall within the permissible uses of TANF funds in furtherance of this statutory purpose.” See Johnson and Savner, *Federal Funding*, p.3.

<sup>86</sup> The applicable percentage of the match varies from state to state.

<sup>87</sup> For the final TANF regulations, see <http://www.acf.dhhs.gov/programs/ofa/finalru.htm>.

Equity Act for the 21st Century (TEA-21). TE projects should strengthen the cultural, aesthetic, and environmental aspects of the nation's intermodal transportation system. The TE program provides for a variety of nontraditional projects, for examples ranging from: the restoration of historic transportation facilities; bicycle and pedestrian facilities; landscaping and scenic beautification; and the mitigation of water pollution from highway runoff.

- *Eligibility:*

Each state must set aside 10 percent of its federal Surface Transportation Program funds for use on TE projects. The states may use these funds to contract with state or local government agencies, nonprofit organizations, and, in some cases, individuals engaged in eligible activities.

- *Program Restrictions:*

Federal regulations stipulate that TE funds must be spent on one of the following 12 types of projects:

- Provision of facilities for pedestrians and bicycles;
- Provision of safety and educational activities for pedestrians and bicyclists;
- Acquisition of scenic easements and scenic or historic sites;
- Scenic or historic highway programs;
- Landscaping and other scenic beautification;
- Historic preservation;

- Rehabilitation and operation of historic transportation buildings, structures, or facilities;
- Preservation of abandoned railway corridors;
- Control and removal of outdoor advertising;
- Archaeological planning and research;
- Environmental mitigation to address water pollution due to highway runoff or reduce vehicle-caused wildlife mortality while maintaining habitat connectivity; or
- Establishment of transportation museums.

States also may add additional restrictions on fund use.

- *Match Requirements:*

TE funds generally cover 80 percent of approved project costs. The project sponsor must cover the other 20 percent.<sup>88</sup>

- *Application Process:*

States receive Surface Transportation Program (STP) funds from the U.S. Department of Transportation based on a formula. States decide how to distribute funds to eligible projects. The TE program is technically a reimbursement program, not a grant program. Usually, the project sponsor must pay for project costs upfront and then submit a reimbursement claim to its state's transportation agency. The state transportation agency, in turn, submits the claim to Federal Highway Administration.<sup>89</sup> For more information, referrals to state-level contacts and descriptions of the TE program in each state visit <http://www.enhancements.org>.

<sup>88</sup> In general, other federal funds may be used as match.

<sup>89</sup> See <http://www.virginiadot.org/projects/pr-enhancegrants.asp>.

*Consideration:*

The authorizing legislation [Transportation Equity Act for the 21st Century, Public Law 178, 105th Cong., 2d sess. (9 June 1998), 1108(g)] encourages the use of qualified youth conservation or service corps to perform appropriate TE activities on federal-aid highway projects. Several youth conservation corps around the country have successfully obtained and used TE funding.

VOCATIONAL REHABILITATION SERVICES PROGRAM, FUNDS FOR BASIC VOCATIONAL REHABILITATION –

*Formula Grant*

*Description:* The U.S. Department of Education’s Rehabilitation Services Administration provides formula grants to state Vocational Rehabilitation (VR) agencies to assist individuals with disabilities in preparing for and engaging in employment.

• *Eligibility:*

Only state agencies that are designated to administer the vocational rehabilitation funds may receive funds from the federal government. However, states may contract with local service providers, so long as these sub-grantees comply with all federal statutory, regulatory, and policy requirements.

• *Program Restrictions:*

State VR agencies must provide comprehensive rehabilitation services that go beyond those found in routine job-training programs to qual-

ifying individuals. Qualifying individuals must have a physical or mental impairment that is a substantial impediment to employment and must be able to benefit from VR services to achieve employment. Funds can pay for services, but may not be used for wages.

• *Match Requirements:*

States must contribute 21.3 percent of program funds to receive the federal dollars.<sup>90</sup>

• *Application Process:*

VR dollars are allocated on a formula basis to states. To receive funds from your state, community leaders should contact their state vocational rehabilitation agency. For information on individual states’ programs, see <http://www.jan.wvu.edu/SBSES/VOCREHAB.htm>. For general information on the program, see <http://www.ed.gov/about/offices/list/OSERS/index.html?src=oc>.

