

A Foot in the Door

USING ALTERNATIVE STAFFING ORGANIZATIONS
TO OPEN UP OPPORTUNITIES
FOR DISADVANTAGED WORKERS

Report on the
Alternative
Staffing
Demonstration
2005-2008

Shayne Spaulding,
Joshua Freely and
Sheila Maguire



P/PV

Public/Private Ventures

INNOVATION. RESEARCH. ACTION.

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Workers today face an increasingly volatile labor market, with a growth in temporary employment, declining wages and greater job insecurity. For disadvantaged workers and job seekers—with fewer networks and skills—finding work and advancing on the job is even more difficult. Similarly, organizations that serve these workers operate in a challenging environment, characterized by employers that are increasingly using staffing agencies to fill entry-level positions, declines in government funding, and policies that emphasize getting people into immediate employment rather than investing in longer-term skill development. These changes have spurred many organizations to explore innovative approaches to providing services: sectoral employment strategies, career pathways and transitional jobs, for example.

Among these innovations, some community-based and other nonprofit organizations have pursued the start-up of Alternative Staffing Organizations (ASOs), job placement enterprises that aim to help disadvantaged job seekers gain entry into the labor market and build their work experience, and that also charge fees to employers for these job brokering services. ASOs resemble traditional for-profit staffing agencies in that they act as the employer of record—which involves paying workers' wages and related taxes—for those they place in short-term or long-term assignments and generate revenue through the fees charged to employers. Unlike their traditional staffing-industry counterparts, however, ASOs aim to help a specific population—disadvantaged workers—and often offer additional supports, such as basic job readiness services, transportation to jobs or emergency cash assistance.

ASOs occupy a unique space among the array of strategies available to organizations that help disadvantaged job seekers find employment. What distinguishes ASOs from other strategies is that employers are their paying customers. Philanthropic and public dollars, rather than being the core of ASO revenues, fund supportive services aimed at helping workers get and keep jobs, making for a better-quality service to employer–customers. While ASOs provide

supportive services, they do not tend to offer intensive training, like sectoral or community college programs; nor do they make substantial investments in soft skills development. An ASO's primary role is to provide connections to the labor market for disadvantaged job seekers. Thus, ASOs operate as social-purpose enterprises that are driven by both job seekers and paying employer–customers. Some ASOs also have an interest in generating revenue for their parent organizations.

With financial support from the Charles Stewart Mott Foundation, Public/Private Ventures (P/PV) set out to explore the promise of the ASO strategy. Four ASOs—First Source Staffing in Brooklyn, New York; Goodwill Temporary Services in Austin, Texas; Goodwill Staffing Services in Boise and Nampa, Idaho; and EMERGE Staffing in Minneapolis, Minnesota—were selected to participate in the study, which was conducted in conjunction with researchers at the Center for Social Policy at the University of Massachusetts Boston's John W. McCormack Graduate School of Policy Studies (CSP). P/PV was charged with examining each ASO's motivations, operations, population served and outcomes through the lens of workforce development. We also wanted to understand how these social-purpose businesses assist individual job seekers by coupling job brokering with supportive services. CSP examined the ASO model and the capacity of the four ASOs to generate job assignments and serve two sets of “customers”—job seekers and employers. CSP also explored the financial and operational implications of meeting mission and income-generation goals. For CSP's companion report, please see www.mccormack.umb.edu/centers/csp/.

Why Alternative Staffing Organizations? Why Now?

A number of economic and policy trends have led some workforce organizations to pursue alternative staffing as a strategy. Most notably, over the past several decades, temporary and contractual work has accounted for a growing share of the American economy, becoming a major entry point into the labor market for many individuals. Although this change has created a more flexible labor market for employers and for some employees, it has also resulted in less job security and in lower-quality jobs for many

workers. At the same time, new policies that emphasize the rapid placement of welfare recipients and low-skilled individuals into jobs have led workforce organizations to consider temporary work as an option despite its drawbacks. Many of these organizations have faced declining funding for workforce programs and have begun to think about how to get employers to help cover operational costs. Some have concluded that starting an ASO is an option worth pursuing in this climate.

Growth and Change in the Temporary Staffing Industry

Approximately 90 percent of US employers use temporary workers (Abraham 1988). Between 1981 and 1997, employment in the personnel supply services industry grew from less than 500,000 to 2.5 million (Melchionno 1999). In 2008, using a new classification system—developed to reflect changes that had occurred in the economy over the past several decades—the United States Bureau of Labor Statistics estimated the size of the employment-services industry to include 3.7 million jobs, 2.6 million of which were in temporary-help service firms.¹ While the Department of Labor projects slower growth in the employment-services industry going forward than was witnessed in the 1990s, the sector is anticipated to expand at a faster-than-average rate; indeed, it is expected to remain one of the fastest-growing industries in the US. Most of this growth will likely occur in temporary-help agencies (US Department of Labor 2008). While these projections do not account for the economic recession that officially began in December 2007 (National Bureau of Economic Research 2008), historical data suggest that the sector could emerge quickly and robustly from this economic downturn, as was seen after the recessions of the early 1990s and early 2000s (Peck and Theodore 2005).

Another significant change has been the nature of the jobs offered by staffing agencies. Temporary workers were historically concentrated in administrative and clerical “pink collar” jobs that were traditionally held by women. Today, the picture of the employment-services industry and workforce is much more diversified. While a quarter of current employment-service placements are in administrative and office-support occupations, about a third are in production occupations, and another third are in

transportation and material-moving occupations (US Department of Labor 2008). Furthermore, rather than relying on staffing agencies solely to fill temporary vacancies or provide supplemental labor for short-term projects, businesses have increasingly used staffing companies to find permanent hires and to staff segments of companies in an ongoing way, with workers remaining on staffing agency payrolls over the long term.

New Policies Emphasize Quick Entry into the Labor Market

Policy changes in the 1990s and the increase in the size of the temporary-help sector have led many employment and training organizations to consider temporary-staffing agencies as a source of job placements. In 1996, welfare reform increasingly emphasized rapid attachment to the labor market, which could easily be achieved through temporary-agency placements. Later, the Workforce Investment Act of 1998 (WIA) created single points of access—through One-Stop centers, which serve as employment clearinghouses for workers—that focused mainly on brokering job opportunities. Together, these policies have spurred a trend toward short-term job readiness programs or immediate job placement.

Temporary staffing has become a route to rapid labor market attachment at both the provider and state level. Individuals seeking employment on their own may choose temporary work because of economic pressures, time-limited benefits and the predominance of temporary work at the lower end of the labor market. Similarly, employment and training providers have come to use temporary-staffing agencies to place individuals in jobs because they provide entry into certain occupations or companies or are an appropriate fit for the individuals whom workforce development organizations serve. Some states, such as Idaho, actually require welfare recipients to register with staffing agencies as a way of demonstrating that they are engaged in the search for a job. Studies of government programs, including Temporary Assistance for Needy Families (TANF) and WIA, suggest that between 15 and 40 percent of participants find employment through the temporary-help sector (Autor, Houseman 2002).

Dwindling Resources for Workforce Development and the Search for Alternative Funding

Another notable policy trend is the steady decline in public resources for workforce development over the past 10 to 20 years. For example, The Workforce Alliance estimates that between 1985 and 2003 there was a 29 percent reduction in Department of Labor funding for worker training (Spence, Kiel 2003). Because of this, workforce organizations have had to explore creative ways to support their programs. They have pursued a variety of strategies that are aimed at both generating revenue and preparing participants for jobs. For example, Rubicon Programs in Richmond, CA, operates a bakery, landscaping company and building-maintenance company.² Such ventures create job training and employment opportunities for program participants while also generating additional funding for the organization. Perhaps one of the most well-known organizations using social-purpose businesses to support workforce development is Goodwill Industries International, Inc., which supports a large portion of its workforce activities through revenue that is generated by its stores and other ventures.³ ASOs present another opportunity for organizations interested in social enterprise to meet their financial and programmatic needs, although like many social-purpose businesses, actually generating a profit poses a challenge (Bradach et al. 2005).

A Focus on Serving the Employer–Customer

The increased emphasis on rapid attachment has been accompanied by an increasing focus among workforce development organizations on serving the dual customer—i.e., serving both job seekers and employers. Organizations have looked for ways to involve employers in service delivery and program design. This can range from appointing employers to the boards of workforce development organizations, including them in programmatic activities such as mock interviews or other classroom activities or involving them in the development of program curricula and structures. Beyond involving employers in program design, workforce organizations have sought other ways to respond to the demands of employer–customers. Sectoral programs, for example, embed themselves in a particular industry, which enables them to

be highly responsive to employers in that sector. Usually, a third customer—often a government agency or private foundation—has paid for the services offered to employers and job seekers. As workforce organizations have become more responsive to employers, they have started to ask themselves, “Why am I doing this work for free?” Such questions have led some workforce organizations to look to the for-profit staffing industry, where charging employers for brokering services is the core of the business model. ASOs are one way for organizations to get employers to pay for some of the work they are already doing to connect job seekers and employers.

What Are the Drawbacks of Temporary Work? What Solutions Do ASOs Offer?

The rise in temporary and contractual work has had implications for workforce organizations and the individuals they serve. Despite the advantages that temporary jobs bring both employers and some workers in terms of flexibility, for many of those at the bottom end of the income distribution, the increase in the size of the temporary-help sector has meant decreased job security, lower wages and limited access to health insurance and other benefits (Mehta, Theodore 2004). For those employed by day-labor firms, temporary employment can mean being subject to other abuses, such as unsafe working conditions and reductions in wages to cover tools, transportation to the worksite and other costs (Valenzuela et al. 2006). At the same time, temporary jobs can provide needed flexibility to certain workers—to care for family members or pursue education and training—as well as immediate access to income during the search for a more permanent job.

Because of its drawbacks, some workforce development organizations have shied away from temporary work as a viable source of placements. Workforce funders have sometimes discouraged temporary placements because they run counter to job-retention goals; an increased focus on job retention was another outgrowth of policy changes in the 1990s. In general, workforce development organizations and their funders may, understandably, see a temporary-work strategy as out of alignment with the broader goal of helping disadvantaged job seekers achieve family-sustaining wages and escape poverty.

At the same time, the growth in the contingent labor market has created an environment in which entry-level positions have increasingly been filled by staffing agencies (Mehta, Theodore 2004). In many cases, the primary route to entry-level jobs may be through a staffing agency, either through temporary jobs that become permanent or direct placements facilitated by the staffing agency. Furthermore, in an economic climate where temporary work may be inevitable and is only expected to grow, ASOs may grant disadvantaged workers access to better-quality temporary jobs and to the supports necessary to help them retain those jobs or transition into more stable positions in which they can be paid directly by the employer.

Social policy research does not provide clear answers on the benefits or drawbacks of temporary-agency work for disadvantaged job seekers. Some researchers have argued that temporary work plays an important role in labor market success for certain groups of workers, while others have asserted that such experience relegates workers to “second class” jobs. A 2005 study by Autor and Houseman brought into question the effectiveness of temporary work as a route out of poverty for people leaving welfare. The authors examined individuals leaving welfare in one city in Michigan, using a quasi-experimental design that compared the labor market outcomes of those whose first job after leaving welfare was through a temporary agency with those of individuals whose first job post-welfare was a direct hire. While there were no short-term differences between the two groups in terms of leaving welfare and escaping poverty, over the long term, only direct-hire placements received any labor market benefit. In fact, the study suggested that those who received temporary assignments might actually have done worse than those who received no help at all with job placement (Autor, Houseman 2005).

Other research suggests that temporary jobs may offer a benefit to those who use them by connecting them to firms likely to pay higher wages after their temporary assignments are complete. Using data from the Longitudinal Study of Employer Household Dynamics, Andersson et al. (2007) built on previous research to show persistent positive effects on earnings over time for low-wage work-

ers—not just individuals receiving TANF, as was the focus of Autor and Houseman’s study—who utilized temporary-staffing firms.

