



# Sagamore Institute

FOR POLICY RESEARCH

## Baltimore Employer Partnerships

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*Editor's Note: This SIPR Policy Paper examines efforts in Baltimore to develop the sort of work-support programs that assist individuals in moving from welfare to independence. It is the second in a series of essays in support of SIPR's project on the Benefits Access Learning Cluster, an effort funded by the Charles Stewart Mott Foundation and managed by Senior Fellow April Kaplan, to identify effective employer-based models for raising awareness of and participation in work-support programs and to develop and disseminate knowledge about best practices to employers, benefit-program administrators, human-service agencies, and other important stakeholders.*

### Background

Baltimore City is a separately incorporated municipality within the Baltimore Metropolitan Statistical Area. Unlike Chicago, which is part of Cook County, or Atlanta, which is part of Fulton County, Baltimore City is not a subdivision of the surrounding Baltimore County. The result of this governance structure is that Baltimore City does not include many of the more prosperous suburban communities and therefore lacks a strong tax base generated by higher incomes and property values commonly found in the suburban areas. It also lacks the strong employment growth that has been common to the suburban area over the last few decades.

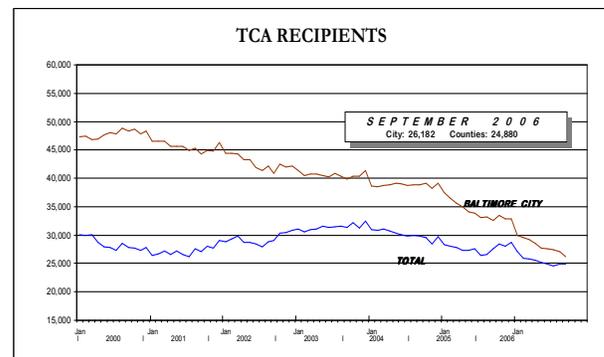
According to the most recent Census data, Baltimore has a population of 628,670, representing a decline of about 15 percent compared with the 1990 Census. Baltimore's population reached its peak in 1970, when there were slightly less than one million residents, but has experienced a steady decline over the past 30 years. Much of this population decline was caused by moderate and higher-income residents relocating to the inner and outer suburbs, leaving behind an increasingly impoverished population. Baltimore's population, according to the 2000 Census, is 64 percent African-American, with nearly a quarter (22.9 percent) living below the federal poverty level. The median household income for Baltimore City residents is \$30,078 compared with the state average of \$52,868, one of the highest of any state in the nation.

The signs of poverty are visible throughout much of the City. Boarded up houses are commonplace, with entire blocks vacant save for one or two residents. According to the 2000 Census, Baltimore's homeownership rate was just over 50 percent. The average home value in the City is well below that of the surrounding counties. Based on the 2000 Census, the median value of an owner-occupied home in Baltimore City was \$69,100, less than half of the median home value in Maryland as a whole. It must be noted that the recent nationwide increase in real estate values has also dramatically raised the value of property in Baltimore City, and recent data indicates that the average home sold in 2005 for \$162,502, an

increase of 23 percent over the average 2004 home price. However, the average home in the Baltimore Metropolitan area sold for \$295,933, more than 80 percent higher than the average City home. While this increase in home values is good for the local economy and a welcome boost to homeowners net worth, it also translates into higher rental costs for many low-income City residents. The fair market rent for a three-bedroom unit in Baltimore City, as determined by the United States Department of Housing and Urban Development, has increased from \$851 in Federal Fiscal Year 2000 to \$1,208 in Federal Fiscal Year 2007, an increase of over 40 percent.

Another visible sign of poverty in Baltimore City is the large number of seemingly idle men and women congregating on street corners or loitering in front of vacant "rowhouses" on many Baltimore streets. Only 57 percent of Baltimore's population over the age of 16 is participating in the labor force, according to the 2000 Census. To complicate matters, nearly one-third (31.6 percent) of City residents lack a high school diploma or equivalent. In addition, many residents have had some involvement with the criminal justice system, with approximately 9,000 individuals being released into Baltimore City from Maryland penal institutions each year.

Given the factors described above, it should come as no surprise that Baltimore City has a disproportionate share of families receiving public assistance. While the City makes up just over one-tenth of the State's population, over half of the State's Temporary Cash Assistance (TCA) caseload resides in Baltimore City. The chart below shows the relationship over time between the caseload in Baltimore City compared with the other 23 jurisdictions in Maryland.