*Consideration:*

Services supported by VR dollars must go beyond traditional jobs programs and require state VR agencies to help program beneficiaries prepare for, enter, engage in, or retain employment. This often requires services such as work evaluations, assessments and provision of supportive technology, job counseling services, and medical and therapeutic services.

<sup>90</sup> See <http://www.cfda.gov/static/84126.htm> for details.

*WORKFORCE INVESTMENT ACT (WIA) –  
Formula Grant*

*Description:* These grants are designed to allow states and communities to promote a revitalized workforce investment system that provides workers with the information, advice, job search assistance, and training they need to obtain and keep good jobs, and provide employers with skilled workers. These grants support workforce investment activities that will increase the employment, retention, and earnings of participants, and increase occupational skill attainment by participants, while helping to improve the quality of the workforce (including the future workforce), reduce welfare dependency, and enhance the productivity and competitiveness of the nation’s economy. Services are determined and provided locally by Workforce Investment Boards (WIBs), which establish and oversee the “One-Stop” system and local youth councils.

• *Eligibility:*

State workforce agencies are eligible to apply for funds. Governors then designate local workforce investment areas and oversee local workforce investment boards. State and Local Workforce Investment Boards (WIBs) must establish “One-Stop” employment centers to serve adults and dislocated workers, as well as youth councils to oversee the youth activities component of the WIA program.

• *Program Restrictions:*

All adults 18 years and older are eligible for core

services. Where funds are limited, priority for training services must be given to recipients of public assistance and other low-income individuals. States and local areas develop their own procedures for applying the priority requirements.<sup>91</sup> A portion of WIA funds are reserved to support youth activities. Eligible youth must:

- be 14-21 years of age;
- be a member of a family whose total family income does not exceed the higher of a) the poverty line; or b) 70 percent of the lower living standard income; and
- meet one or more of the following criteria:
  - a) be an individual who is deficient in basic literacy skills; b) a school dropout, homeless, a runaway, a foster child, pregnant, a parent, or a criminal offender; or c) require additional assistance to complete his or her education or to secure and hold employment.

WIA funds for youths may be used to achieve careers as well as academic and employment success; ensure ongoing mentoring opportunities; provide opportunities for training; provide continued supportive services; provide incentives for recognition and achievement; and provide opportunities for leadership, development, decisionmaking, citizenship, and community service.<sup>92</sup> At least 30 percent of local youth funds must help youth who are not in school.

- *Match Requirements:* None.

<sup>91</sup> *The Catalogue of Federal Domestic Assistance* at <http://www.cfda.gov/public/viewprog.asp?progid=1532>.

<sup>92</sup> *Ibid.*, at <http://www.cfda.gov/public/viewprog.asp?progid=1533>.

- *Application Process:*

States submit a strategic five-year plan for WIA activities. Funds flow from the federal government to the state and then to local WIBs. Local WIBs and their youth councils oversee the distribution of WIA funding to the local One-Stop system and local service providers. For a list of state WIA contacts, see <http://wdr.doleta.gov/contacts>. For more information about youth activities under WIA, see [http://www.doleta.gov/youth\\_services](http://www.doleta.gov/youth_services).

*Consideration:*

Under WIA, each local WIB is responsible for providing access to three categories of services for adults and dislocated workers: 1) core services (e.g., job search and placement services), 2) intensive services (paid work experience), and 3) training services. The intensive services and training services represent two ways that WIA funds can be used to support transitional jobs programs.

- *Intensive services:* WIA support for transitional jobs is allowed because the intensive services category includes “paid work experience,” defined as “a planned, structured learning experience that takes place in a workplace for a limited period of time.” However, while transitional jobs would qualify for WIA support, a program participant first would have to receive at least one “core” service, because WIA requires participation in activities or programs in each of the three categories sequentially.

- *On-the-Job Training (OJT):* OJT is a “training service,” meaning that for an individual to qualify, he or she first must have used at least one “intensive service” and been found to need training to obtain a job, or, if already employed, to find a job that pays a higher wage. An employer in the public, nonprofit, or private sectors can provide OJT. WIA funds can be used to reimburse the employer for up to 50 percent of the participant-employee’s wages to compensate for the employer’s extraordinary costs. For more information about WIA, see <http://www.doleta.gov/usworkforce/wia.cfm>.

