

University of Massachusetts Boston

## ScholarWorks at UMass Boston

---

Center for Social Policy Publications

Center for Social Policy

---

2011

# Finding the Right Fit: How Alternative Staffing Affects Worker Outcomes

Françoise Carré

*University of Massachusetts Boston, francoise.carre@umb.edu*

Brandynn Holgate

*University of Massachusetts Boston, brandynn.holgate@umb.edu*

Helen Levine

*University of Massachusetts Boston, helen.levine@umb.edu*

Follow this and additional works at: [https://scholarworks.umb.edu/csp\\_pubs](https://scholarworks.umb.edu/csp_pubs)



Part of the [Labor Relations Commons](#), [Social Policy Commons](#), and the [Work, Economy and Organizations Commons](#)

---

### Recommended Citation

Carré, Françoise; Holgate, Brandynn; and Levine, Helen, "Finding the Right Fit: How Alternative Staffing Affects Worker Outcomes" (2011). *Center for Social Policy Publications*. 58.  
[https://scholarworks.umb.edu/csp\\_pubs/58](https://scholarworks.umb.edu/csp_pubs/58)

This Research Report is brought to you for free and open access by the Center for Social Policy at ScholarWorks at UMass Boston. It has been accepted for inclusion in Center for Social Policy Publications by an authorized administrator of ScholarWorks at UMass Boston. For more information, please contact [scholarworks@umb.edu](mailto:scholarworks@umb.edu).

# **FINDING THE RIGHT FIT**

## How Alternative Staffing Affects Worker Outcomes



**REPORT ON THE  
ALTERNATIVE STAFFING  
DEMONSTRATION II**

2008–2011

**CENTER FOR SOCIAL POLICY**

JOHN W. McCORMACK  
GRADUATE SCHOOL OF  
POLICY AND GLOBAL STUDIES

2011

## **About the Center for Social Policy**

The Center for Social Policy provides expertise on policies and practices that reduce social and economic inequities. The Center accomplishes this through active engagement with policymakers, researchers, service providers, and those affected by the policies and policy analyses.

The Center for Social Policy is part of the John W. McCormack Graduate School of Policy and Global Studies at the University of Massachusetts Boston. In carrying out its projects, the professional staff collaborates with faculty and graduate students from the University.

# **Finding the Right Fit**

## **How Alternative Staffing Affects Worker Outcomes**

### **Report on the Alternative Staffing Demonstration II 2008–2011**

Françoise Carré  
Brandynn Holgate  
Helen Levine

with Balaji Kanachi, Risa Takenaka,  
and Elizabeth Tov

**Center for Social Policy**  
**John W. McCormack Graduate School of Policy and Global Studies**  
**University of Massachusetts Boston**

2011

# ACKNOWLEDGMENTS

This project, funded by the Charles Stewart Mott Foundation, benefited greatly from the collaboration and input of many individuals and organizations. We are grateful to all for their insights, their willingness to share their experiences, and their longstanding commitment to helping others find work and succeed at it.

The directors and staff of the four alternative staffing organizations participating in this demonstration were particularly generous with their time and insights as well as with feedback. We are grateful to them for hosting repeated site visits, answering our detailed questions, and for their active participation in all site meetings.

In particular, we thank the following individuals:

- in Minneapolis, MN, Mike Wynne (EMERGE Community Development); Dawn Williams and Nicholas Jentsch (Emerge Staffing);
- in Brooklyn, NY, Aaron Shiffman (Brooklyn Workforce Innovations) and Beverly Vaughan (First Source Staffing);
- in Austin, Texas, Rudy Herrera (Goodwill Staffing Services); and
- in St. Petersburg, FL, Cordelia Hinton (Goodwill Suncoast Business Solutions) and Tadia Brenner (Goodwill Temporary Staffing).

We also thank the anonymous workers in all the sites who allowed us to use data about them for analysis. We thank those who participated in focus groups and offered information and insights. Similarly, we thank the anonymous representatives of customer businesses who agreed to be interviewed.