As shown above, the TCA caseload in Baltimore City is declining and doing so at a greater rate than that of the rest of Maryland. However, while this is true in the most recent past, Baltimore City's caseload did not experience nearly as dramatic of a caseload decline from 1995 to 2000 as did the suburban and rural jurisdictions in Maryland. In general, the

implementation of the 1996 welfare reforms took longer in large urban areas and had less of an immediate impact in changing the culture of dependency. However, in Baltimore City the impact of welfare reform is now being fully realized and many more families are exiting the welfare rolls and entering the workforce. Over the most recent twelve months, the TCA caseload in Baltimore City has declined by 21 percent.

Caseload decline, however, only tells part of the story. The Baltimore City Department of Social Services (BCDSS) operates the Temporary Cash Assistance program, as well as the Food Stamp Program, Medical Assistance program, Temporary Disability Assistance Program, Child Protective Services and Foster Care and Adoption programs. Beginning with the development of a new executive leadership team in 2003, BCDSS initiated numerous changes that have resulted in positive outcomes for welfare recipients in Baltimore City. Despite having fewer TCA recipients to work with due to the significant caseload decline, the annual number of job placements achieved by BCDSS has actually increased from 3,200 to 4,200 over the past three years. The percentage of former TCA recipients who obtain employment and retain employment for at least six months has also increased from 71 percent to 81 percent.

## Strategies

### *Work Experience*

The first step initiated by the new leadership team was to implement a Universal Engagement model for all TCA adult recipients. In order to continue to receive TCA, a recipient was required to participate in at least one of about 20 allowable activities each month. In other words, every TCA adult must do something in exchange for receiving assistance each month. The primary activities, thus the ones given the most resources to develop, were employment and employment simulation training activities. Other allowable activities include attending required medical appointments and therapy sessions for persons with temporary incapacities, working with Family Support Services caseworkers to locate housing for families that were homeless or other short-term barrier removal activities.

Within a year of implementing the Universal Engagement strategy, the percentage of TCA recipients participating in at least one of the allowable activities increased from 55 percent to 91 percent, where it has remained each month for the last year.

One of the key factors in reaching Universal Engagement was to develop sufficient Work Experience opportunities. Work Experience is an activity where a welfare recipient temporarily performs duties alongside other regular paid employees in order to learn expected workplace behaviors and specific job skills. A typical Work Experience assignment for Baltimore City TCA recipients lasts for three months and can be performed in either a private workplace or in a public agency. While BCDSS developed extensive Work Experience opportunities in its own offices and in other government facilities, a significant effort went into developing worksite agreements with private for-profit and private non-profit corporations.

A unit of job developers from BCDSS, called the Baltimore Employment Exchange, began marketing to employers the availability of Work Experience interns who could perform specified functions within their companies in exchange for intensive supervision, job coaching and training. At any time during the 90-day work assignment, the employer could choose to hire the intern as a regular paid employee. However, if a job offer was not made at the end of the assignment, the intern would be transferred to another worksite and would be replaced with another Work Experience intern. It is also important to note that during a recipient's participation in Work Experience, he or she also performs structured job search activities each week. This model allows employers to provide a trial period to ensure that job candidates can adequately perform the desired job duties and fit within the organizational culture. At the same time, and more importantly, it provides the welfare recipient with an opportunity to gain work experience to be added to a resume and to learn specific job skills.

The Baltimore Employment Exchange currently has 39 Worksite Agreements with employers, with about half being in the private sector and half in the public sector. All of these agreements were developed in 2005 and 2006, with eight having been developed within the last six months. These 39 Worksite Agreements provide access to 212 Work Experience slots at any given time. In the last year, BCDSS has successfully placed 155 TCA recipients into unsubsidized jobs as a result of their participation in a Work Experience assignment.

### *Subsidized Employment*

BCDSS decided to build upon the promising Work Experience model by expanding the opportunities for placements using subsidized employment agreements. Through use of a Grant Diversion process, by which a portion of a TCA recipient's welfare grant is diverted to the employer to offset a portion of wage costs, BCDSS increased the number of employer partnerships. This was done in two distinct ways. First, the Baltimore Employment Exchange began marketing the wage subsidies to employers who were unwilling to accept Work Experience interns. By offering wage subsidies and pre-screening services, including criminal background screening and fidelity bonding, the Baltimore Employment Exchange further enhanced its competitiveness in the manpower staffing industry.

The Grant Diversion model used in Baltimore makes up to \$300 per month available to an employer who pays the participating employee's wages. The employer is required to sign a Memorandum of Understanding that outlines the job duties the participant will perform and describes the responsibilities for the employer to provide supervision of the participant. The employer must submit a monthly invoice showing the total amount of wages paid to the participant. BCDSS reimburses the employer for \$300 of the total wage costs, or for the exact amount of wages if less than \$300 was paid to the participant in the month. Generally, the participant's public assistance benefits are discontinued since the earnings now exceed the Temporary Cash Assistance eligibility levels, even after disregards.