Neither of the studies discussed in this section looked specifically at ASOs in their assessment of the value of staffing-agency intervention for disadvantaged job seekers. Andersson et al. (2007) were primarily interested in the effects of traditional temporary agency employment on the employment outcomes of low-income job seekers. Autor and Houseman (2005)—focusing on individuals leaving welfare in a single Michigan city—looked solely at for-profit staffing agencies, which, when compared with ASOs, likely offer fewer services and connections to “permanent” jobs. ASOs are, after all, different from traditional staffing firms in that they aim to help the disadvantaged secure good jobs by complementing job brokering services with additional supportive services.

What Is Known About ASOs?

The first research on ASOs was conducted by Dorie Seavey in her 1998 examination of six ASOs in which she identified key elements of the alternative staffing strategy. She described ASOs as socially responsible businesses that embrace a dual bottom line that includes meeting the staffing needs of businesses and the employment needs of disadvantaged job seekers. According to Seavey, ASOs focus their efforts on job brokering, and those efforts complement other services provided to job seekers by the nonprofits that start ASOs. The organizations in the study tended to combine short-term work readiness with quick placement into a job, followed by long-term postplacement support. Like other transitional employment strategies that are designed to give individuals paid, on-the-job training or experience, temporary placements by ASOs are typically viewed as part of a larger strategy for moving job seekers to greater employability and employment security (Seavey 1998).

Carré et al. (2003) expanded on this work by looking at a broader swath of ASOs, interviewing 27 organizations to better understand what makes ASOs distinct from traditional staffing firms. The authors described ASOs as organizations that provide important job-access services to disadvantaged job seekers by mixing an aggressive sales strategy

with employment supports—e.g., counseling, transportation, health benefits—and dedicated resources for job placement. They argued that ASOs have the potential to improve the often poor conditions of low-wage contingent work by creating an environment in which workers' rights are respected, acting as a buffer between workers and employers who might not treat them well and securing access for otherwise-marginalized groups. This may be particularly true for ASOs working at the low end of the temporary help sector, where day labor firms are known for poor working conditions and mistreatment of workers (Valenzuela et al. 2006). And while many traditional staffing agencies treat their workers well, long-term labor market success for disadvantaged workers is not their number one priority.

The Alternative Staffing Demonstration

Funded by the Charles Stewart Mott Foundation, the Alternative Staffing Demonstration was launched to increase understanding of ASOs. Organizations were selected to participate through a competitive process that sought to identify diverse approaches in terms of the structure of the parent organizations, the populations they served, their service strategies and their target markets. Each organization received \$225,000 over three years to participate in the study. While they were not asked to do anything specific with the money they received, they were expected to use their grants to expand or improve services to disadvantaged job seekers or to improve business outcomes. The following four organizations were funded:

First Source Staffing (FSS-Brooklyn)⁴

Located in Brooklyn, NY, FSS is a for-profit subsidiary of the Fifth Avenue Committee, a community development organization that runs a range of programs, including a robust workforce development program. FSS-Brooklyn used the money it received from the Mott Foundation to provide supportive services to workers and to expand the size of its employer–customer base.

Goodwill Temporary Services (GTS-Austin)⁵

GTS, located in Austin, TX, is operated by Goodwill Industries of Central Texas and is largely oriented toward placing disabled job seekers in government agencies.

It used its funding from the Alternative Staffing Demonstration to expand its private employer–customer base and enhance the supportive services available to workers.

Goodwill Staffing Services (GSS-Idaho)

GSS-Idaho is run by the Easter Seals–Goodwill of the Northern Rocky Mountains. Before receiving funding from the Mott Foundation, GSS-Idaho operated only in Boise. With the support it received through the Alternative Staffing Demonstration, GSS-Idaho opened a second office in Nampa, ID, colocated with the organization's welfare program. Because the populations served in Nampa were quite different than in Boise, in some places we treat the two locations as separate sites (identified in the report as GSS-Boise and GSS-Nampa), although they were started by the same non-profit organization and are closely linked.

EMERGE Staffing

An affiliate of Pillsbury United Communities (a large, multi-service organization), EMERGE operates housing, employment and community development programs in North Minneapolis.⁶ Mott Foundation dollars were used to help restore EMERGE's ASO after difficult economic times had led to the loss of its biggest client. Funds were aimed at increasing marketing and sales to boost service capacity and employment opportunities.

The Alternative Staffing Demonstration was designed to make it possible to learn about alternative staffing as an approach while giving sites the flexibility to use their grants in the ways that would most benefit their organizational goals and would be most appropriate for the customers they served.

P/PV was commissioned to examine ASOs as workforce development strategies and to document how these unique entities serve their job-seeker customers. Our task was to understand:

1. The motivations of the nonprofits that start ASOs;
2. The ASOs' structure, operations and services;
3. The characteristics of job seekers who work with alternative staffing programs; and
4. The short-term outcomes of individual workers.

By conducting a close examination of the four selected organizations, P/PV sought to provide an in-depth understanding of ASOs. While the four organizations are not representative of all ASOs, they reflect a diversity of possible approaches and provide useful insight into the ASO model.

Methodology

P/PV collected data from a variety of sources over a period of 15 months, beginning in March 2006.

To understand the ASOs from an organizational perspective, P/PV, in conjunction with our partners at CSP, conducted site visits every six months to each of the funded organizations. These visits, which involved one-on-one interviews with staff members, helped us understand the motivations of each agency in starting their ASO, their structure and operations, and the services they provide.

To understand ASOs from the perspective of job seekers, P/PV collected data on individuals who consented to participate in the study.⁷ Collecting individual-level data is a departure from previous studies of ASOs that relied on aggregate-level data. The collection of individual-level data allows us to better understand the relationships among job-seeker characteristics, the services ASO workers received and their employment outcomes. P/PV collected additional data on the background of ASO workers through an analysis of the resumes that were submitted to the ASO. P/PV also administered a mail-in survey of ASO workers to gain a better understanding of their motivations for using the ASO, their perspective on and experience with the ASO and the use of other temporary agencies.⁸ These data were enhanced by worker focus groups that were held during each biannual site visit.

In terms of outcomes, we examined individuals' assignment to a job, their wages and the amount of time they were employed across all assignments. We also looked at conversions from temporary to permanent jobs. While it would be ideal to look beyond temporary assignments when measuring worker outcomes, these longer-term employment outcomes were not tracked consistently by the ASOs, and requiring them to do so was outside the scope of our work.

Our research was designed to increase the field's understanding of alternative staffing organizations by taking a closer look at the individuals they served and the services workers received, and examining how these factors related to outcomes. Given limited research on the strategy, a qualitative study, enhanced by participant data, was the most appropriate approach for achieving the goals of the study. However, future research might involve the identification of control or comparison groups to see if the outcomes for workers would have been different in absence of the program. Without a control or comparison group, we cannot be sure that the outcomes analyzed here are due to the work of the ASOs or to other unmeasured factors such as job seeker motivation. However, these analyses do provide us with critical information for understanding the alternative staffing strategy.

Findings

While the organizations that participated in the study approached the ASO strategy with different orientations to the goals of helping the disadvantaged and generating revenue, all four exhibited a flexibility to respond to both the supply and demand sides of the labor market. Unlike other workforce organizations whose populations are fixed, ASOs can make adjustments to their worker client base and their employer client base, in alignment with their mission and strategic interests. Our findings indicate that ASOs serve people with a range of barriers to employment—including people with criminal records, a history of homelessness, and limited educational attainment—and not unlike other workforce strategies, the more barriers that individuals face, the lower the chances are for a successful outcome. At the same time, our research suggests that ASOs—by combining job brokering with employment supports—may help offset the negative effect that certain barriers—including multiple barriers—can have on job placement, retention and wages. While further research is needed to fully understand the promise of the alternative staffing approach, this report represents an important step in understanding how ASOs serve disadvantaged individuals.

The remainder of this report explores our findings in more detail. In Chapter 2, we explore the reasons the grantees were drawn to alternative staffing

and how each organization's ASO fits within its broader mission and structure. Chapter 3 looks at who was recruited by the ASOs, how the organizations went about recruiting workers and the ways in which recruitment by ASOs may differ from other workforce development programs. In Chapter 4, we examine the services provided by the ASOs to assist both job seekers and employers. In Chapter 5, we present the results of our data analysis and highlight the promise that ASOs may hold as a workforce development strategy. The final chapter further explores the potential of alternative staffing as a strategy that can complement the range of approaches used by workforce development organizations to help disadvantaged job seekers succeed in the labor market.

The Parent Organizations

Chapter II

DIVERSE MOTIVATIONS LEAD
TO DIVERSE STRUCTURES AND
STAFFING

Why Did the Study Organizations Decide to Launch ASOs?

All four organizations in this study were primarily motivated to start an ASO by the prospect of offering job brokering services to disadvantaged job seekers that could be sustained by fees charged to employers. Alternative staffing was viewed as a strategic approach for helping certain job seekers access opportunities that might otherwise be closed to them. Three of the four organizations were also motivated by a desire to generate surplus revenue that could be funneled into other programs or—in one case—shared among workers as a cooperative.

As noted in the introduction, Goodwill has often used social enterprises to subsidize its social services; in Austin and Boise—the two Goodwills in the study—starting an ASO was seen as yet another potentially profitable venture that would help Goodwill clients find jobs. GTS-Austin was started by Goodwill Industries of Central Texas to generate employment opportunities and provide additional funds that could be used to help support other Goodwill programs. GSS-Idaho was launched as an extension of the traditional services offered by Easter Seals–Goodwill of the Northern Rocky Mountains to provide employment opportunities specifically to the disabled and disadvantaged clients of Goodwill programs. During the study, GSS-Idaho opened a second location in Nampa—a small city about 30 miles from Boise—in the same building as a public assistance program run by its parent organization. In Brooklyn, the Fifth Avenue Committee started FSS-Brooklyn as an additional job placement service to supplement its current workforce programs, envisioning a profit-sharing model that would enhance workers' wages and offer a socially responsible alternative to traditional staffing agencies. At EMERGE, generating profit for use beyond the ASO was not an explicit goal; the ASO was viewed as simply another option in the range of services offered to the community.

While all four ASOs remained attentive to the needs of their employer–customers, EMERGE and FSS-Brooklyn tended to view the staffing service primarily as a way to find suitable employment for job seekers drawn from the core client base served by the larger organization. The two Goodwills, given the added motivation of generating revenue, tended to be primarily concerned with successfully

meeting the needs of their employer–customers while at the same time working hard to employ as many jobs seekers as they could. For more information on how the organizations met the needs of their employer–customers and generated revenue, see the Center for Social Policy report at www.mccormack.umb.edu/centers/csp/.

How Are the ASOs Positioned Within Their Parent Organizations?

The positioning of the ASOs within their parent organizations and broader workforce development contexts affected the nature of services and operations at the four sites. While the parent organizations of the ASOs positioned these ventures based on their strategic interests, all four were active players in the local workforce system. The parent organizations of FSS-Brooklyn, EMERGE and GTS-Austin all offered a range of workforce development and welfare-to-work programs. GSS-Boise had significant TANF programming for a time, and the Goodwills in both Austin and Boise operated retail stores that employed the disabled and disadvantaged. FSS-Brooklyn and EMERGE were located within residential neighborhoods in densely populated urban areas; their parent organizations drew heavily from their immediate or surrounding neighborhoods. Given the sprawling nature of both Austin and Boise, the two Goodwills in the study—both located in commercial districts—attracted job seekers from across the wider region.

Both of the neighborhood-based ASOs were more closely connected to other programs offered at the parent organization. ASO staff members at those organizations tended to interact and share information and job candidates with staff members from other programs within the parent organization. At EMERGE, workforce and staffing services were managed by the same person for most of the study period; this arrangement optimized the creation of innovative ways to serve clients across programs. For example, EMERGE began the StreetWerks program, in which youth and adults fulfilled a city contract cleaning streets and parks around Minneapolis. StreetWerks workers were recruited through EMERGE's workforce programs, hired by the staffing agency and then assigned to the StreetWerks program as a placement. Staff members from other workforce programs run by

EMERGE were encouraged to refer clients to the ASO for jobs. EMERGE also ran a reentry-employment program for formerly incarcerated individuals, and these clients were often placed in jobs through the staffing agency.