At the Charles Stewart Mott Foundation, Neal Hegarty, Vice President and Associate Director of Programs, perceived early on the role that alternative staffing can play in facilitating access to jobs as well as in supporting and complementing other workforce development approaches. Throughout this demonstration, and an earlier one, he has provided insights, advice, and constructive feedback to the researchers and to practitioners. We are particularly grateful to him for identifying the relevance of alternative staffing to two broad fields of practice: workforce development and social enterprise development. As we prepare dissemination plans for this report in the coming year, we will benefit from the advice and input of Mark Abbott, Director, Pathways Out of Poverty program.

At the University of Massachusetts Boston Center for Social Policy, the research team benefited from the leadership of Dr. Donna Haig Friedman, Director. Sheila D'Alessandro, Director of Operations, played a key role in all the meeting logistics and project administration. Odia Obadan helped with data preparation and analysis. The report was edited by Patricia Peterson. The cover and text were designed by Cynthia Metallides. We also thank Newell Lessell of the Alternative Staffing Association for his advice, as well as invited guest speakers in our all-site meetings.

It has been a privilege and a pleasure to be witnesses to the work that goes on day in and day out in the four participating organizations. The study period coincided with difficult labor market conditions and enabled us to fully comprehend the effort and commitment necessary to meet mission goals and continue to create pathways to employment for many.



# Table of Contents

Acknowledgments .....	ii
Executive Summary .....	1
Introduction .....	4
History .....	4
Research Questions .....	5
Economic Context .....	5
Report Structure .....	5
The Alternative Staffing Model .....	6
Some Job Seekers Need Brokering .....	6
The Purpose of ASOs .....	6
Community-Based Organizations and Nonprofits as Job Brokers .....	8
Project Structure & Participating Sites .....	9
Profiles of Sites .....	9
Business Volume, Labor Hours, and Sales Revenue .....	10
Emerge Staffing, Minneapolis, MN .....	12
First Source Staffing, Brooklyn, NY (FSS) .....	15
Goodwill Staffing Services, Austin, TX (GSS Austin) .....	17
Goodwill Temporary Staffing, St. Petersburg, FL (GTS Suncoast) .....	18
Job Opportunities .....	21
Different Job Bases .....	21
Local Labor Market and the Temporary Staffing Services Industry .....	22
ASOs and Their Worker Populations .....	24
Methods .....	24
Worker Characteristics and the ASO Model .....	25
Potential Barriers .....	27
Support Services Received at Each ASO .....	29
Odds of Getting an Assignment .....	30
Sites Customize ASO Model to Benefit Target Population .....	31
Comparison of ASO Workers with Other Temp Workers .....	32
ASO Model and Target Populations .....	33
Work Experience and Total Earnings at the ASOs .....	34
Method Used .....	34
Employment Conditions Associated with Higher or Lower Earnings .....	34
Perspectives of Customer Businesses .....	38
Types of Staffing Services Used .....	38
ASO Services Mesh with Business Needs .....	39
What Customer Businesses Value .....	39
How Social Mission Matters .....	41
When Difficulties Arise .....	41
Unlike Conventional Staffing – ASO Dual Goals .....	42
Making Best Use of Opportunities .....	43
Follow-Up: Employment Over Time .....	44
About the Follow-Up Survey .....	44
Employment Status at Follow-Up .....	45
Follow-Up Findings in Context .....	48

# Table of Contents

Findings from Other Research .....	50
Summary .....	52
Conclusion .....	53
Adapting the Model to Suit Mission and Opportunities .....	53
Moving On .....	53
Seeking Better Jobs .....	54
Workers and Customer Employers .....	54
Further Questions .....	55
References .....	56
End Notes .....	57

## List of Tables

Table 1: Number of Workers, Assignments, and Employers by ASO .....	10
Table 2: Pay Rate, Earnings, Hours, Weeks Worked (2009–2010) .....	21
Table 3: Workers Earning Above the Low-Wage Threshold in Their Labor Market .....	23
Table 4: Weekly Earnings for ASO and Staffing Industry Workers Relative to County Averages .....	23
Table 5: Workers and Those Who Consented to Release Background Information .....	24
Table 6: Gender and Age Characteristics, All Workers .....	26
Table 7: Gender and Age Characteristics by ASO .....	27
Table 8: Incidence of Barriers to Work Faced by Workers at Each ASO .....	28
Table 9: Number and Percent of Workers Eligible and Reached for Follow-Up by ASOs .....	44
Table 10: Reasons for Not Looking for Work at GSS Austin and GTS Suncoast .....	47
Table 11: ASO Work Experience and Employment Status at Follow-Up .....	48
Table 12: Proportion of ASO Workers Who Advanced at Follow-Up .....	50
Table 13: Change in Hours and Wage for Former ASO Workers .....	50