*WORKPLACE AND COMMUNITY  
TRANSITION TRAINING FOR  
INCARCERATED YOUTH OFFENDERS –  
Formula Grant*

*Description:* Under this formula grant program authorized by the Higher Education Act, the U.S. Department of Education provides funds to state correctional education agencies (SCEAs) for post-secondary educational services to incarcerated youth offenders who are age 25 and under, within five years of release or parole, and serving their sentences in a state prison. These programs assist and encourage incarcerated youths to acquire functional literacy, as well as life and job skills, through the pursuit of a postsecondary education certificate or an associate’s or bachelor’s degree while in prison. In addition, employment counseling and

other related services may begin during the period of incarceration and continue through pre-release and while on parole. In FY 2004, \$19.8 million was provided to SCEAs.

- *Eligibility:*

State correctional education agencies are eligible to receive federal funds. States may contract with local agencies to provide services.

- *Program Restrictions:*

Funds must be used to provide services to individuals who: 1) are incarcerated in a state prison, including a pre-release facility or an alternative program, such as boot camp, 2) are eligible to be released or paroled within five years, 3) are 25 years of age or younger, and 4) have obtained a secondary school diploma or its equivalent. Funds may be used for a range of job services for eligible participants, but cannot be used for cash stipends. Not more than \$300 per student can be spent on services such as career development, substance abuse counseling, parenting skills training, and health education for each eligible incarcerated youth. In addition to the \$300 that may be used for services, up to \$1,500 per individual may be spent on books, tuition, and other essential materials.<sup>93</sup> Case management services can be extended beyond the juvenile's release from prison.

- *Match Requirement:* None.

- *Application Process:*

Awards are made to state correctional education agencies on a formula basis, after the submission of a state plan. Local service providers should contact these agencies for information on how to apply for funds. State correctional education agencies are listed at: <http://www.ed.gov/offices/OVAE/AdultEd/OCE/demoproj.html>.

- *Consideration:*

TJ programs could help participating youth work while they complete their post-secondary education.

#### *YOUTHBUILD – Competitive Grant*

*Description:* YouthBuild is a competitive grant program of the U.S. Department of Housing and Urban Development (HUD) that provides young high school dropouts with education, employment skills, and real life work experiences in the construction trade. YouthBuild's model is complex and demanding, providing participants with classroom training, income as construction site trainees, and the ability to help their community by building or rehabilitating affordable housing.

- *Eligibility:* YouthBuild grants are available to public and private nonprofit organizations, public housing authorities, state and local government agencies, and organizations providing employment and training services under federal employment and training programs.

<sup>93</sup> <http://www.ed.gov/policy/highered/leg/hea98/sec821.html>.

- *Program Restrictions:* YouthBuild programs must offer educational and job training services, leadership training, counseling, and other support activities, as well as on-site training in housing rehabilitation or construction work (the last activity accounts for at least half of each participant's time).<sup>94</sup> Youth ages 16-24 who are high school dropouts and have very low incomes are eligible for the program. Up to 25 percent of the participants may have a high school diploma and a higher income, if they have educational needs that justify their participation.

- *Match Requirement:* None.

- *Application Process:* YouthBuild competitive grants are announced in HUD's Notice of Funding Availability (NOFA) each year. Agencies must complete the application according to the directions in the NOFA and application kit. In FY 2004, \$64.6 million in grants were awarded. See <http://www.hud.gov/offices/cpd/economicdevelopment/programs/youthbuild/index.cfm> for information on YouthBuild and the NOFA.

*Consideration:*

Winning funds for a YouthBuild program is highly competitive since total funds are very limited and there are many qualified applications each year. However, HUD does provide limited funds for planning grants (see the HUD website above for

more information on the planning grants). TJ programs should also be aware that YouthBuild programs are eligible for AmeriCorps support, and thus could provide education awards to their participants and receive some program funding through YouthBuild USA, the national nonprofit support center and technical assistance intermediary for the YouthBuild movement ([www.youthbuild.org/ybusa.html](http://www.youthbuild.org/ybusa.html)) or their state commission. See the AmeriCorps section of this paper for more information.