A wholly owned, for-profit subsidiary of the Fifth Avenue Committee (FAC), FSS-Brooklyn has an independent board whose chair is the director of Brooklyn Workforce Innovations, FAC's workforce development arm. The FSS-Brooklyn offices are colocated with FAC's; the two organizations' offices have separate entrances but are connected internally. While not as integrated as EMERGE, FAC and FSS-Brooklyn staff members attempted to work together; for example, FSS-Brooklyn staff members often referred applicants who needed further training to FAC's workforce programs.

Due to its colocation with Easter Seals–Goodwill's public assistance program, GSS-Nampa shared some of the characteristics of the neighborhood ASOs. GSS-Nampa staff members met with caseworkers from the public assistance program and referred clients to the various services in the building. At one point, staffing specialists from the ASO met with job developers from the other workforce services in the building to identify job training clients who could potentially find placements through the staffing service.

Despite the close association between ASO and workforce development staff members at these sites, ASO staff members often found that many of their organizations' workforce development clients did not meet the needs of their employer–customers; this often led to tension as well as constructive feedback about the soft skills and job skills required by local employers. As an employer itself, the ASO brought on-the-ground perspectives to the parent organizations' workforce development programs. At all three of the sites at which ASO services combined with broader workforce development services—in Brooklyn, Minneapolis and Nampa—ASO applicants who did not meet the staffing agency's requirements were often referred to the parent organizations' programs for more intensive services.

At the remaining ASOs, GTS-Austin and GSS-Boise, staffing services were less connected with the other services offered by the parent organization. Very

few of their applicants were referred by staff members from other programs, and limited information was shared about potential applicants.

Although it was colocated in the Goodwill offices, GTS-Austin had little connection with other Goodwill programs. Early in its history, GTS-Austin secured a state set-aside contract to provide staffing services to half of the state offices in Austin. This contract required GTS-Austin to place people with documented disabilities in the majority of its assignments. This, together with the high skills requirements of many state assignments, meant that many of GTS-Austin's placements were not appropriate for the majority of Goodwill's regular clientele, who tended to be more disadvantaged than those served by GTS-Austin and not necessarily disabled. While there were, on occasion, cross-referrals, this did not happen frequently.

On the other hand, GSS-Boise began by serving only individuals who were referred by other Goodwill programs, but it soon realized that many of these job seekers lacked both the hard and soft skills necessary to thrive in the placements the ASO acquired. Thus, GSS-Idaho staff members began recruiting outside of the traditional Goodwill client base to fill its high-skill clerical assignments. By the time the study began, GSS-Boise primarily served individuals from the broader Boise population and was oriented significantly toward competing with other staffing agencies in the area.

ASO Leadership and Staffing

Throughout the study, all four ASOs faced difficulty filling staff positions. It was hard to find people who were oriented toward the dual goals of generating revenue and serving disadvantaged job seekers. This challenge was made more acute given the small size of each ASO, ranging from two staff members at GSS-Nampa, three to four at GSS-Boise, FSS-Brooklyn and EMERGE, and 8 to 10 staff members at GTS-Austin, the largest of the sites. The small staff size required virtually every staff member to have some competency in all positions. For example, at FSS-Brooklyn, the person responsible for answering the phone, managing payroll and greeting potential workers also took on sales and recruitment responsibilities, particularly in the midst of leadership transitions. In fact, generating new

business was a primary responsibility for the leadership at all four organizations, and it was a partial responsibility for staff members throughout the organizations. The only exceptions were two staff members at GTS-Austin and FSS-Brooklyn; both of these organizations created a position that focused exclusively on the provision of social services. Over time, leadership transitions at FSS-Brooklyn made it difficult to insulate this position from other responsibilities. All other staff members across the initiative were expected to engage, to some extent, in sales activities even if this was not the core of their job description. GSS-Idaho had trouble finding staff members to run its Nampa office who had sales experience and were also attuned to its social mission.

Changes in leadership and line staff during the course of the initiative presented challenges. Three of the four organizations saw the departures of senior staff members. When the study began, FSS-Brooklyn was led by an entrepreneurial director with a business school background and nonprofit experience. Operating in a highly competitive environment, he looked for creative ways to position FSS-Brooklyn given the dominant presence of large national and multinational firms in New York City. At the start of the initiative, under his direction, FSS-Brooklyn was generating a modest profit. In the middle of the study, however, that director left FSS-Brooklyn to pursue another career opportunity; his position remains unfilled today, perhaps because it is not lucrative enough for the kind of entrepreneurial businessperson needed to drive the organization. Senior staff members at FSS-Brooklyn's parent nonprofit, Fifth Avenue Committee, reported that those with exclusive experience in the nonprofit sector lacked the skills required to sustain an ASO in the competitive New York City marketplace.

GTS-Austin was also successful in generating a profit and brought in more revenue than any other ASO in the study. While this was likely due to its large set-aside business with the state, the strong leadership of an individual who brought extensive experience in the for-profit staffing industry also may have contributed. The director of GTS-Austin grew the organization from the ground up. During the study, GTS-Austin prepared for its director's retirement by hiring a deputy director who has now taken over management of the ASO operation. The senior-most staff member involved in the management of

both GSS-Boise and GSS-Nampa also retired toward the end of the initiative. However, because that staff member's responsibilities were spread across the many programs of Easter Seals–Goodwill of the Northern Rocky Mountains, operational management of the two ASO sites remained in the hands of two long-time staff members, both of whom were strongly oriented toward the revenue-generation goals of the social enterprise.

As already noted, at the start of the initiative, all of EMERGE's employment programs—including the ASO and other job training programs—were led by a single staff member. While this management structure created advantages in terms of integrating the ASO enterprise within the parent organization, it could not be maintained due to the high-paced nature of the staffing industry; ASOs must be able to fill job orders quickly to remain competitive, and it is not always easy to anticipate what employers' demands will be. To keep up with the marketplace, EMERGE's management made the decision to separate the responsibility for the ASO from those of most of its other employment programs.

All four organizations were motivated to start ASOs to various degrees by both social and profit-generating objectives. The tension between these goals was reflected in each organization's structure and staffing. The push and pull between the needs of job seekers and employers was also reflected in each ASO's approach to recruitment, as we discuss in the next chapter.

The Worker–Customers

Chapter III

ASOS SEEK DISADVANTAGED
JOB SEEKERS TO
FILL SPECIFIC POSITIONS

Unlike many workforce organizations, whose funding contracts require them to serve specific populations—e.g., TANF recipients, the homeless, the formerly incarcerated—ASOs target potential workers based on the kinds of job orders they have in hand, which generally reflect both the ASO’s underlying mission to serve the disadvantaged and its revenue generation goals. Because an ASO’s employer–customers are paying market rates—i.e., the amount they would pay a traditional temporary agency—the expectation is that the ASO will perform as well as a traditional staffing firm.

Filling Specific Job Orders

Orders from employer–customers are often phoned in early in the morning and require a quick turnaround. Job orders may need to be filled the same day or within 24 hours, and employers often call more than one agency, awarding their placement to the agency that is able to fill the order first. ASO recruitment is focused on finding appropriate matches for these job orders and on having a large enough pool of available workers to fill employers’ needs quickly. While many job seekers may apply for work at the ASO, some will be turned away because they do not fit the profile of the job orders on hand. In this way, ASOs share some characteristics with sectoral employment programs that begin by focusing on the skills required by specific industries. They differ from these programs in a number of ways, however, in that ASOs face the added pressure of being paid directly by employers, whereas only a few sectoral programs charge employers for services. Furthermore, unlike most sectoral programs, ASOs are not geared toward making substantial investments in skills development.

Recruiting Applicants

Recruitment strategies varied across the four organizations in the study, as shown in Table 1. The two neighborhood-based ASOs had very little trouble attracting job seekers. Most EMERGE candidates came from within its target neighborhood, walked

in off the street or were referred from the parent organization’s workforce development programs. Similarly, FSS-Brooklyn drew heavily from its surrounding neighborhoods, but also relied on a network of other workforce organizations to recruit applicants. In addition, the ASO received a large number of resumes over the Internet (more than 8,000 over the course of the study), but did not tend to look to resumes submitted this way for general recruitment because of the sheer volume it received. However, when FSS-Brooklyn was trying to fill higher-skilled positions, it often used Internet or newspaper ads to target its recruitment.

The GSS-Nampa site also had little trouble recruiting applicants due to its colocation with Goodwill’s welfare program. However, as a new venture, it still had to develop strategies for recruiting workers; these strategies included holding job fairs, advertising locally and developing close relationships with the job developers at the public assistance program located in the same building.

In contrast, the ASOs in Austin and Boise had considerable difficulty recruiting job seekers. GTS-Austin’s challenge stemmed from a tight local labor market as well as from the rules governing its major set-aside contract, which required 75 percent of all placement hours to be worked by people with documented disabilities. GSS-Boise’s recruitment challenges came from the low unemployment rates in the city as well as its location in an area that was hard to access without a car. With unemployment at about 2 percent, Boise’s staffing industry was particularly competitive; employers typically offered their placements to several staffing agencies and awarded their orders to whatever company filled them first. Although GSS-Boise was usually able to fill orders, it often took longer to do so than in the past, when there were more people looking for work. The site adapted to the new climate by developing creative means to recruit applicants, such as running radio and newspaper ads, participating in some job fairs and using the Internet to draw candidates to its newly designed website.

On the survey conducted by P/PV, when job seeker–customers were asked how they found out about the ASO, 29 percent of workers across all sites said they had been referred by an acquaintance or friend,

Table 1
Recruitment Activities

	FSS-Brooklyn	EMERGE	GTS-Austin	GSS-Boise	GSS-Nampa
Applicant Base	Most applicants were drawn from immediate and surrounding neighborhoods.	Most applicants were drawn from immediate neighborhood.	Applicants were drawn from across the region.	Applicants were drawn from across the region.	Applicants were drawn from Nampa and the surrounding area.
Applicant Pool	<i>Large</i> More applicants than positions	<i>Large</i> More applicants than positions	<i>Small</i> Needed to recruit for each position	<i>Small</i> Needed to recruit for each position	<i>Large</i> More applicants than positions
Primary Recruitment Methods	Recruiter Internet and newspaper ads Networks of job developers	Walk-ins Some advertising for higher-end jobs	Targeted recruitment for each position Advertising Network of job developers	Radio, Internet and newspaper ads (heavy) Targeted recruitment for specific jobs	Contact with job developers Job fairs Advertisements
Application Process	Application form or resume submission Screening Interviews	Application form submission Interviews (all applicants) Later, revised process to do more screening and less interviewing	Phone screening Application form submission (only if qualified) Interviews (only if qualified)	Screening Interview (only those who matched potential placements)	Screening Interview (only those who matched potential placements)
Special Requirements	<i>None</i> Background checks and drug screening when placement required it	<i>None</i> Background checks and drug screening when placement required it	<i>Some</i> Most placements required a documented disability Background checks and drug screening for all applicants	<i>None</i> Background checks and drug screening when placement required it	<i>None</i> Background checks and drug screening when placement required it
Assessments	Typing and computer skills tests for clerical applicants	Some typing and skills testing	Testing for clerical skills	Typing and computer skills testing for all applicants	Typing and computer skills testing for all applicants
Local Unemployment Rate	<i>High</i> (among target applicant pool)	<i>High</i> (among target applicant pool)	<i>Low</i>	<i>Very Low</i>	<i>High</i>

17 percent found the ASO over the Internet and 13 percent had been referred by a job coach or case manager.