## List of Figures

Figure 1: Labor Hours by Quarter (2009–2010) .....	11
Figure 2: Annual Sales Revenue in Dollars .....	12
Figure 3: Job Base by ASO (2009–2010) .....	22
Figure 4: Incidence of Potential Barriers Faced by Workers in All Sites .....	26
Figure 5: Race/Ethnicity by ASO .....	27
Figure 6: Percentage of Workers Who Received Services .....	30
Figure 7: Odds Ratios, Being Placed in an Assignment .....	32
Figure 8: Difference in Personal Characteristics of ASO Workers Compared to Other Temp Workers .....	33
Figure 9: Emerge, Job Characteristics That Influence Total Earnings .....	35
Figure 10: FSS, Job Characteristics That Influence Total Earnings .....	36
Figure 11: GSS Austin, Job Characteristics That Influence Total Earnings .....	36
Figure 12: GTS Suncoast, Job Characteristics That Influence Total Earnings .....	37
Figure 13: Percent Working and Not Working at Follow-Up by ASO .....	45
Figure 14: Former ASO Workers Working at Follow-Up: Rollovers, Hours, Benefit Coverage .....	46
Figure 15: Looking or Not Looking for a Job .....	46
Figure 16: Total Earnings While at ASO for Those Working and Not Working at Follow-Up .....	48
Figure 17: Differences in Work Experience by Those Working and Not Working .....	48

## EXECUTIVE SUMMARY

Alternative Staffing Organizations (ASOs) are worker-centered, social-purpose businesses created by community-based organizations and national nonprofits. These fee-for-service organizations have used the model of temporary staffing services to access work experience and potential employers for job seekers who face labor market barriers. The ASOs place job seekers in temporary and temp-to-perm assignments with customer businesses and charge the customers a markup as a percentage of the wage. The ASO field, established over the past 30 years, now includes over 50 organizations.

This monitoring and evaluation study is part of the Alternative Staffing Demonstration II, an initiative of the C. S. Mott Foundation, and is the second national demonstration sponsored by the Foundation (ASDII). We have reported on the activities of four well established ASOs, focusing on the population they serve and the job matches they perform. The sites include two ASOs launched by community-based organizations: First Source Staffing (FSS) created by Fifth Avenue Committee of Brooklyn, NY, and Emerge Staffing (Emerge) created by EMERGE Community Development of Minneapolis, MN. The two other ASOs were established by local affiliates of Goodwill Industries International, a national nonprofit network: Goodwill Staffing Services (GSS Austin), created by Goodwill Industries of Central Texas in Austin and Goodwill Temporary Staffing (GTS Suncoast), created by Suncoast Business Solutions of Goodwill Industries-Suncoast in St. Petersburg, FL.

From late 2008 to 2011, the four sites interfaced with the Center for Social Policy (CSP), University of Massachusetts Boston, which monitored grant implementation and activities. We report on the job opportunities these ASOs have secured, the profile of their workers, their work experience with the ASO, and their job status after leaving the ASO. We followed the activities of these ASOs from 2009 to 2010, conducted bi-annual site visits including staff interviews, worker focus groups, and customer business interviews; we collected quarterly administrative data about almost 5,000

job assignments and over 2,500 workers and their characteristics. To address an important question, which is what happens to these workers over time, we obtained information from over 800 former ASO workers about their employment status, six to eight months after the end of contact with the ASO.

The job matches that ASOs perform, and the job characteristics of assignments result from an iterative process that takes into consideration background characteristics of the mission populations, the assignments the ASOs can secure from customer businesses, and the supports they can provide job seekers to ensure their performance as workers. In turn, temporary assignments secured are also affected by the industry mix of the metropolitan area as well as the sales effectiveness of each ASO. As a result, we find significant variation in jobs held by ASO workers across the four sites.