*YOUTH OPPORTUNITY GRANTS (YOG) –  
Competitive Grant*

*Description:* Local communities awarded Youth Opportunity Grants from the U.S. Department of Labor can use the funds to provide comprehensive services to youth ages 14-21 in high-poverty areas. Funds are used to address school drop-out rates, joblessness, skills, and youth development. The overall goal of the program is to increase employment rates in the target areas.

- *Eligibility:*

Local Workforce Investment Boards (WIBs) or entities are eligible to receive a grant.

- *Program Restrictions:*

Grants must be used to serve youth ages 14-21 who reside in target areas and are legal residents of the United States, regardless of family

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<sup>94</sup> Specifically, YouthBuild funds can be used for ongoing training, technical assistance, education, job training, counseling, employment, and leadership development services and activities; wages, benefits, and need-based stipends for participants; entrepreneurial training, driver education, internships, and programs for those with learning disabilities; in-house staff training; acquisition, rehabilitation or construction of housing and related facilities used in the program; necessary relocation payments for residents of such housing; and administrative costs, which generally cannot exceed 15 percent of the YouthBuild grant. When this proves insufficient to support capacity development by a private nonprofit, the HUD secretary can set the percentage higher. See website: <http://www.hud.gov/offices/cpd/economicdevelopment/programs/youthbuild/index.cfm>.

income. Funds may be used for wages and other services aimed at improving educational and skill competencies, and providing effective connections to employers; ongoing mentoring opportunities; training opportunities; continued support services for eligible youth; incentives for recognition and achievement to eligible youth; and youth development opportunities in activities related to leadership, development, decisionmaking, citizenship, community service, and recreation. The Workforce Investment Act (WIA) also authorizes the use of funds for intensive placement services and follow-up services for not less than 24 months after completing the program.

- *Match requirements:* None.

- *Application Process:*

Local Workforce Investment Boards apply directly for Youth Opportunity Grants. WIBs may contract with community-based organizations to provide services.

*Consideration:*

Congress provided five years of funding for this program (1999-2004). Even though 2004 is the last year of funding for the YOGs, some programs may have short-term carry-over funds beyond this date. If a community already receives a Youth Opportunity Grant, local leaders should determine whether their TJ program could provide services with these funds. For a list of YOG grant recipients, see [http://www.doleta.gov/youth\\_services/yog.cfm](http://www.doleta.gov/youth_services/yog.cfm). There is a potential that a similar competitive grant program (Youth Challenge Grants) will be created as a part of the Workforce Investment Act (WIA) reauthorization.

## Additional Resources

### GENERAL:

The Jobs Initiative was launched in 1995 by The Annie E. Casey Foundation. The program provides funding and support for community-based initiatives in five cities to help young, low-income workers find meaningful jobs and to identify national employment and training models. Jobs projects are being launched in fields such as construction, healthcare, manufacturing, and teleservices. Website: <http://www.aecf.org/initiatives/jobsinitiative>.

Transitional Jobs Network website: <http://www.transitionaljobs.net>.

U.S. Department of Health and Human Services. *Helping Families Achieve Self-Sufficiency: A Guide on Funding Services for Children and Families through the TANF Program*. Washington, D.C.: U.S. Department of Health and Human Services, n.d. Available at <http://www.acf.dhhs.gov/programs/ofa/funds2.htm>.

Waller, Margy. *Transitional Jobs: A Next Step in Welfare to Work Policy*. Washington, D.C.: The Brookings Institution, May 2002. Available at <http://www.brook.edu/dybdocroot/es/urban/publications/wallertransjobsexsum.htm>.

The Finance Project lists resources on publicly funded jobs on its website: <http://www.financeproject.org>.

### EX-OFFENDERS:

Home Builders Institute and Colorado Department of Corrections. *Building Jobs/Rebuilding Lives: Placing Ex-offenders with Employers in the Residential and Light Commercial Construction Industry*. Under a grant from the U.S. Department of Education. Washington, D.C.: Home Builders Institute, n.d. Available at [http://www.ed.gov/offices/OVAE/AdultEd/OCE/bldg\\_jobs.html](http://www.ed.gov/offices/OVAE/AdultEd/OCE/bldg_jobs.html).

