

## Budgets for Transitional Employment Programs, An Overview

Budgets for transitional employment programs should include funding for:

- **Participant wages:** Wages typically range from minimum wage to the local “living wage.” The cost of wages will depend on: the wage level, the number of hours participants are required to work per week (usually 20-35 hrs), the length of transitional job placements (usually 6-9 months), and whether or not participants are paid for time spent in educational or training activities (some programs pay for these hours and some do not). Additional costs associated with participant wages include: FICA, workers compensation and unemployment insurance and payroll administration fees. When determining wage levels programs may want to consider whether or not participants will be eligible for income supports such as earned income disregards and the EIC.
- **Staff,** for case management, pre-placement orientation activities, host site development, training/education, placement and retention services, program management, and data management. Most transitional employment programs provide intensive case management provided on a ratio of no more than 15-35 clients per case manager. This ratio allows for more frequent contact both with the participant and the employer.
- **Data tracking** (database). We recommend that, at a minimum programs track: number of referrals, number of enrollments, number who complete pre-placement activities, number who are placed in transitional jobs, number who finish transitional jobs, number who are placed in unsubsidized jobs, quarterly retention of unsubsidized employment. The cost of tracking and the time required for tracking will depend on the number of elements recorded as well as whether or not services are provided internally and funded through one or more sources.
- **Training/education** (textbooks, computers, instructional costs etc). Some programs provide training and education within the agency that is administering the transitional employment program. Others use existing training facilities, such as One-Stop Centers or community colleges, to provide the training. When existing public agencies are providing the training, these costs may not need to be included in the TJ program budget. Training/educational activities may include basic computer training, typing, adult basic education, English as a second language, more specialized vocational training, etc.
- **Support services** (transportation assistance, childcare, professional clothing, work uniforms or tools, emergency expenses, etc). In some cases, support services are already provided to participants by public agencies. In such cases these expenses need not be included in TJ program budgets. These services may also be leveraged through community partners and may not incur additional costs.
- **Program administration**

Additionally, some programs have funded these elements:

- Paying participants **financial incentives** when they secure and/or retain unsubsidized jobs for designated lengths of time.
- **Training of host site supervisors**
- Paying a **stipend to host site supervisors** to compensate them or reward them for their efforts.
- **Criminal background checks, drug screens, child abuse screens, physicals.** Often programs can work with other public agencies to fund these expenses.
- **Travel** to conduct site visits to other transitional employment programs

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Whereas some programs, such as Arkansas' PREP program and programs in some of the counties in Washington State, do not include training and education of participants while they are in their transitional job, providing training and education is strongly recommended in TJ program design. Similarly, whereas a few programs do not provide placement and retention services into unsubsidized employment after participants have completed their transitional employment, it is strongly recommended that both of these are also included.

Attached are sample program budgets serving 50 clients per year and 100 clients per year, respectively, from two existing transitional employment programs—the Transitional Work Corporation (TWC) in Philadelphia and the People Realizing Employment Possibilities (PREP) program in Arkansas. In reality TWC serves 1,500 clients per year and PREP serves approximately XX clients per year. The budgets provided by each program vary considerably due to distinctions in their program design. Most significantly, PREP spends little, if anything, on training during the placement period or on retention services, while nearly 30 percent of TWC's costs are concentrated in these areas. Additional differences in the two program designs are:

- Administering agency: TWC is a nonprofit that was created to administer the transitional employment program. It provides all client services in-house. In contrast, PREP has relied on community partners to provide key components of their program (ex pre-placement activities provided by community college's mobile training lab).
- Participant wages: PREP pays each participant approximately \$701 per month in wages whereas TWC pays approximately \$520 per month per participant.
- Support service costs: PREP spends approximately \$856 per month per participant on support services and WTC spends \$1,305 per month per participant on support services. Note, some programs such as Community Jobs in Tacoma Washington spends as little as \$379 per month per participant on support services.
- Pre-placement activities: PREP spends approximately \$379 per participant month on pre-placement activities. In contrast, TWC spends \$138 per participant month on pre-placement activities and participants are also paid wages during this time.
- Training/Education during placement: PREP does not provide any training or education to participants during their transitional job placement. In contrast, TWC requires that all participants attend training/education classes for ten hours a week, however participants are not paid for this time.
- Retention Services: Whereas both programs provide retention services, those provided by TWC are much more intensive.

Costs for different programs may vary also, due to local costs of doing business, economies of scale, administrative structure, and intensity of case management services.

For more detailed information on the design of the TWC or PREP programs, please see the program summaries posted on the **transitionaljobs.net** website.