The characteristics of workers at these four sites indicate the ASOs, as a group, serve equal proportions of men and women. There is some variation by site. The majority of workers are male at GTS Suncoast (60 percent), Emerge (56 percent) and FSS (51 percent), reflecting their particular missions. GTS Suncoast draws a share of its workers from the residential correctional work-release program located on the Goodwill campus that has a preponderance of men. Emerge has programs designed to serve unemployed people, frequently men, in the local communities of North Minneapolis; it locates blue collar jobs that suit men more readily than women. FSS has a mix of blue collar and white collar assignments. In contrast, at GSS Austin, more than 60 percent of workers are women with the clerical and administrative support skills needed by state agencies that use the ASO workers through their state set-aside contract, which prioritizes serving people with disabilities.

The majority of the population at the four ASOs is from racial/ethnic minorities with 40 percent African American or black, 19 percent Hispanic, and 36 percent white. Racial and ethnic characteristics vary by site. For Emerge and FSS,



established to serve local communities that are predominantly black, more than 70 percent of their workers are black. GSS Austin and GTS Suncoast draw from a wider area and place a more diverse ethnic and racial group. The largest group of workers at GSS Austin is white (46 percent) while the majority of workers are non-white (26 percent Hispanic and 21 percent black). GTS Suncoast has nearly equal proportions of black and white workers (43 and 44 percent respectively) and 13 percent are Hispanic.

ASO workers at these sites face multiple barriers to finding employment. On average, workers report 1.7 potential barriers at intake and one-quarter of workers have three or more barriers. More than a third have a disability, a third receive public assistance, and a third do not have drivers' licenses. More than one-fifth have dependent children under 18, lack a high school diploma, or have had a criminal conviction.

Potential barriers to employment for workers vary depending upon the mission of the ASO, the characteristics of the local population, and the type of jobs that need filling by the customer base. Workers with dependent children face special challenges (unstable childcare arrangements, illness of a child). Applicants with a criminal conviction are not eligible for some jobs. Poverty, as indicated here by receiving public assistance at intake, can exacerbate all these problems.

About two-thirds of workers at the community-based ASOs, Emerge and FSS, have children under 18 while only a fourth of GSS Austin workers and fewer than one-tenth of GTS Suncoast workers have a dependent child. A little under half the workers at Emerge, FSS, and GTS Suncoast were receiving public assistance at intake but only a fourth of GSS Austin workers did. About half of the workers at GTS Suncoast, Emerge, and FSS do not have drivers' licenses. A relatively large proportion of workers at GTS Suncoast (more than a third) and at Emerge and FSS (just less than a fourth) have a conviction.

Sites adapt the ASO model to fit their worker populations. GTS Suncoast has the population

with the most barriers and the highest rate of workers with no high school diploma or driver's license, or a criminal conviction. GTS Suncoast circumvents these problems by placing many workers with these barriers in internal Goodwill assignments in sales positions at Goodwill stores or unloading and processing donated goods. Workers with fewer barriers can be placed with customers outside the Goodwill system. Emerge and FSS populations also often have convictions, no licenses, or no high school diplomas. These ASOs target two sets of customer businesses: those that have janitorial, grounds maintenance, or laborer positions (filled with workers with serious barriers) and those with office and administrative jobs (for workers who have a high school diploma and no criminal record).

Worker experiences at the four ASOs vary significantly, as indicated by total hours worked, total earnings, and average hourly pay. Average hourly pay rates have a relatively narrow range from \$8.00 at GTS Suncoast to about \$15.00 at GSS Austin, reflecting geographic differences in wages and types of jobs. Across sites, there are notable differences in the number of hours and weeks worked as well as total earnings. Total weeks worked range from nine weeks at Emerge to 12 at FSS and to 24 at both GSS Austin and GTS Suncoast. Over the two years of the study, total earnings for workers ranged from \$1,755 at Emerge to \$11,635 at GSS Austin. Total earnings differences seem to be primarily due to differences in number of hours worked, that is, length and schedule of assignments. Within sites, the dispersion of total earnings and total hours is greater than hourly wage dispersion. While many workers in these ASOs are employed for short periods, the highest earners (those in the top 25 to 30 percent of total earnings) worked and earned more than the site average.