The National Institute of Corrections' Office of Correctional Job Training and Placement (OCJTP) was created in 1995 to cooperate with and coordinate the efforts of other federal agencies in the areas of job training and placement, collect and disseminate information on offender job training and placement programs, provide training to develop staff competencies, and provide technical assistance to state and local training and employment agencies.

Website: <http://www.nicic.org/AboutNic/DivDetails.aspx?DivID=8>.

The National Institute of Justice (NIJ) is the principal research, evaluation, and development agency of the U.S. Department of Justice. Website: <http://www.ojp.usdoj.gov/nij>. NIJ established the National Criminal Justice Reference Service (NCJRS) in 1972 to serve as a national and international clearinghouse for the exchange of criminal justice information.

Phone: (800) 851-3420.

The U.S. Department of Education's Office of Correctional Education was created by Congress in 1991 to provide technical assistance, grant funding, and research data to the corrections and correctional education fields. Phone:(202) 205-5621.

The U.S. Department of Justice's National Institute of Corrections (NIC) Information Center is a national clearinghouse for collecting and disseminating information on all aspects of adult corrections. Phone: (800) 877-1461. Website: <http://www.bop.gov>.

#### *HOMELESS PEOPLE:*

Fleischer, Wendy, and Kay E. Sherwood. *The Next Wave: Employing People with Multiple Barriers to Work*. New York: Corporation for Supportive Housing, 2000. Available at <http://www.csh.org/index.cfm?fuseaction=page.viewpage&pageID=612>.

Sard, Barbara. *Outline of How Federal Housing Programs Can Help Provide Employment and Training Opportunities and Support Services to Current and Former Welfare Recipients*. Washington, D.C.: Center on Budget and Policy Priorities, revised April 2002. Available at <http://www.cbpp.org/1-6-00hous.pdf>.

The Finance Project. "Preventing Homelessness," *Resources for Welfare Decisions* Vol. 5, No. 15 (November 2001). Available at <http://www.financeproject.org>.

## YOUTH:

American Youth Policy Forum provides information on a wide range of youth development issues. Website: <http://www.aypf.org>.

Ashford, Christopher, et. al. (2003) *Connecting Vulnerable Youth: A Municipal Leader's Guide*. National League of Cities and the AED Center for Youth Development and Policy Research: Washington, DC. Available at: [http://www.nlc.org/nlc\\_org/site/files/reports/vulnerable%20youth.pdf](http://www.nlc.org/nlc_org/site/files/reports/vulnerable%20youth.pdf).

Cohen, Marie, and Mark H. Greenberg. *Tapping TANF for Youth: When and How Welfare Funds Can Support Youth Development, Education, and Employment Initiatives*. Washington, D.C.: Center for Law and Social Policy, January 2000. Available at <http://www.clasp.org/DMS/Documents/997122365.635/tapping%20TANF%20for%20youth.pdf>.

Sun, Andrew M. (2003). *Leaving Young Workers Behind*. The Center for Labor Market Studies, Northeastern University and the National League of Cities. Available at: [http://www.nlc.org/nlc\\_org/site/files/pdf/YouthEmpymnt%20Rprt.pdf](http://www.nlc.org/nlc_org/site/files/pdf/YouthEmpymnt%20Rprt.pdf).

PEPNet is a system and an information base for identifying and promoting what works in youth employment and development. Website: <http://www.nyec.org/pepnet/>.

The Finance Project offers information on youth development. Website: <http://www.financeprojectinfo.org/WIN/youthmain.asp>.

Yohalem, Nicole, and Karen Pittman. *Powerful Pathways: Framing Options and Opportunities for Vulnerable Youth*. Discussion paper of the Youth Transition Funders Group. Takoma Park, MD: The Forum for Youth Investment, International Youth Foundation, October 2001. Available at <http://www.forumforyouthinvestment.org/pwrflpthwys.pdf>.

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# About The Finance Project

To support decisionmaking that produces and sustains good results for children, families, and communities, The Finance Project develops and disseminates information, knowledge, tools, and technical assistance for improved policies, programs, and financing strategies.