Screening Applicants

Application processes varied across the organizations and reflected their unique philosophies. EMERGE initially accepted applications from and interviewed every person who came through its doors. FSS-Brooklyn also interviewed large volumes of applicants. Thus, at both sites, the number of job seekers who sought employment through these ASOs was often much larger than the number of job orders, so staff members spent hours processing applications that would never lead to filling a revenue-generating job order. This led EMERGE to adopt a more selective process in which staff members interviewed and assessed only those applicants for whom job orders were immediately available; applicants who were not appropriate for current job orders were put into a file to call when more appropriate job orders came in. In contrast, GTS-Austin and GSS-Idaho targeted their recruitment efforts solely to fill the positions they had available. Job seekers were screened for skills—and, in the case of GTS-Austin, disability requirements—and applications were processed only if the job seeker could potentially fill a job order.

Applicant Characteristics

As a result of its recruitment activities, each ASO maintained a pool of candidates to fill job orders. Most job seekers faced multiple barriers to employment—e.g., lacking a high school diploma or driver's license or having a criminal record, as shown in Table 2. (See the Appendix for a full list of the barriers considered in the study.) Because the ASOs' collection of work history data was inconsistent, P/PV decided to analyze the resumes of applicants. While spotty or minimal work records can clearly be viewed as a barrier to employment, we examined work histories separately.⁹ The proportion of applicants (who consented to participate in the study) with multiple personal barriers to employment ranged from a low of 70 percent at FSS-Brooklyn to a high of 99 percent at EMERGE.

Each ASO served a distinctly different clientele. Compared with job seekers at the other ASOs, FSS—located in Brooklyn's Park Slope, a neighborhood that has experienced rising home prices and incomes over the past decade—attracted applicants who were better educated with fewer indications of poverty (e.g., formerly homeless or receiving TANF or food stamps). FSS-Brooklyn applicants had an average of 2.5 personal barriers to employment. Most of the 640 FSS-Brooklyn applicants who consented to participate in our study were African American or Latino, and workers traveled an average of five miles to the FSS-Brooklyn offices.¹⁰ About 30 percent came from the immediate and surrounding neighborhoods (60 percent came from Brooklyn), while others traveled from across the city. Many of these were referred through a network of job developers or responded to Internet advertising designed to attract job seekers from around the city.

The 581 applicants who signed consent forms at EMERGE traveled the shortest average distance to its offices—about four miles. They were overwhelmingly African American and poor, reflecting the demographics of the neighborhood where the offices are located. Compared with other ASOs, EMERGE applicants had lower high school graduation rates and a higher number of combined barriers to employment (3.5). As these figures suggest, EMERGE was committed to being a resource for residents in its North Minneapolis neighborhood, which suffers from high rates of unemployment and poverty.

Relative to the other ASOs, fewer GTS-Austin applicants had completed high school, but fewer also exhibited indications of poverty. The 239 GTS-Austin applicants in the study traveled the furthest to get to the offices—an average of nine miles. Most were female, and they were divided almost equally among whites, African Americans and Hispanics. On average, GTS-Austin applicants faced 3 personal barriers to work. Due to the rules governing its state set-aside contract, around 75 percent of the job seekers served by GTS-Austin had to have a documented disability. While “disability” was defined rather broadly—hypertension, depression and social anxiety disorder all qualified—many of the applicants exhibited severe physical and mental disabilities.

Table 2
Characteristics of Job Seekers¹¹

	FSS-Brooklyn	EMERGE	GTS-Austin	GSS-Boise	GSS-Nampa
Total Consenting Applicants	640	581	239	153	271
Average Number of Barriers	2.5	3.5	3	2.5	3.5
Applicant Characteristics					
Female	52%	50%	66%	58%	77%
White	12%	6%	34%	76%	65%
African American	63%	84%	33%	2%	1%
Latino	20%	4%	24%	10%	23%
Barriers to Employment					
Has Children	44%	54%	44%	42%	72%
Ever Homeless	15%	36%	28%	31%	34%
No Driver's License	54%	60%	16%	21%	27%
No High School Diploma	12%	31%	39%	18%	22%
Currently Receiving Food Stamps	22%	34%	27%	13%	57%
Documented Disability	5%	11%	71%	21%	12%
Ever Received TANF	33%	49%	26%	36%	56%
Ever Convicted of a Crime	14%	25%	5%	40%	33%

GSS-Boise's 153-applicant pool was predominantly white and female. Most had received their high school diploma, and very few were on food stamps or other types of cash assistance. Compared with other sites, many more of the Boise applicants had been convicted of a crime. Consistent with its connection to Goodwill, a fifth of GSS-Boise's applicants had a documented disability (broadly defined). Overall, however, GSS-Boise's recruitment screening process led to an applicant pool with characteristics that directly reflected its job orders, which were more appropriate for people with fewer disadvantages. On average, GSS-Boise applicants faced 2.5 barriers to employment. Compared with GSS-Boise, an even higher proportion of the GSS-Nampa applicants were female, and though they were still predominantly white, the Nampa pool also included many Latinos. The Nampa applicants were

by far the poorest and least educated of the ASO applicants in the study. Many had children, lacked a high school diploma and had been homeless at some time in their lives. Despite the relative prosperity in Boise just 30 miles away, Nampa's economy was quite depressed, which is evident in the hardships faced by the 271 people in GSS-Nampa's applicant pool; the average applicant faced 3.5 personal barriers to employment.

Applicants' Work Histories

ASO applicants' work histories can help inform the field about the role these organizations play in the lives of people who are disconnected from the labor market. For job seekers who had been absent from the workforce for a long time or had experienced a series of intermittent absences, the ASO

Table 3
Employment Histories of Job Seekers

	FSS-Brooklyn	EMERGE	GTS-Austin	GSS-Boise	GSS-Nampa
Total Resumes	366	262	108	59	61
Resume Information					
Not Currently Employed	66%	63%	62%	68%	72%
Continuously Employed	17%	21%	22%	15%	15%
Long Absences from the Workforce	35%	32%	37%	37%	28%
Series of Short Jobs	13%	15%	9%	27%	20%
No Work Experience	5%	3%	6%	0%	7%
Intermittent Absences from the Workforce	30%	20%	23%	15%	25%
Longest Job Held Less Than 3 Years	48%	45%	40%	41%	53%

may represent a pathway back into the workforce; for those with little work experience, the ASO may act as a vehicle for getting their foot in the door or gaining some new skills.

While all of the ASOs in this study collected information on applicants' prior work history, they did not collect it in a uniform way, making it hard to analyze applicants' work experience across the initiative. As an alternative, we collected the resumes of all consenting job seekers who submitted one.¹² Results from the resume analysis, summarized in Table 3, show that applicants to the ASOs generally lacked consistent experience in the labor market. The resume analysis reveals that around 66 percent of applicants were unemployed at the time they applied to the ASOs. Between 15 and 22 percent of job seekers had been continuously employed throughout the period covered in their resume. Over a third had experienced long absences from the labor market (at least six months) in their employment histories. A small proportion of job seekers had only held a series of short jobs in their careers, and an even smaller group had not worked at all. Finally, across all sites, as many as half of the job seekers who sought employment had not worked for longer than three years in a single job.

While the resume analysis provided information on the work histories of ASO workers, the survey aimed to build an understanding of job seekers' lives when they approached the ASO for assistance. The results of the survey drew a picture similar to that of the resume analysis, with 63 percent of those surveyed indicating that they were unemployed at the time they applied to the ASO. In addition, 20 percent said they were employed, 11 percent reported currently working for another staffing agency and 10 percent were in a job training program of some sort (respondents could check all answers that applied). Finally, respondents did not rely on just the ASO for assistance; 56 percent said that they had ever applied to another staffing agency for work.

Supportive Services for Worker–Customers

Chapter IV

A BENEFIT FOR BOTH
JOB SEEKERS AND
EMPLOYERS

The primary service offered at every ASO was matching people in need of work with employers in need of temporary help by serving as the employer of record—paying payroll taxes for and wages to the job seeker—and charging the employer an hourly fee for those services. In addition, the ASOs provided supportive services to job seekers, which were designed to enhance the chances that these worker–customers would secure and retain jobs. In doing so, some were also aiming to provide a better quality service to their employer–customers. The nature and intensity of these services was largely dependent on whether the ASO targeted its efforts to the most disadvantaged or whether its profit orientation meant that it served a broader population of job seekers.

The Core Service: Job Brokering

While the application processes varied greatly across the sites in this study, the job-matching processes were strikingly similar. Each ASO employed at least one staffing specialist—a person who was primarily responsible for matching candidates to job orders. One of the keys to a successful match was ensuring that the staffing specialist had as much information as possible about each employer’s needs as well as the skills and aptitudes of the ASO’s pool of job seekers. Staffing specialists cited employers’ skills requirements, the professional climate of the workplace, what the hours were for each placement and the temperament of the supervisor as critical information for identifying the job seeker who would best fit the job order. Staffing specialists also indicated that it was important that they have a good sense of the pool of candidates, so all job seekers were interviewed to help determine if they would show up on time, look professional and answer questions clearly. Interviews also provided opportunities to make sure that job seekers understood the demands of the jobs for which they were being considered. Finally, staffing specialists often mentioned the need to match the personality of the job seeker to the atmosphere of the employer. The

interviews allowed them to gauge each prospective worker’s personality—information they could take into account when making job placements.

Additional Services Provided by ASOs

In addition to the core matching function, each of the sites in the study offered supportive services to their workers, as described in Table 4. Preemployment services offered by the sites included one-on-one job readiness, soft skills and limited computer-skills training.¹³ The ASOs also provided a range of services aimed at helping workers retain their jobs, such as assistance with transportation, referrals to child care and financial assistance for one-time emergencies, such as money for utilities or medicine. For information on how the ASOs paid for these additional services, see the companion Center for Social Policy report at www.mccormack.umb.edu/centers/csp/.

At the beginning of the study, FSS-Brooklyn and GTS-Austin referred workers who asked for help to external providers on an ad hoc basis. For example, if someone needed child care, he or she might receive a voucher and a referral to a child-care center. Both of these organizations saw the study as an opportunity to start more formal supportive-service programs. FSS-Brooklyn structured its services as an Employee Assistance Program (EAP), hiring a counselor who met with most applicants, ran biweekly orientation sessions and checked in with workers postplacement to offer additional help.¹⁴ The EAP counselor also established referral relationships with other service providers in the area, identified the workers who were most in need of support and then tailored services to suit their needs.

GTS-Austin also structured its services as an EAP program, hiring an in-house counselor to provide intensive support to its neediest workers. This counselor met with every applicant to identify those who might benefit from supportive services and followed up with them and with their employers, intervening early with issues that might hurt the worker’s chances of staying in the placement. Part of the reason why GTS-Austin and FSS-Brooklyn decided to offer services within the structure of an EAP program was a concern about what ASO staff members could ask job seekers about their personal issues. Keeping these functions

Table 4
Service Activities by Site

	FSS-Brooklyn	EMERGE	GTS-Austin	GSS-Boise	GSS-Nampa
Service History	Provided ad hoc services prior to the study. Used study funds to hire an EAP counselor.	Already offered services when the study began.	Offered no services before the study began. Hired a caseworker with study funds.	Provided benefits to select worker–customers and some job readiness services prior to the study.	Provided benefits to select worker–customers and some job readiness services prior to the study.
Services Offered	Job Readiness Job Retention Education/Training Counseling Clothing Transportation Child Care Elder Care Food Health Services Money	Job Readiness Clothing Transportation Monetary Support Social Service Counseling Education Support Child Care Food Postplacement Support	Job Retention Education/Training Counseling Clothing Transportation Childcare Food Health Services Money	Job Readiness Job Retention Education/Training Counseling Clothing Child Care Food Health Services Money	Job Readiness Job Retention Education/Training Counseling Clothing Transportation Childcare Food Health Services Money
Target Population	<i>Focused</i> Seek out those in need, but services are available to all	<i>Open</i> Available to all	<i>Focused</i> Aimed primarily at those who need them the most	<i>Open</i> Available to all who ask	<i>Open</i> Available to all who ask
Service Provider	In-house EAP counselor	Staffing agency and parent organization staff members	In-house social worker	Staffing agency and parent organization staff members	Staffing agency and parent organization staff members
Access	Counselor will seek out those who have severe needs. All are informed of services at application.	Offered to all who are placed. All are informed of services at interview.	Staff members seek out those with the most severe needs. Others must ask for assistance.	Services must be sought by the worker–customer.	Services must be sought by the worker–customer.
Model	Many services aimed at limited number of worker–customers.	Fewer services aimed at all worker–customers.	Many services aimed at limited number of worker–customers.	Fewer services aimed at worker–customers who seek them out.	Fewer services aimed at worker–customers who seek them out.