We provide a context for weekly earnings of ASO workers by comparing their earnings to those of workers in the conventional staffing industry. We compared weekly earnings for both ASO workers and temp industry workers to average weekly earnings of private sector workers for

the county. Relative weekly earnings for temp industry workers vary across counties where ASOs are located; temp industry workers earn 46 to 60 percent of what the average private sector worker earns. FSS and GSS Austin workers have higher relative wages than workers in the temp industry as a whole; these two ASOs place job seekers in jobs that are higher paying than those staffed by the local conventional temporary industry. Emerge and GTS Suncoast workers have lower relative wages, placing workers in lower paying jobs than the local temp industry. These patterns are affected both by types of jobs staffed by each ASO and by the job mix of the conventional staffing industry in their area.

As noted earlier, the study provides important information about the employment status of ASO workers over time. Former ASO workers were followed six to eight months after the end of their ASO assignment to better understand the impact of worker and assignment characteristics on employment status. Nearly 60 percent of surveyed former workers from GSS Austin were working, and about half of the former workers from GTS Suncoast and Emerge had jobs. About a fourth of former FSS workers held a job. Labor market conditions were difficult in Florida, Minnesota, and New York during 2009–2010. Considering this challenging environment, notable shares of former workers are employed. We found that ASO staff have realistic expectations of their workers. They do expect their workers to move on to other job opportunities, some located during an assignment, others through a job search with which the ASO might assist. They also expect some former workers not to work, either because they are not able to address the barriers they face or for other reasons.

We found that workers who had jobs at follow-up had worked substantially more hours when affiliated with the ASO and worked over a longer span of weeks than former workers not working at follow-up. Their wage rates had been only slightly higher when with the ASO. These results suggest that workers who access longer or more frequent assignments through the ASO, and who

can sustain performance in these assignments, are more likely to find other work later.

ASO staff aim to place workers with potential into assignments likely to lead to a regular hire, and will tend to place reliable workers with customers that have better jobs. To this extent, we can infer that workers who do well while a temp are more likely to be employed at follow-up. But we also call attention to the fact that the structure of job opportunities clearly matters as well. ASO sites with higher rates of employment at follow-up were sites where some customers had rolled over workers onto their own payroll and were located in areas with comparatively lower unemployment rates.

Former ASO workers who have jobs at follow-up show some small improvement in hourly wage but noticeable increases in weekly hours worked and in rates of full-time work. Importantly, benefit coverage also comes with full-time work for most of them. Our results suggest that job improvement for these workers first takes the form of steady work hours and higher total earnings.

The unique, dual focus of ASOs is serving job seekers and business customers. Our results suggest that the ASO model does serve both groups. Workers distinguish the services provided by the ASO from those of a conventional staffing company. In focus groups, workers report receiving more attention, coaching, and job search advice from the ASO than from conventional staffing companies they have encountered. Customer business interviews provide evidence that the ASOs occupy a market niche in the broader staffing industry of their area. Customers use the ASO services when they particularly need well screened and prepared workers. This is often the case when they are using temps with a view to regular hiring. They value the responsiveness of ASO staff and their attention to the match between worker and position. This responsiveness and attention are necessary to maintain the business relationship and are essential for the worker to have a chance to have a successful job match.

# INTRODUCTION

This report reviews our findings from two and one-half years of monitoring and evaluating the activities of four alternative staffing organizations (ASOs). ASOs are worker-centered, social-purpose businesses created by community-based organizations and national nonprofits. These fee-for-service organizations use the model of temporary staffing services to help job seekers who face labor market barriers access work experience and potential employers. They place job seekers in temporary and “temp-to-perm” assignments with customer businesses, charging their customers a wage-based markup fee. This field of practice first emerged in the 1970s and grew rapidly in the 1990s; it now includes over 50 ASOs. Alternative staffing complements other workforce development approaches, including job readiness, training, and sectoral strategies, to successfully connect people to jobs and promote career progression.

We conducted this monitoring and evaluation study between 2009 and 2011. It focuses on outcomes for workers who use ASO services to find employment and on customer businesses that fill jobs through these services. Our study is part of the Alternative Staffing Demonstration (ASDII), an initiative of the C. S. Mott Foundation; it is the second national demonstration sponsored by the Foundation.