## *OVERVIEW*

The Finance Project is a nonprofit policy research, technical assistance, and information organization created to help improve results for children, families, and communities nationwide. Its work is concentrated in several areas:

- Financing issues and strategies related to education, family and children's services, income security, and community building and development;
- Community supports and services that reach across categorical boundaries and the public and private sectors to effectively link health care, education, family support, income security, economic development, and neighborhood revitalization;
- Managing for results in government, philanthropy, and community-based organizations; and
- Information for decisionmaking, including Internet-based capacities for sharing knowledge, tools, and resources on the design and implementation of effective policies, programs, and systems reforms.

Established in 1994, The Finance Project is a valuable intellectual and technical resource to policymakers, program developers, and community leaders, including state and local officials, foundation executives, academic researchers, service providers, and advocates who:

- Seek creative ideas for policies, programs and system reforms, and effective policy tools to implement them;
- Need information about what is occurring elsewhere, how it is working, and why; and
- Want practical, hands-on assistance to advance their reform agendas.

## *PRODUCTS AND SERVICES*

The Finance Project's products and services span a broad continuum from general foundation knowledge about issues and strategies to customized resources and intensive, hands-on technical assistance. They encompass efforts to cumulate knowledge and build the field over time as well as time-sensitive projects to address immediate challenges and opportunities, including:

- Research and Analysis – gathering and analyzing information and data to identify promising practices and evaluate policy and program options and to improve the financing, management, and implementation of programs and services.
- Policy Tool Development – developing tools and “how to” materials to support implementing and sustaining of promising practices and systems reforms, including financing strategies.
- Technical Assistance – providing and coordinating assistance to decisionmakers on the design and implementation of policies, programs, and system reforms.
- Development of Web-Based Clearinghouses – assisting in organizing and presenting research findings, technical assistance tools and other information on the Internet.
- Management of Major, Multi-Site Initiatives – helping funders manage collaborative efforts and large, multi-site initiatives by providing technical assistance to the sites, monitoring their progress, and serving as liaison between sites and funders.
- Peer and Organizational Networks – creating and managing networks of professionals and organizations to assist in the development and dissemination of information and resources to implement policy, program, and system reforms.

## *STAFF*

The Finance Project's capacity to take up wide-ranging research, development, and technical assistance challenges with great success is due to its highly qualified professional staff that has substantial experience in public policy research and development, state and local government, public- and private-sector finance, and social program management and design. A small group of core consultants with specialized knowledge and expertise extend the staff capacity. The Finance Project also participates in strategic partnerships with other national and regional organizations that provide complementary expertise and direct ties to key audiences.

## *PUBLICATIONS*

The Finance Project develops and disseminates an array of published resources:

- Working Papers – occasional papers that examine issues related to financing, governance, and management in education, family and children's services, and community building.

- Reports and Monographs – studies of federal, state, and local financing; governance and management issues; and strategies.
- Strategy Briefs – “how to” briefs that outline innovative financing strategies and considerations for implementing them.
- Issue Notes and Resources – short notes on policy choices related to welfare reform and workforce development that summarize relevant research findings and highlight promising practices.
- Resource Guides – guides to the design and implementation of financing strategies and available funding sources.
- Toolkits and Workbooks – step-by-step guides to help users design and implement policy, program, and systems reforms that are tailored to their needs and priorities.
- Email Newsletters and Updates – electronic publications highlighting recent developments, publications, and other resources.

## *WEBSITES*

The Finance Project maintains two major websites.

- [Financeproject.org](http://financeproject.org) – a website that provides up-to-date information on The Finance Project and its work, including project descriptions, descriptions of available services and access to publications, tools, and other resources it has developed.
- [Financeprojectinfo.org](http://financeprojectinfo.org) – Information for Decisionmaking, a comprehensive web-based clearinghouse of policy information, research and evaluation findings, state and local initiatives, and technical assistance resources in a broad array of policy areas, including the most comprehensive, web-based information resource on welfare reform and welfare-to work topics, with more than 20,000 links to electronic resources, including more than 500 other websites maintained by federal, state, and local governments and national and community-based organizations. Other clearinghouse topics include out-of-school time programs, workforce development, financing strategies, and managing for results.