Note: The services listed in Table 4 were provided to at least one job seeker during the course of the study. Four of the five sites documented the services they provided in a tracking database developed by P/PV. Though the data were collected similarly at all four, each site defined their services somewhat differently. Thus, a service classified as job retention at one site might be defined differently at another. One site, EMERGE, was already collecting information on the services it provided in a custom database when the study began and was permitted to continue to use it during the study. For this reason, some of the services listed in Table 4 for EMERGE are not categorized in the same way as the other ASOs.

separate allowed EAP staff members to focus on meeting the needs of workers without influencing decisions about placements on assignments.

EMERGE and GSS-Boise had already been offering supportive services prior to the study and did not significantly change what they provided during the study period. Given the poor public transportation from North Minneapolis to the areas where jobs were often located, EMERGE, through a locally matched federal grant, operated a van service that took workers to and from job sites. For the majority of the study period, this service was free, though near the end, federal funds were reduced drastically and EMERGE started charging a fee for each ride. EMERGE also offered job readiness assistance (resume help and soft skills training) and one-on-one counseling around job-related issues. Because EMERGE was integrated within a larger organization that offered a range of programs designed to help disadvantaged workers, staff members could refer those in need to other relevant programs.

Similarly, the services offered to workers by GSS-Idaho changed very little after the beginning of the study. With its Mott Foundation funds, GSS-Idaho upgraded the software it used to test applicants' skills and provided relevant training resources, but very few people took advantage of this assistance. After job seekers had been placed, GSS-Idaho staff members offered advice on how to be successful within the office environment, mediated performance issues with employers and referred workers who asked for help to outside agencies. The Nampa site's colocation with Goodwill's public assistance program allowed its staff members to refer workers to more structured services, such as job training and counseling.

In interviews with staff members, particularly early in the study, it was clear that many were concerned that the provision of supportive services could reduce the time they spent generating revenue for the organization. This feeling was evident at some ASOs more than others. Staff members at GSS-Idaho, for example, often saw the provision of services primarily in terms of increasing workers' success in placements, citing their role as a business rather than a social service agency. Their services were thus focused on aiding the bottom line. Staff members at EMERGE, on the other hand, emphasized the organization's

mission to serve low-income individuals in North Minneapolis, so they stressed the importance of supportive services more generally.

At both GTS-Austin and FSS-Brooklyn, the orientation toward providing services was less established. GTS-Austin staff members were perhaps the most skeptical about the value of services at the beginning of the study. Interestingly, however, after using the Mott Foundation funds to increase the supports they offered, staff members began to reflect on how those services could help them do their jobs. At the end of the study, the GTS-Austin leadership indicated a desire to continue providing the enhanced services, perhaps with the aid of outside funding, because they believed that the services helped them meet the needs of both their business- and worker-customers. At FSS-Brooklyn, staff members embraced the introduction of an EAP counselor from the beginning, and the increase in services seemed to reflect a desire on the part of the leadership team to better balance the ASO's focus on profit with a focus on the needs of job seekers.

Who Utilized Supportive Services?

Because of the differences in supportive-service models across the sites, there were marked differences in how those services were used and by whom. We predicted the likelihood of utilizing supportive services based on the characteristics of worker-customers. Table 5 shows the number of people who received services at each site, the most commonly utilized services and the characteristics of the people who were most likely to use those services.

FSS-Brooklyn provided a wide array of services to a small number of individuals, with 45 of the 640 people who participated in the study receiving, on average, 5 different services from a menu that included instruction in job readiness and job retention, counseling, education and training, and transportation assistance. A job seeker who was identified as having a need for support may, for example, have met with the EAP counselor, been given a subway or bus pass, been provided with job readiness training and been enrolled in a skills-training course. Those with limited work experience were more likely than others to utilize the supports offered by FSS-Brooklyn. Because FSS-Brooklyn applicants had fewer personal barriers to employment overall, staff

Table 5
Services at Alternative Staffing Organizations

<p style="text-align: center;">FSS-Brooklyn</p> <p>Started providing services 6 months into the demonstration, when the ASO hired an EAP counselor.</p> <p>45 people received services (out of 640 job seekers); of those, the average person utilized 5 services.</p> <p>Provided a larger range of services to fewer people compared with other ASOs.</p> <p>The most common services were job readiness, job retention, counseling, education and training, and transportation assistance.</p> <p>People with less work experience were most likely to use services.</p>	<p style="text-align: center;">EMERGE</p> <p>No specific staff member was dedicated to providing services.</p> <p>255 people received services (out of 581 job seekers); of those, the average person utilized 2 services.</p> <p>Service options were more limited than at other ASOs but were aimed at broadly held barriers.</p> <p>The most common services were transportation assistance, job readiness and counseling.</p> <p>Those without a HS diploma, those without a driver's license and those with a disability were less likely to use services.</p>
<p style="text-align: center;">GTS-Austin</p> <p>The first service coordinator left midway through project.</p> <p>61 people received services (out of 239 job seekers); of those, the average person utilized 3 services.</p> <p>Offered focused services aimed at those who needed the most help.</p> <p>The most common services were counseling, monetary assistance, food and transportation assistance.</p> <p>People who had ever been homeless, people with children, and those with less work experience were more likely to use services.</p> <p>People with the most barriers were slightly less likely to use services.</p>	<p style="text-align: center;">GSS-Idaho</p> <p>Boise:</p> <p>46 people received services (out of 153 job seekers); of those, the average person utilized 2 services.</p> <p>Services were focused primarily on job readiness and retention, though some people received counseling.</p> <p>Those who had never held a job for more than three years were less likely to use services.</p> <p>Nampa:</p> <p>224 people received services (out of 271 job seekers); of those, the average person utilized 3 services.</p> <p>Services were focused primarily on job readiness and counseling, though some people received job retention and education assistance.</p> <p>People currently receiving food stamps and those who lived the furthest away were less likely to use services.</p>

members there were able to concentrate services on those who needed them the most. The counselor could identify applicants who did not have a lot of work experience or had child-care and transportation issues and provide them with the help that they needed to succeed.

Consistent with its model of service provision, EMERGE provided services to a large number of worker–customers—255 in all. Those individuals utilized 2 services on average. The most common services received were transportation and job readiness training; a smaller group also received counseling. Those without a high school diploma, those with disabilities and those who did not have a driver’s license were less likely than others to use services.

Like FSS-Brooklyn, GTS-Austin targeted its services to the people who needed them the most. Those individuals used 3 services on average, the most common being counseling and emergency cash assistance.¹⁵ Individuals with children, those who had ever been homeless, and those with less work experience were more likely than others to use supportive services.

While services were open to all job seekers at GSS-Boise and GSS-Nampa, take-up was higher at the Nampa site, which served a more disadvantaged clientele. In Nampa, where applicants averaged 3.5 barriers to employment, 224 out of 271 job seekers received an average of 3 services. In contrast, Boise job seekers possessed 2.5 barriers to employment and 46 out of 153 received an average of 2 services. Both sites provided limited job-readiness services, but Nampa workers had access to more extensive supports through referrals to the collocated public assistance program.

While it is difficult to determine exactly why individuals used supportive services, some ASO workers indicated in focus groups that they did not know that such services were offered, and many of those who were generally aware that services were available did not know about specific service options. In the applicant survey, 46 percent of respondents reported that they knew supportive services were being offered by the ASOs when they applied, and 32 percent indicated they had used those services. The fact that less than half of the applicants who responded to our survey were aware of the

availability of supportive services at the time they applied to the ASOs suggests that the ASOs could have done a better job of describing what distinguishes them from traditional staffing agencies. If more people had known these ASOs offered support services that other agencies did not, it could have proven to be a recruitment advantage.

Job Matching and Employment Outcomes

Chapter V

FLEXIBILITY TO SERVE THE
DUAL CUSTOMER

In contrast to workforce development programs, revenues for ASOs are predominantly generated from the fees paid by employer–customers. As a consequence, there are no or few funder mandates to track specific outcomes. Instead, ASOs typically track outcomes relevant for billing, such as days on a placement, hourly wages and conversion from temporary to permanent employment. While these measures are useful in casting light on the potential of ASOs to enhance job seekers’ employment prospects, these data cannot measure if work experience gained through an ASO placement leads to future success in the labor market. Although ASOs do not usually track the subsequent jobs of their worker–customers, the data they do currently collect can point to some areas worthy of further exploration. These data can also help determine what further research is necessary if we are to fully explore the strategy’s potential as a mechanism for helping disadvantaged individuals succeed in the job market over the long term.

Employment Outcomes

The purpose of this study was to understand whom ASOs serve and how they serve them, and this analysis—as the first time researchers have examined individual-level data—is an important preliminary step to building this understanding. However, without a control or comparison group, we cannot be certain that the outcomes are not attributable to some unmeasured factor, such as the motivation of the job seeker, rather than the work of the ASO. Given data restrictions, we have divided the outcomes we were able to collect into four categories: placement on assignment, total days worked on placement, earnings per hour and conversion from temporary to permanent placement. We used multivariate statistical techniques to measure each outcome’s relationship with the individual characteristics of job seekers discussed in Chapter 3. A more detailed description of the models and the results of the statistical analyses are provided in the Appendix.

Single barriers to employment did not prevent ASOs from placing job seekers on assignment. Most people who applied for a job through an ASO had some barriers that could prevent them from getting or keeping a job. Our findings suggest that, across all outcomes and across all sites, no single personal barrier was associated with failing to be placed in a job, with one exception: at EMERGE, people with criminal records were slightly less likely to be placed than those without criminal records. However, at the other three sites, having a criminal record did not interfere with job placement. Otherwise, no single barrier to employment—including the lack of a high school diploma, a history of homelessness or the receipt of public benefits—was associated with the inability to be placed. It may be that ASOs played a role in helping certain job seekers access jobs, despite their employment barriers.

Some barriers to employment were associated with the achievement of positive employment outcomes, suggesting the role ASOs can play in targeting appropriate industries for disadvantaged job seekers. In addition to finding that particular employment barriers generally did not prevent applicants from being placed, we also found that some barriers were—surprisingly—related to positive employment outcomes. While these results could be due to higher levels of motivation among successful workers, our analysis also points to the potential of ASOs to target employers that are a good match for the job seeker–customers and help them access certain positions, despite their employment barriers.

For instance, at EMERGE, people without a high school diploma and those who had only held a series of short-term jobs in their work histories were more likely to be placed. EMERGE workers who had ever been convicted of a crime also worked more days on assignment. Finally, employees with less work experience tended to earn more (70 cents per hour more) than other EMERGE workers. These findings may reflect EMERGE’s focused efforts to generate placements (e.g., light industrial and entry-level work) most appropriate for people with barriers to employment.

At GTS-Austin, applicants who had not received a high school diploma and people without a driver’s license were more likely to be placed, and applicants who had been convicted of a crime worked

more days on assignment. This was probably due to the fact that the jobs offered by GTS-Austin—clerical positions in public agencies and some less skilled jobs at private employers—may have been out of reach for people with these barriers if they had tried to get them on their own. GTS-Austin could assess the skills of those applicants with barriers, provide them with services (e.g., providing a bus pass for people who didn't have a driver's license) and then vouch for them with the employer. This process helped applicants who might not have otherwise been an attractive fit for a placement to access these jobs.