The participating sites include two ASOs established by community-based organizations: First Source Staffing (created by Fifth Avenue Committee) of Brooklyn, NY, and Emerge Staffing (created by Emerge Community Development) of Minneapolis, MN. The two other ASOs that participated in this study were established by local affiliates of Goodwill Industries International, a national nonprofit network: Goodwill Staffing Services (created by Goodwill Industries of Central Texas) in Austin and Goodwill Temporary Staffing (created by Suncoast Business Solutions of Goodwill Industries-Suncoast) in St. Petersburg, FL.

## History

Building on lessons and exploratory work conducted in the late 1990s and early 2000s,<sup>1</sup> the C. S. Mott Foundation has sought to examine the

potential of this innovative job-brokering model to assist two types of job seekers: those left out of traditional workforce development programs and those who are not fully ready for a conventional job search but who have skills and work experience that place them beyond the reach of supported employment programs or transitional jobs programs. Starting in 2003, the Foundation began to explore the flexibility of the ASO model, its ability to serve different populations and meet different organizational goals, and its potential for connecting job seekers to better employers and jobs (Elling 2004, 2006).<sup>2</sup> Following this early work, the C. S. Mott’s Alternative Staffing Demonstration (ASD), which focused on the ASO model for job brokering and for revenue generation, was conducted from 2005 to 2008 (Elling 2010). Two reports detailed findings from the ASD at the organizational level and the worker level. They are *Brokering Up: The Role of Temporary Staffing in Overcoming Labor Market Barriers* by the Center for Social Policy (Carré et al. 2009) and *A Foot in the Door: Using Alternative Staffing Organizations to Open Up Opportunities for Disadvantaged Workers* by Public/Private Ventures (Spaulding et al. 2009). To encourage a community of practice, the Foundation also helped launch an industry association—the Alternative Staffing Alliance—in 2007 ([www.altstaffing.org](http://www.altstaffing.org)).

The reports on this first demonstration documented the ASO model, described its unique dual customer approach (worker and business), and explained how ASOs receive immediate feedback on job placements. It also made clear that revenue generation, a key ingredient, is important but that organizations also draw upon philanthropic and public resources to provide guidance, oversight, and support to workers. In short, revenue generation augments the reach and impact of grants by paying for some of the administrative job-brokering costs thus freeing funds for support to workers (Carré et al. 2009). In addition, these support activities make a difference in workers’ ability to get placed in ASO assignments and stay in them (Spaulding et al. 2009). The demonstration highlighted the constellation of organizational, financial, and contextual factors that are necessary to make



the ASO model work on the ground. Importantly, this knowledge is necessary for any organization that contemplates launching an ASO to serve its mission population.

The Alternative Staffing Demonstration II (ASDII), has aimed to gain a deeper and more detailed understanding of work experience with the ASO and of how the model serves job seeker populations with different needs. Importantly, the ASDII has explored how former workers fare six to eight months after their contact with the ASO.

Grants to four sites enabled them to participate in data collection and host researcher visits. Additionally, each site received funds to initiate an effort of their choice.

## Research Questions

This study used administrative data reporting and interviews to monitor the activities of the four ASO sites over two and one-half years. The primary questions it addresses include

- What job opportunities are secured by ASOs?
- What is the profile of job seekers and for whom are job opportunities found?
- What job characteristics affect the worker experience with the ASO?
- What is the employment status of former ASO workers six months after ending their ASO assignment?
- What do customer businesses and workers say about ASO-provided services?

In addressing these questions, we have built a context around the findings from the four ASOs. We looked at jobs held in the conventional staffing industry by other workers. We also drew on findings from other research about the work trajectories over time of low-wage workers who have worked in the conventional temporary staffing services industry.

## Economic Context

The deep recession of the past several years has tapered off into a long period of slow job growth and high unemployment. It is impossible to explore the activities of these ASOs and the work experience of their mission population without

keeping the recession in the forefront. Because ASOs serve populations who ordinarily experience difficulty in the job market, they are acutely aware of the challenge of finding customer businesses and making good matches; they also strive to get their workers hired into regular jobs. Slack labor market conditions have resulted in higher than average unemployment among people with high school education or less. Fewer entry-level job opportunities open up, and those that do may come with tighter requirements and greater hurdles for job seekers.