The Baltimore Employment Exchange currently has 79 Grant Diversion Agreements with private for-profit and non-profit employers. These agreements can provide employment

opportunities to up to 255 TCA recipients at any given time. Within the past year, 68 TCA recipients transitioned from Grant Diversion into unsubsidized employment with their employer, and an additional 44 are in the process of making the transition.

The second way that Grant Diversion is used by BCDSS is through workforce intermediaries that are under contract to the agency. A number of workforce development entities, including public, private for-profit and private non-profit organizations, provide job preparation, job placement and job retention services to TCA recipients in Baltimore City. Each of these organizations is offered the opportunity to utilize Grant Diversion in their programs. They may function as the employer of record, thus operating as a staffing agency which pays the participant's wages and receives the reimbursement directly, or they may use the Grant Diversion agreement as a marketing tool when performing job development. In the latter case, the employer would pay the wage costs and enter into the agreement directly with BCDSS, which would reimburse up to \$300 per month. Grant Diversion, in this way, can be helpful to contractors in meeting their payout points for job placement and retention outcomes.

In 2004, BCDSS implemented a small demonstration project, called Fresh Start, focused on moving long-term TCA recipients in one of the most impoverished Baltimore communities from welfare to employment. Fresh Start participants are TCA recipients who have been on cash assistance for at least five years and have been unsuccessful in traditional welfare-to-work programs. Unemployment Insurance quarterly wage data indicates that the average Fresh Start participant has worked less than 25 percent of the available quarters over the past ten years, and in that time has earned a miniscule \$14,706.62.

Using a specialized unit of Intensive Case Managers, an exhaustive assessment process and a targeted employment readiness workshop, Fresh Start's goal is to move the Fresh Start participants into subsidized employment opportunities within four weeks after program enrollment. BCDSS developed contractual partnerships with the Phyllis Wheatley Educational Center and with America Works of Maryland to provide guaranteed employment opportunities in specific occupations known to commonly provide entry-level jobs to welfare recipients, including food service, retail sales, hospitality and housekeeping. While each contract included the use of Grant Diversion, the contract payout points were based on the participant successfully making the transition to unsubsidized employment within four months and then retaining the job for an additional two months. Unemployment Insurance quarterly wage data shows that Fresh Start participants increased their likelihood of employment so that over one-quarter are now working, compared with 15 percent prior to entering the program. In addition, the program participants experienced earnings increases of more than 100 percent, more than twice the increase experienced by workers in a comparison group.

Because of the large volume of Grant Diversion agreements and monthly invoices, BCDSS has assigned the administrative functions related to monitoring payments and validating invoices to a specialist. It must be stated that the administrative burden for the Grant Diversion program is

significant. For each participant in the program each month, the dedicated staff person must review the TCA eligibility and benefit payment database to ensure continued eligibility for Grant Diversion. This staff person must also review each invoice and supporting documents to ensure that reimbursement amounts do not exceed total wage payment amounts and that no duplicate payments are made. In cases where the participant remains eligible for a partial TCA benefit payment each month, the Grant Diversion administrative specialist must ensure that the benefits are reduced proportionately based on the diversion amount. All of this administrative work could be significantly reduced, however, through better use of technology and integration with the public assistance automated system.

Due to the success of Grant Diversion and the challenges of achieving the Work Participation Rates under the new Temporary Assistance to Needy Families regulations that took effect October 1, 2006, Maryland has allocated to BCDSS an additional \$1.9 million for the current fiscal year to provide wage subsidies. BCDSS has developed a modified contract that will replace Grant Diversion and its \$300 monthly limit. The new Wage Subsidy Agreement provides additional flexibility to job developers as they market their clients to employers. The new agreements provide for the reimbursement of the full wage costs up to twelve dollars per hour for forty hours per week. The agreement is structured to reimburse the employer 100 percent of the wage costs paid for the first two months of employment immediately upon submission of an invoice to BCDSS. For the third month of employment, the employer will receive 75 percent of the total wage cost as a reimbursement immediately upon submission of an invoice. For the fourth month of employment, the employer will receive 50 percent of the total wage cost as a reimbursement immediately upon submission of an invoice.

The remaining 25 percent from month three and 50 percent from month four are payable upon proof that the employee remains employed after the fifth month, thus ensuring some level of commitment from the employer to retain the employee in unsubsidized employment. BCDSS has negotiated the first 30 of these Wage Subsidy Agreements and is now preparing to identify candidates for these jobs.