At FSS-Brooklyn, individuals who had been absent from the labor force for longer than six months earned higher wages than did other workers at that ASO. Many workers with long absences had gained extensive work experience before leaving the workforce. For these workers, an ASO was an opportunity to return to the labor force. The types of job orders that FSS-Brooklyn often filled were for skilled office work—positions that are well suited to job seekers with some work experience, even if they had not worked for some time. People who had been homeless at some point in their lives were also more likely to be placed through FSS-Brooklyn. In addition to its clerical placements, FSS-Brooklyn also often had light industrial and service work placements (e.g., janitorial positions at a network of charter schools) that were appropriate for people with fewer skills but looking to get back into the labor market.

At GSS-Boise, applicants who had not received a high school diploma were more likely to be placed, and people who were receiving food stamps when they applied to the ASO worked more days on placement. In Nampa, applicants who had been on TANF and those who had never held a job for more than three years were more likely to be placed. Consistent with the other ASOs, these findings suggest that GSS-Idaho in both Boise and Nampa was able to procure placements that were appropriate for applicants with significant barriers to employment.

Despite the goal of helping workers achieve long-term success in the labor market, temporary to permanent conversions were not the norm. A potential positive outcome for a worker is the conversion of a temporary placement into a permanent job. In

fact, 91 percent of survey respondents said finding a permanent job was very or somewhat important to them. For ASO job seekers, conversion to permanent status can result in steadier work, higher wages and, sometimes, health benefits. For the ASO, however, these conversions may represent lost revenue; indeed, like traditional staffing firms, some ASOs charge their employer–customers a fee to offset this loss. Other ASOs encourage conversion by not charging a fee. Among the four organizations, FSS-Brooklyn and GSS-Idaho charged for conversions and GTS-Austin and EMERGE did not.

The number of conversions was lowest at the Goodwill site in Austin, where 14 out of 83 placements became permanent during the study. However, given the short time frame of the study period, it is possible that ASO workers obtained permanent jobs after the completion of data collection. GTS-Austin actually anticipated that many of the people working in state agencies would be able to secure regular opportunities with the state once they had the chance to demonstrate their competency working in temporary jobs in these agencies. About 33 percent of EMERGE's placements converted, and a little less than a quarter of FSS-Brooklyn temp workers were hired by its employer–customers. In Idaho, 14 out of 48 placements in Boise and 38 out of 91 placements in Nampa converted to permanent status. At GSS-Nampa, the rates of conversion are largely attributable to the fact that the primary employer—a call center—sought temps with the intention of finding workers it could hire. Across the initiative, the fact that conversions were not the norm likely reflects the realities of the low-wage labor market and the possible tension that ASOs experienced in meeting the needs of both worker- and employer–customers.

As in other workforce programs, the more barriers a job seeker had, the lower the chances of a successful outcome. For the most part, no single personal characteristic on its own prevented job seekers from being placed. But most applicants faced more than just one obstacle. When we looked at the relationship between the combination of barriers and placement outcomes,¹⁶ we found that in Austin, Boise and Nampa, as the number of personal barriers to employment increased, the likelihood of placement declined. For example, an applicant might be able to

arrange for child care during the workday, but arranging both child care and a ride to work often proved too difficult to make placement feasible. Similarly, at four sites in the study—not including GSS-Nampa—employees who faced multiple barriers to employment earned lower wages; the more barriers those applicants faced, the lower their hourly wage. At FSS-Brooklyn, workers saw their hourly wage reduced \$1.21 an hour for each barrier.

Interestingly, while people with multiple personal barriers were less likely to be placed and earned a lower hourly wage when compared with their counterparts facing fewer challenges, once the job seekers with multiple barriers were employed, both groups stayed on assignments for the same amount of time. This suggests that the combination of obstacles might be more closely related to job seekers' chances of getting a foot in the door than to their potential aptitude or reliability on the job.

When they received supportive services, people were more likely to achieve positive employment outcomes, despite certain personal barriers to employment. While particular barriers to employment did not seem to interfere with getting a job, some barriers were associated with other negative outcomes, such as lower wages or less time on assignment. Our analysis shows that among people with particular barriers to employment, those who received services tended to do better than those who did not receive services. While it may be that people who were more motivated did better or that people who were already going to succeed were the ones to take up services, it is also possible that services helped offset the negative relationship between barriers to employment and certain outcomes.

For example, at EMERGE, clients who received supportive services were more likely to be placed, had higher hourly wages and worked more days in placement than those who did not receive such services. EMERGE's worker–customers who did not have a high school diploma earned less per hour, but even among this group, those who received services earned higher wages. Given that the primary service offered by EMERGE was transportation assistance, it is possible that job seekers could consider taking jobs that, without EMERGE, they would not have been able to travel to. Furthermore, once

placed in those jobs, they did not have to worry about their car breaking down or the bus running late, so they were better positioned to succeed.

When GTS-Austin worker–customers who faced multiple barriers received services, they actually had higher hourly wages than similar people who did not receive services. Through its EAP model, GTS-Austin provided services to fewer workers than other ASOs, and its services were focused on addressing specific issues that might inhibit success at work. For example, in interviews, we heard about a worker at GTS-Austin who was having trouble showing up for work on time. When that person was offered counseling, it was discovered that his medication, prescribed for a documented disability, made it hard for him to wake up on time to get to work. The counselor helped the worker strategize to solve this problem; by adjusting his medication schedule, the individual was able to improve his performance and potentially his wages. This story illustrates how ASOs—from their unique vantage point in the labor market—can use services to meet the needs of both customers.

Worker–customers at FSS-Brooklyn who utilized services were more likely to be placed than those who did not receive services. FSS-Brooklyn worker–customers who faced multiple barriers to employment and received services earned 93 cents more per hour than workers who faced multiple barriers and did not receive services. At GSS-Boise, receipt of services increased the likelihood of placement and also increased the time spent in placement. Finally, those who received services at GSS-Nampa stayed in their placement longer.

This analysis suggests that supportive services may be able to offset the negative effects that single or multiple barriers might have on outcomes for job seekers at ASOs. Across all sites, workers with barriers who received supportive services did better than similar individuals who did not receive services. While further research is needed to determine whether these effects are due to the program, the findings suggest that there may be something about the way ASOs combine job brokering with supportive services that makes alternative staffing an effective strategy for placing otherwise hard-to-employ individuals.

The alternative staffing strategy offers a flexible approach for meeting the needs of disadvantaged job seekers and employers. Not only are ASOs able to identify opportunities that fit the disadvantaged job seekers they serve, but they are also able to make adjustments on both the supply and demand sides to better serve both customers.

Traditional workforce development programs often work with fixed populations. These organizations are paid by a public or private entity to provide services to a population defined by the terms of the contract and then place them in employment. Traditional staffing firms, on the other hand, are flexible in terms of the employers they serve, but are often constrained in whom they recruit by the parameters of the sectors they operate in. For example, day labor firms working in light industrial sectors recruit specifically among a pool of potential workers for those industries. If such companies elect to serve employer–customers in a new sector—such as hospitality—they will likely recruit a new population of workers to fill these positions. In the alternative staffing model, neither the job seeker population nor the employer client base is fixed, allowing the organization to adapt whom it works with based on the needs it identifies among employers and job seekers.

For example, EMERGE recognized a need within its labor market for temporary staff doing higher-skilled clerical work. As these types of placements often provide higher profit margins, EMERGE began selling its services specifically to these employers and adjusted its recruiting methods to attract applicants who were appropriate for these jobs. As time went on, EMERGE was achieving success in making these placements but also realized that it was unable to provide assignments to many of the job seekers in its own neighborhood. EMERGE decided to change its sales approach again and focus on selling its services to light industrial employers whose jobs were more of a match for the local applicant population. While it struggled to find a balance, staff at EMERGE believed that they could provide services to both of these industries, one that presented a need on the demand side and another where the supply of job seekers was high.

GTS-Austin provides another example. While its core business was providing clerical and office workers to state agencies, it was presented with an opportunity to renew a previous business relationship providing janitorial workers to a network of hospitals. Despite the fact that it had been having some difficulty recruiting applicants for the higher-skilled work at the state, GTS-Austin knew that the hospital contract would provide a set of placements for a different population that it could recruit and place separately from the state jobs. In adding this large new contract, GTS-Austin was able to provide access to jobs to two separate but equally needy populations: higher-skilled disabled workers for the state and lower-skilled disabled populations for the hospital network.

Flexibility on both the supply and demand sides might allow ASOs to cast a wider net to recruit workers and employers than either traditional workforce or staffing organizations. Our findings suggest that when this flexibility is combined with the provision of appropriate supportive services, it may open doors for populations that might otherwise be barred from those opportunities because of their employment barriers.

With the growth of the temporary employment sector, many workforce organizations and job seekers rely on staffing agencies as an entry point into the labor market. The workforce organizations that participated in this study operated their own staffing agencies, ASOs that brokered disadvantaged workers into jobs and provided—to a greater or lesser extent—supportive services. Although more research is needed to understand the effectiveness of the ASO model as a strategy for meeting the long-term needs of disadvantaged workers, the findings presented here suggest the promise of the ASO approach. A thorough understanding of ASOs' effectiveness would require the collection of employment outcomes over several years and the identification of a comparison or control group of non-ASO job seekers. Such an examination was beyond the scope of this study. Recent work by Andersson et al. (2007) suggests that traditional temporary agencies generally provide disadvantaged workers a necessary boost into the workforce, leading one to ponder whether additional gains could be achieved by organizations whose missions include both earning a profit and meeting the needs of disadvantaged workers.

Within the constraints of our research, we found the following:

ASOs serve people with multiple barriers to employment. The average number of barriers for workers ranged from 2.5 to 3.5. These included having a criminal record, being homeless, receiving welfare, lacking a high school diploma and other issues, which all could be viewed as impediments to getting a job. While few applicants had no work experience, a large portion had resumes that reflected significant or intermittent interruptions in their working lives (absences of three months or more). Thus, the ASOs provided an avenue back into the workforce for many job seekers.

Supportive services were associated with successful outcomes for disadvantaged job seekers who sought work through an ASO. While more research is needed to determine whether these outcomes are the result of efforts by the ASO, our findings suggest that coupling job brokering with supportive services may be a promising strategy for helping certain job seekers gain entry into the workforce. Among ASO job seekers, no particular barriers prevented individuals from being placed, but certain barriers—including the presence of multiple barriers—were sometimes associated with other negative employment outcomes, such as lower wages and fewer days on assignment. At FSS-Brooklyn and GTS-Austin, for example, the number of combined barriers was associated with lower wages, and EMERGE workers without a high school diploma had lower wages. However, when workers with these barriers were provided services, the relationships reversed and these workers saw higher wages. Across all of the sites, the provision of services was related to at least one better outcome for those who received them.

A dual focus on job seekers and employers allows ASOs to be flexible in meeting the needs of both groups of customers. Traditional workforce development programs rely on government or foundation funding and serve the populations required under their contracts or grants. Traditional staffing firms are characterized by their ability to respond to changes on both the supply and demand sides of the labor market, but, motivated solely by profit, adjustments are typically driven by the market and their employer-customers. The alternative staffing model adopts this flexibility to both pursue its mission and generate revenue. Neither the job-seeker population nor the employer client base is fixed, conditions that allow ASOs to adapt whom they work with based on the needs they identify among both employers and job seekers.

The position of ASOs with respect to employers—their paying customers—can create tension when it comes to meeting social-purpose goals. EMERGE, GSS-Boise and FSS-Brooklyn struggled to meet the goal of providing services exclusively to clients of their parent organizations because these job seekers often did not meet the requirements of the employers who contracted their services. Thus, these three sites found that they needed to recruit

outside of their traditional population base to satisfy the requests of their customers. While FSS-Brooklyn was hoping to distribute profits from its enterprise among its worker–customers, it generally found that surplus revenue was not large enough to facilitate meaningful profit sharing. GTS-Austin generated enough surplus revenue to subsidize other programs within its parent organization, though this led the parent organization to become more and more dependent on those funds and to raise its expectations for the ASO’s performance to levels that sometimes were inconsistent with shifts in the market in which the ASO operated. Finally, none of the ASOs had high rates of conversions, which may speak to both the tensions between meeting the needs of their worker–customers and their employer–customers and the challenge of a low-wage labor market characterized by instability, including an increasing number of temporary jobs.