Each ASO in this demonstration faces different general labor market conditions, mostly due to geography and the industrial composition of their job base. Each was negatively affected by the recession and recovered. Temporary staffing usually picks up first when businesses start to grow again, and the ASOs in our study have benefited from this trend. But the landscape in which they do their work—the large flow of job applicants and the reticence of private sector customer businesses to create regular jobs—was difficult to navigate for much of the duration of the ASDII.

## Report Structure

Following this introduction, we review why alternative staffing is needed and why community-based organizations and nonprofits have launched ASOs. We then profile each of the four participating ASOs. Next, we examine the job opportunities lined up by ASOs and compare some of their characteristics to those of other jobs in the area, including jobs available through the conventional staffing industry. We then provide an in-depth review of the background characteristics of individual ASO workers and explore the kinds of job seekers each ASO sends to work. The next section explores in detail the factors that impact the ASO work experience. We then provide information about perspectives of customer businesses. Finally, we report on the employment status of former ASO workers after their assignment has ended and explore factors that affect employment status at follow-up. The conclusion highlights the implications of key findings.

# THE ALTERNATIVE STAFFING MODEL

This section explores why changes in the labor market make it necessary for certain job seekers to rely on a job broker who is concerned with their success. It describes the basic function of ASOs and reports on the reasons community-based organizations and nonprofits have launched ASOs.

## Some Job Seekers Need Brokering

In the recent past, job seekers with few formal skills or credentials have been understood to search for, and find, jobs in “secondary” labor markets. Such markets include high turnover settings, where it is unlikely that job seekers will learn new skills and experience wage progression (Piore 1970; Liebow 1967). Job seekers in secondary labor markets have sometimes been able to access entry-level jobs with large employers, thus gaining entrée to a work life with some degree of wage progression and job stability. Over the past 25 years or so, the process for hiring workers for entry-level jobs has become more complex and more likely to entail a formal screening mechanism that increasingly includes mediating structures such as staffing firms and processes that subcontract hiring to job brokers (Abraham 1990; Benner et al. 2007).

In this environment, some job seekers with few formal skills or lacking recent work experience face significant hurdles.<sup>3</sup> Additionally, unlike professional workers, such job seekers cannot easily develop strong personal networks that could replace the old mechanisms. In fact, some scholarship suggests that some groups are reluctant to use interpersonal networks, for fear of stigmatization (Smith 2007). Workforce development programs generally try to compensate for the absence of strong networks among disadvantaged job seekers by positioning themselves as intermediaries in the labor market (Dresser and Rogers 2003; Giloth 2003; Harrison and Weiss 1998).

As early as the 1970s, community-based agencies reported that job seekers who had difficulty finding work on their own or through the conventional staffing industry would come to them for help with job searches. These reports

prompted the launch of the first ASO, Just Jobs (now Harborquest), in Chicago, an organization that has operated continuously since 1972.

The ASO model follows a job placement process that includes

- screening job applicants in relationship with current or pending job orders from customer businesses; then
- giving the job candidate information about the job assignment;
- adding the candidate (now a worker) to the ASO payroll, not that of the customer business; and
- charging the customer business an hourly billing rate that represents the hourly wage plus a markup (for mandatory payroll taxes, insurance, and a margin) (see Carré et al. 2009).

The process of job matching is iterative. ASO sales staff seek job orders from customer businesses that likely will have openings for the worker profile that the ASO has among its roster of job seekers. Conversely, the ASO staffer who matches jobs with candidates must find ready candidates who fit the requirements of a particular job and workplace setting. The successful job match is an ever-moving target. There are many differences between conventional staffing companies and ASOs, but the most striking difference is that each ASO commits to focus on placing a particular target population (those from a specific neighborhood or those who face specific barriers to employment), whereas the worker population placed by conventional staffing companies shifts with the job orders obtained.

## The Purpose of ASOs

What purpose do ASOs serve for individual job seekers? First, ASOs address the barriers that job seekers face. Most immediately, they deal with aspects of personal experience and background that require support. During initial screening, ASOs may refer job seekers to programs for housing assistance, childcare assistance, training, mental health services, or substance abuse treatment. Individuals deemed “ready to work” might receive short training workshops for job



preparation. All job candidates get information about the details of the job and the expectations of the workplace where they will be sent.