#### *Employer Partnerships*

Another strategy employed by the BCDSS to advocate for employment opportunities for TCA recipients has been the engagement of the executive leadership team with businesses and trade organizations in Baltimore City. BCDSS is a mandatory partner on the local workforce investment board, as required under the federal government's Workforce Investment Act. In Baltimore City, that responsibility has been embraced by the Family Investment Bureau, the division within BCDSS that is responsible for managing public benefit and workforce development programs. Through developing relationships with other members of the Baltimore Workforce Investment Board, which includes numerous corporate executives, there exists a great opportunity to establish employment pipelines for TCA recipients.

An example of this type of partnership is the relationship between BCDSS and the Johns Hopkins Health System (JHHS). Johns Hopkins Hospital is a world-renowned

healthcare facility located on the east side of Baltimore City. The JHHS, which includes two other hospitals in Baltimore City and other associated healthcare service providers, is the largest employer in Baltimore. The president of JHHS and the vice president for human resources both sit on the Baltimore Workforce Investment Board, with the president having served as chairman for many years. The JHHS commitment to workforce development in Baltimore City is significant and JHHS is considered by many city residents to be an excellent employer who offers competitive wages and benefits.

One of the JHHS workforce development initiatives is Project REACH. Project REACH (Resources and Education for the Advancement of Careers at Hopkins) is an incumbent worker training pilot program designed to fill critical skills shortages in healthcare. This 18-month, \$6-million project provides intensive personal computerized assessments, career development plans, college-level training opportunities (both internally and through a dozen external and e-learning providers), up to 16 hours of paid salary release time, and the services of four full-time career coaches to any employee wishing either to enter one of eight defined healthcare shortage occupations, or to move from a job disappearing because of technological change, or to complete their HS/GED. Graduates of Project REACH have been promoted, on average, within ten days after completing their training, with wage gains of eight to 22 percent. One of the impacts of this pipeline development is that the entry-level positions vacated by Project REACH graduates, mostly in food service, environmental service and facilities/parking management, need to be backfilled. BCDSS has committed to providing pre-screened candidates to fill these entry-level positions. This partnership has opened up employment opportunities to over one hundred and fifty TCA recipients.

The healthcare industry is a vital and growing sector of the Baltimore economy that employs more than 17 percent of the City's workforce and is projected to add over 5,000 new jobs over the next decade. However, the industry is growing so rapidly that there are, or soon will be, severe worker shortages in medical laboratory technicians, nursing assistants, nurse extenders, pharmacy technicians, radiology technicians, respiratory therapists/technicians and surgical technicians.

Because of the numerous employment opportunities in the healthcare industry, BCDSS has joined and provides representation on the board of directors for the Baltimore Alliance for Careers in Healthcare (BACH). BACH is a nonprofit corporation created to help City residents build careers in healthcare and help local healthcare providers meet their needs for a skilled workforce. The membership of this workforce development organization is comprised of more than 80 government, foundation and healthcare entities, with 11 hospitals currently participating in one or more BACH programs.

The programs operated by BACH include a career-mapping initiative for each of the participating hospitals, grants to support career coaches in participating hospitals to assist entry-level employees as they move toward patient-care positions, and a Pre-Allied Health Bridge Program to serve as a pipeline to attract and retain workers. The Bridge program

is intended to assist unemployed City residents and incumbent hospital workers who have a high school diploma or GED and score at the sixth grade or above level on the Test of Adult Basic Education. Program participants engage in literacy and basic skills training so that they may gain access to the core curriculum courses in healthcare training at area community colleges.

During participation in the Bridge program, participants are employed by participating health care providers in non-allied health careers, including food service and environmental services. Once they complete the Bridge program, they qualify for tuition assistance or other tuition support programs offered by their employing hospital. BCDSS is working to expand some of BACH's programs to healthcare providers other than hospitals. Many TCA recipients are interested in careers in healthcare and often find employment with long-term care facilities and in home-healthcare positions. Since these can often be gateways into patient care fields, which provide better job stability and higher wages, BCDSS sees a great opportunity to use employment subsidies to support TCA recipients as they gain entry into this promising industry.

Opportunities for employer partnerships are expanding as the Baltimore Workforce Investment Board continues to promote its sector-based workforce development approach. Bridge programs have already been developed within the construction trades that will allow for expansion of apprenticeships in carpentry, plumbing and electrical trades. Additional sectors that have been targeted by the BWIB include biotechnology and hospitality/tourism, both growing parts of the Baltimore economy. BCDSS will continue to engage in these developing areas to ensure that opportunities for TCA recipients are identified and that resources are directed toward programs that result in job entry, employment retention and earnings gains for current and former welfare recipients.