The ASO model may offer an approach for meeting the needs of job seekers who must earn a living while they participate in training. One of the major challenges faced by organizations that try to offer participants the skills training necessary to obtain family-sustaining jobs is that participants often cannot afford to take time off for training. For example, disconnected youth—who need to earn an income and build skills—might benefit from the ASO model in that it could enable them to do both, while at the same time allowing them to explore various careers and build an employment track record. While the four organizations in this initiative did not use their ASOs as a way of providing “earn and learn” opportunities in an intentional way, they provided various levels of connection to educational opportunities as well as occupation- or sector-related employment experience. While we did not track job seekers’ participation in formal education, 10 percent of survey respondents indicated that they were also enrolled in a job training program, and 76 percent said that a flexible schedule had been a key factor in their decision to apply for work at an ASO. Structured in the right way, ASOs could make it possible for participants seeking further education to receive a paycheck while they are enrolled in training. Conceivably, ASOs—with their knowledge of the particular needs of job seekers—could identify temporary jobs that match

their applicants’ needs in terms of scheduling and in terms of how each placement might complement an individual’s specific skills-training program.

Further research is needed to test this hypothesis and to examine the effectiveness of the alternative staffing approach as a workforce development strategy. Given that the employment services industry is anticipated to be one of the fastest growing industries in the country, it is critical to see if such labor market intermediaries—which consider the needs of both worker– and employer–customers—could play a role in improving the employment outcomes of disadvantaged job seekers.

Endnotes

- 1 In 2003, the Current Employment Statistics (CES) program underwent several changes, one of which was the conversion of CES data from the 1987 Standard Industrial Classification (SIC) system to the 2002 North American Industry Classification System (NAICS). In making the conversion, a process was developed from the Bureau of Labor Statistics' longitudinal database to properly map employment from the SIC system to NAICS for the purpose of constructing historical information about the NAICS data. A portion of businesses classified under the SIC classification personnel supply services—developed in the 1930s—were reclassified as employment services, reflecting the changes that had occurred in the industry and the economy over the past several decades (Morisi 2003).
- 2 For more information on Rubicon's social enterprises, see <http://rubiconlandscape.com/> and <http://rubiconbakery.com/>. Retrieved 10/6/08.
- 3 For more information on Goodwill enterprises, see <http://www.goodwill.org/page/guest/about/howweoperate>. Retrieved 10/6/08.
- 4 The locations of three of the four sites have been added after their acronyms to prevent confusion among similar acronyms (GSS, GTS, FSS).
- 5 In 2008, Goodwill Temporary Services changed its name to Goodwill Staffing Services. For the purpose of this report and to maintain a clear distinction from the Goodwill effort in Idaho, we refer to the Austin-based project as GTS-Austin throughout this report.
- 6 Although EMERGE started as a subsidiary of Pillsbury United Communities, it became an independent organization during the course of the study. The two organizations maintained a close relationship even after their operations were separated.
- 7 To participate in the study, individuals had to consent to have information provided to P/PV on their personal characteristics, receipt of services and outcomes. Intake data were collected over a period of 12 months. Consent rates across the sites varied widely. At EMERGE it was 99 percent. At GTS-Austin, the consent rate was 47 percent, but this reflects a three-month period when staffing issues meant that they were not collecting consent; when the consent rate was calculated excluding this period, it was closer to 70 percent. At GSS-Boise, the consent rate was 35 percent, but more than 200 of the applicants included were payroll only and not eligible for the study; when they were removed, the consent rate in Boise was 69 percent. At GSS-Nampa, the consent rate was 34 percent. It was not possible to calculate a consent rate for FSS-Brooklyn because that organization could not separate the number of people who applied for ASO services from the number of resumes it received over the Internet (more than 8,000) and were largely ignored. At each organization, staff confirmed that the consented applicants represented in this report reflected the applicants they worked with.
- 8 Of the 1,754 applicants who gave consent, 1,392 had accompanying address information and 331 returned surveys (see Table 1). The 24 percent response rate was satisfactory considering the survey method and the population being surveyed, although the low number of responses per site made site-by-site comparisons difficult.
- 9 Work histories were based on an analysis of applicant resumes. Because resumes were not available from all job seekers, we decided to keep work barriers and personal barriers separate so that we could include the larger sample of personal information in the analysis.
- 10 This number is somewhat misleading. While the average distance traveled to the FSS-Brooklyn offices by applicants was five miles, the median was four miles. Some applicants came from as far away as the Bronx, a distance of 16 miles, while about 30 percent lived within 2.5 miles of the FSS-Brooklyn office.
- 11 This analysis includes all applicants at EMERGE and FSS-Brooklyn (with the exception of EMERGE applicants who came in contact with the program during the three months when the organization was screening clients up front) and more highly screened applicants at GSS and GTS.
- 12 It is important to note that not every job seeker in the study submitted resumes to their ASO. On average, across ASOs, about half of the job seekers submitted resumes, though that number was far lower at the two GSS sites. As a result, the sample of resumes may not be representative of the people served by the ASOs. Please see the Appendix for more detail.
- 13 More intensive preemployment services, such as classroom-based job readiness training or longer-term, intensive skills training, were not provided by the ASOs directly, although job seekers were occasionally referred to these services.
- 14 EAPs are used by many private-sector employers to help employees with personal issues and improve job performance. These programs typically involve education or counseling (delivered onsite or offsite) and appropriate referrals to assist people with issues, such as substance abuse, stress, marital trouble and financial difficulties (Substance Abuse and Mental Health Services Administration).
- 15 Staffing changes in the middle of the study period left the position of service coordinator unfilled for about three months; GTS workers received no support services during that time.
- 16 These results are based on a bivariate analysis of the number of combined barriers and placement outcomes. When this variable is included in a multivariate analysis, some of these results hold (e.g., wages at FSS-Brooklyn) but others do not. This may be due in part to the interrelatedness of the combined barriers variable with each of the personal barriers, but it might also be due to the low number of cases at many of the sites.

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Appendix

Appendix

We conducted several analyses on different data sets for this report. In this appendix, we will discuss the data that were analyzed and the variables used in the statistical models, and report results for each site from each analysis. Because of the wide variation in approaches to the ASO model in this study, we analyzed the data from each site separately when possible.

Survey of ASO Applicants

As part of this study, P/PV contracted with Population Research Systems (PRS) to field a survey through the mail. Surveys were sent to every ASO applicant who had consented to be in the study. An incentive of \$10 was provided to respondents who completed the survey. Questions focused on applicants' employment situation when they applied to the ASO, how they heard about the ASO and how they applied, their experiences with other staffing agencies, their use of services and their situation at the time of the survey. Of the 1,754 applicants who had given consent, 1,392 had accompanying address information and 331 completed surveys (see Table A1). The 24 percent response rate was satisfactory considering the survey method and the population being surveyed, though the low number of responses per site made site-by-site comparisons difficult.

Application, Intake and Placement Data Collected from Sites

Each of the sites in the study supplied application and intake information for all job seekers who consented to be a part of the study. In addition, each site sent monthly updates on the placements, including who was placed, at what company, the hourly wage of the placement, the number of hours worked and the duration of the placement. From this information, we used the following variables in our analysis:

Outcomes:

- Services—indicator (1,0) of whether job seeker ever utilized the services offered by the ASO.
- Placement—indicator (1,0) of whether an applicant was ever placed in temporary employment.
- Wages—the average hourly wage earned by the job seeker on all placements through the ASO.
- Duration—the total number of days the job seeker spent on assignments from the ASO.

Characteristics of job seekers:

- Has children—indicator (1,0) of whether job seeker has any children under age 18.
- No high school diploma—indicator (1,0) of whether job seeker lacks a high school diploma or GED.
- No driver's license—indicator (1,0) of whether job seeker lacks a driver's license.
- Documented disability—indicator (1,0) of whether applicant has a documented disability.
- Ever homeless—indicator (1,0) of whether applicant had ever been homeless.
- Ever received TANF—indicator (1,0) of whether applicant was ever a TANF recipient.
- Currently receiving food stamps—indicator (1,0) of whether applicant currently receives food stamps.
- Ever convicted of a crime—indicator (1,0) of whether applicant was ever convicted of a crime.
- Number of combined barriers—number of combined barriers for each applicant.

Table A1
Responses to Applicant Mail Survey by Site

	GTS-Austin	EMERGE	FSS-Brooklyn	GSS-Idaho	Total
Total Records	238	643	488	385	1754
Usable Records	176	453	449	314	1392
Post Office Returned Undeliverable	31	177	37	66	311
Completes	79	80	107	65	331
Null Bad Address	47	36	2	17	102

Service Data

Sites were also responsible for providing monthly updates on the services provided to each job seeker. P/PV designed an Access database that sites could use to track the services provided. One site, EMERGE, was already collecting information on the services it provided in a custom database when the study began and was permitted to continue to use it during the study. As part of the analysis, P/PV investigated if there were specific characteristics of job seekers that made them more or less likely to receive services at a particular site and then used the receipt of services as a predictor variable in the analysis of placement outcomes. We also included a variable to account for the interaction between the receipt of services and certain barriers. Variables related to receipt of services are:

- Received services—indicator (1,0) of whether applicant received any services.
- Services x barriers—interaction between ever receiving services and the number of combined barriers.
- Services x no high school diploma—interaction between ever receiving services and not having a high school diploma.

Resume Analysis

In visits and in conversations with ASO staff, it became clear that the work experience of applicants might play an important role in the outcomes of their interaction with an ASO. Unfortunately, the data submitted by each site contained relatively limited information on job seekers' work experience. At the suggestion of one of the directors of an ASO in the study, P/PV collected and analyzed the resumes submitted by applicants at each ASO. While we acknowledge that resumes may not be the most comprehensive accounting of job seekers' employment history, they do represent their "best foot forward," and therefore would be indicative of how they are portraying themselves to potential employers.

In addition, it is important to note that not every job seeker in the study submitted resumes to his or her ASO. On average, across ASOs, about half of the job seekers submitted resumes, though that number was far lower at the two GSS sites. As a result, the sample of resumes may not be representative of the people served by the ASOs. The failure to

submit a resume could be an indication that the applicant did not make it as far in the process because he or she found other employment, decided not to pursue a job through the agency or was determined by the ASO to not be a match for available jobs. Sometimes employer–customers did not require a resume, particularly for light industrial placements, and the lack of a resume could also indicate that the applicant was applying solely for these kinds of positions.

In all, P/PV collected 858 resumes and coded each for indicators of work history using the qualitative analysis tool NVIVO. From this analysis, we used several variables in the analysis of outcomes:

- Not currently employed—indicator (1,0) of whether resume indicates that applicant is currently out of work.
- Continuously employed—indicator (1,0) of whether applicant has been employed consistently throughout his or her work history. Resume indicates employment has not abated from respondent's initial employment to the present, with an allowance of one brief (one- to three-month) absence.
- Long absences from the workforce—indicator (1,0) of whether resume indicates a period of unemployment longer than six months.
- Intermittent absences from the workforce—indicator (1,0) of whether applicant's work history demonstrates multiple (three or more) periods of short (three to six months) absences from the workforce.
- Series of short jobs—indicator (1,0) of whether applicant worked in many jobs (three or more) that were short (less than six months) in duration throughout their work history.
- Longest job held less than three years—indicator (1,0) of whether the applicant's longest job lasted less than three years.

Because resumes were not available for all of the applicants for whom we had information, when these variables were included in analyses, we controlled for those who did not have resumes so that coefficients for the resume variables were not impacted by missing data.

Distance Analysis

Finally, we wanted to investigate whether the necessity to travel long distances influenced a job seeker's ability to have successful outcomes through an ASO. To test this question, we used a Geographic Information System (GIS) to map the addresses of all consented applicants in the study as well as all of the employers who utilized placement services of the sites in the study. For each job seeker, this analysis produced two pieces of information:

- Distance to all potential employers—average distance (in miles) from where an applicant lives to all possible employers with which they could have been placed by the ASO.
- Distance to placement—average distance (in miles) to a placement from where an applicant lives for those job seekers who were placed on assignment.

Results of Analyses

The following tables summarize the analyses performed on each of the outcomes (including the receipt of services) at each of the sites separately. The findings are discussed in detail in the body of the report. We used logistic regression to analyze the likelihood of receiving services, the likelihood of being placed and the likelihood of converting from temporary to permanent employment. We used OLS regression to model the average hourly wage and the number of days on assignment. (Standard errors are presented in parentheses.)

Table A2
Relationships between Worker Characteristics, Receipt of Services and Employment Outcomes:
FSS-Brooklyn

Variable	Services (Logit)	Placement (Logit)	Wages (OLS)	Duration (OLS)
Has children	.217 (.580)	.410 (.442)	-.900 (.955)	2.99 (13.0)
No high school diploma	.181 (.703)	.130 (.529)	1.68 (1.32)	-9.64 (18.0)
No driver's license	.383 (.572)	.686 (.426)	.275 (.894)	-13.1 (12.1)
Documented disability	.487 (.810)	-.171 (.764)	2.65 (2.04)	-17.0 (27.6)
Ever homeless	-.666 (.699)	.897 (.481)*	1.05 (1.08)	7.22 (14.6)
Ever received TANF	.117 (.602)	.519 (.463)	.121 (1.14)	9.71 (15.7)
Currently receiving food stamps	.145 (.636)	-.240 (.495)	.356 (1.16)	-11.7 (15.8)
Ever convicted of a crime	.246 (.678)	-.389 (.556)	—	—
Not currently employed	.073 (.543)	-.011 (.455)	-2.59 (1.34) **	14.6 (18.1)
Continuously employed	-.282 (1.17)	.089 (.749)	#	#
Long absences from the workforce	1.18 (1.08)	-.330 (.646)	5.81 (1.75)***	-40.0 (23.8)*
Intermittent absences from the workforce	.611 (1.11)	-.355 (.653)	2.18 (1.57)	-40.4 (21.5)*
Series of short jobs	1.84 (1.05)*	-.285 (.690)	2.68 (1.73)	-8.06 (23.6)
Longest job held less than 3 years	.053 (.445)	.247 (.344)	.935 (.889)	-7.66 (12.1)
Number of combined barriers	.076 (.439)	-.348 (.329)	-1.22 (.579)**	-2.39 (7.69)
Distance to all potential employers	.026 (.070)	.020 (.054)	—	—
Distance to placement	—	—	.038 (.055)	.424 (.753)
Received services	—	2.89 (.397) ***	-1.72 (1.54)	5.22 (10.3)
Services x barriers	—	—	.931 (.490)*	—
N	571	571	84	84

* p<=.10 **p<=.05 ***p<=.001

dropped from analysis due to small cell sizes

Table A3
Relationships between Worker Characteristics, Receipt of Services and Employment Outcomes:
EMERGE

Variable	Services (Logit)	Placement (Logit)	Wages (OLS)	Duration (OLS)
Has children	-.188 (.296)	-.214 (.339)	.100 (.318)	16.0 (17.8)
No high school diploma	-.736 (.312)**	1.04 (.355)***	-1.69 (.459)***	26.6 (19.1)
No driver's license	-.613 (.298)**	.410 (.348)	-1.71 (.343)***	12.7 (19.2)
Documented disability	-.765 (.406)*	-.024 (.476)	-.026 (.487)	26.5 (27.2)
Ever homeless	.235 (.300)	-.273 (.353)	-.381 (.345)	18.2 (19.3)
Ever received TANF	-.066 (.315)	-.315 (.372)	.234 (.380)	6.10 (21.3)
Currently receiving food stamps	-.116 (.333)	.004 (.390)	-.608 (.372)*	31.9 (20.8)
Ever convicted of a crime	-.001 (.318)	-.688 (.369)*	.156 (.364)	48.3 (20.4)**
Not currently employed	-.089 (.448)	.030 (.528)	.150 (.530)	-28.9 (29.7)
Continuously employed	-.433 (.481)	.275 (.567)	.582 (.659)	13.0 (36.7)
Long absences from the workforce	-.304 (.532)	.584 (.655)	.792 (.657)	11.9 (36.6)
Intermittent absences from the workforce	.398 (.554)	.885 (.675)	.910 (.667)	51.5 (37.3)
Series of short jobs	-.359 (.602)	1.32 (.752)*	.349 (.732)	28.6 (41.0)
Longest job held less than 3 years	-.242 (.333)	.015 (.411)	.702 (.429)*	-14.2 (24.0)
Number of combined barriers	.240 (.223)	.021 (.257)	.131 (.240)	-18.3 (13.5)
Distance to all potential employers	-.046 (.045)	-.027 (.048)	—	—
Distance to placement	—	—	.048 (.031)	2.77 (1.74)
Received services	—	2.98 (.276) ***	.663 (.360)*	55.5 (15.5)***
Services x No high school diploma	—	—	1.57 (.524)**	—
N	503	503	254	254

* p<=.10 **p<=.05 ***p<=.001

Table A4
Relationships between Worker Characteristics, Receipt of Services and Employment Outcomes:
GTS-Austin

Variable	Services (Logit)	Placement (Logit)	Wages (OLS)	Duration (OLS)
Has children	1.59 (.539)**	-.229 (.499)	-1.39 (1.11)	.129 (25.5)
No high school diploma	1.04 (.500)**	1.34 (.483)**	-1.53 (1.06)	-46.4 (24.3)*
No driver's license	.032 (.608)	1.34 (.581) **	-1.29 (1.28)	14.6 (29.4)
Ever homeless	1.34 (.526)**	-.366 (.528)	-.319 (1.13)	20.9 (26.1)
Ever received TANF	.792 (.590)	.455 (.568)	-2.62 (1.19)**	-10.4 (27.2)
Currently receiving food stamps	.304 (.595)	.131 (.586)	-1.49 (1.29)	-69.5 (29.9)**
Ever convicted of a crime	-.071 (.753)	.706 (.832)	1.14 (1.58)	74.0 (36.6)**
Not currently employed	-.352 (.893)	.388 (.895)	-.540 (1.79)	-7.00 (41.5)
Continuously employed	1.18 (1.53)	-.460 (1.04)	-2.53 (2.01)	-40.5 (46.4)
Long absences from the workforce	2.12 (1.43)	-.237 (.932)	-2.06 (1.86)	-36.2 (43.1)
Intermittent absences from the workforce	1.97 (1.50)	-.750 (1.02)	-4.34 (1.79)**	-34.6 (41.5)
Series of short jobs	3.72 (1.61)**	-1.70 (1.36)	#	#
Longest job held less than 3 years	.095 (.639)	-.610 (.588)	.808 (1.26)	5.90 (29.0)
Number of combined barriers	-.779 (.351)**	-.463 (.328)	.191 (.708)	4.15 (15.7)
Distance to all potential employers	-.025 (.043)	.101 (.036)**	—	—
Distance to placement	—	—	-.007 (.063)	-2.75 (1.44)*
Received services	—	-.017 (.407)	-4.71 (1.96)**	12.4 (20.2)
Services x barriers	—	—	1.20 (.614)**	—
N	182	182	133	133

Note: Because state set-aside rules required that GTS-Austin serve a large proportion of people with disabilities, that variable was left out of this analysis.

* p<=.10 **p<=.05 ***p<=.001

dropped from analysis due to small cell sizes

Table A5
Relationships between Worker Characteristics, Receipt of Services and Employment Outcomes:
GSS-Boise

Variable	Services (Logit)	Placement (Logit)	Wages (OLS)	Duration (OLS)
Has children	.341 (.710)	.336 (.721)	-.608 (.757)	-21.9 (25.6)
No high school diploma	.020 (.862)	1.40 (.851)*	-1.98 (1.09)*	-5.15 (37.8)
No driver's license	-.008 (.775)	-1.09 (.803)	-1.84 (1.29)	15.7 (42.6)
Ever homeless	.121 (.790)	-.143 (.808)	-2.25 (1.02)**	-59.1 (34.0)*
Ever received TANF	-.636 (.818)	-.484 (.809)	-1.00 (.973)	18.1 (33.6)
Currently receiving food stamps	.856 (.860)	.962 (.896)	-2.23 (1.16)*	86.0 (40.3)**
Ever convicted of a crime	.686 (.770)	.131 (.818)	-.856 (.931)	-5.71 (32.3)
Not currently employed	1.06 (1.04)	.843 (.993)	-1.96 (1.53).	67.9 (52.5)
Continuously employed	.904 (1.64)	#	#	#
Long absences from the workforce	-.761 (1.74)	-.934 (1.12)	1.38 (1.61)	54.3 (55.5)
Intermittent absences from the workforce	-.653 (1.99)	#	#	#
Series of short jobs	2.15 (1.67)	.205 (1.07)	-1.60 (1.25)	60.3 (43.1)
Longest job held less than 3 years	-2.02 (1.06)*	.721 (.850)	.446 (1.31)	-51.6 (45.4)
Number of combined barriers	-.089 (.548)	.037 (.559)	1.19 (.771)	8.12 (26.5)
Distance to all potential employers	.034 (.043)	.050 (.041)	—	—
Distance to placement	—	—	-.090 (.054)	-.629 (1.87)
Received services	—	1.86 (.543)***	-.396 (.528)	38.0 (18.2)**
N	107	107	42	43

* p<=.10 **p<=.05 ***p<=.001

dropped from analysis due to small cell sizes

Table A6
Relationships between Worker Characteristics, Receipt of Services and Employment Outcomes:
GSS-Nampa

Variable	Services (Logit)	Placement (Logit)	Wages (OLS)	Duration (OLS)
Has children	-1.16 (.727)	.915 (.561)*	-.241 (.171)	-11.24 (15.0)
No high school diploma	-.169 (.742)	.235 (.541).	-.250 (.185)	-9.90 (15.7)
No driver's license	.696 (.843)	.168 (.559)	-.568 (.188)**	-9.52 (15.9)
Ever homeless	.473 (.736)	-.217 (.504)	-.152 (.189)	-14.3 (16.0)
Ever received TANF	.915 (.677)	1.31 (.552)**	-.201 (.171)	-10.4 (14.8)
Currently receiving food stamps	-1.60 (.696)**	-.315 (.496)	-.508 (.168)**	-6.08 (14.5)
Ever convicted of a crime	-.567 (.757)	.400 (.544).	-.314 (.169)*	-14.0 (14.7)
Not currently employed	.061 (1.19)	.761 (1.38)	-.810 (.300)**	-44.4 (30.3)
Continuously employed	—	—	—	-42.2 (43.9)
Long absences from the workforce	-.652 (1.12)	-2.49 (1.42)*	.100 (.311)	-77.6 (27.2)**
Intermittent absences from the workforce	-1.87 (1.26)	-1.87 (1.62)	-.314 (.321)	-47.1 (27.8)*
Series of short jobs	—	-2.61 (1.86)	-.216 (.348)	1.80 (29.5)
Longest job held less than 3 years	1.00 (.992)	1.89 (1.03)*	.225 (.261)	3.55 (23.3)
Number of combined barriers	.567 (.513)	-.554 (.395)	.334 (.125)**	8.93 (10.7)
Distance to all potential employers	-.064 (.031)**	.022 (.028)	—	—
Distance to placement	—	—	-.011 (.009)	-.483 (.779)
Received services	—	.612 (.471)	-.004 (.167)	32.2 (14.4)**
N	203	203	72	72

* p<=.10 **p<=.05 ***p<=.001



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