Second, based on our research to date, job candidates with whom ASOs interact do not require intensive case management, yet many experience difficulty finding work on their own. Most often, the ASO helps address the primary obstacle of missing recent work experience with a short job assignment, thus helping the candidate reestablish a work record. In this way, job brokering serves a simple and direct purpose. The customer business is not likely to take a chance on a job candidate with no recent work record. Additionally, the ASO shoulders the role of employer and assumes legal responsibility, buffering the customer business that would not take the risk otherwise. Also, the ASO can replace the worker quickly if the match is not adequate. Workers who contact ASOs also have an immediate need for earnings. Enrollment in a traditional training program may not be open to them and, in most cases, does not provide earnings.<sup>4</sup>

For various reasons, ASO job candidates may lack recent work experience. Some might face a cluster of labor market difficulties that have prevented them from holding jobs, none of which is so severe that the candidate might qualify for a targeted service program. Candidates, or family members, may have difficulties created by health issues. They may have been incarcerated, dealt with a complex family situation, or simply taken time off to raise children. Some candidates may have held jobs for years, without training or education credentials, and then been laid off; the labor market they now re-enter has changed. More credentials are required of them than when they last searched.

Third, operating with a temporary staffing model makes it easier for an ASO to facilitate transition to work for people who cannot work year round. Because assignment length varies, some job candidates choose short assignments that enable them to deal with personal or family issues.

Fourth, ASOs address difficulties created by the standard hiring and screening process.

Most saliently, candidates who have a record for a misdemeanor or a felony increasingly find themselves shut out at the very outset of a recruiting process. This is due to several factors. Many large companies have issued corporation-wide blanket prohibitions on hiring people with a record. Centralized hiring processes make it difficult for a local hiring supervisor to make an exception to those policies. Also, hiring processes conducted online easily screen out candidates who lack the required formal credentials (if these are part of the job description) and effectively shut out anyone with a criminal record. Thus, to get beyond these formal hurdles, job seekers benefit from having a neutral broker who will take on the employer responsibility of payroll and oversight for a period of time. The conventional staffing industry also offers payroll and oversight services.

Fifth, job seekers often encounter for-profit job brokers during their job search. Entry-level hiring is decreasingly the responsibility of local human resources offices of corporations and increasingly is handled by intermediaries such as staffing companies, day labor companies, or labor brokers (who recruit workers on behalf of the company). Faced with this situation, ASOs insert themselves into the process of entry-level hiring, aiming to perform job brokering for the benefit of the job seeker.

The following comments from worker focus groups illustrate how ASOs can act on their behalf in the job market. A participant noted: *"It made all the difference to me because I was coming to a new city. I put in applications [. . .] and none would come up. [Contacting the ASO] made all the difference for me right then. . . . I had no connections."* Another noted how the temp job turned into a regular position: *"[The ASO] referred me to the [customer business] where I'm working now. Then after three months, I got taken on full time. I don't know how I would have gotten started otherwise. . . . I couldn't get in anywhere with no experience."* Another spoke of relying on the ASO for several years and then returning: *"I moved [out of state]. . . . Well, I was unemployed so I didn't have any money. So couldn't find work and I came back here [to the ASO. And] they put me to work."*

## Community-Based Organizations and Nonprofits as Job Brokers

Why did a set of actors, particularly community-based organizations (CBOs), from the nonprofit world get involved with staffing? Why did these actors, who largely distrust the notion of staffing (i.e., fee-based job brokering) take on the role of job broker?

The motivation for running an ASO varies across home organizations. Here, we focus mainly on those related to the job search process. CBOs and nonprofits saw the rapid growth of the temporary staffing industry in the 1980s and noted its increasing role in entry-level hiring. Their own job developers reported that clients were hired by temporary employment companies, and their training programs reported that graduates were hired by these types of companies. Clearly, this job access mechanism played a key role for part of their service population. But how could organizations harness the power of the staffing model and put it to work for the communities they serve? The first ASOs placed African Americans who had been shut out of temporary jobs in manufacturing. If a community broker controlled staffing, then the African American job seekers they served would have a better chance at the jobs and, once on assignment, they would receive better treatment. An ASO could seek out customer employers with good pay and good working conditions and then negotiate mechanisms through which the temp hires would become eligible to bid for in-house jobs (Carré et al. 2003).

A secondary motivation involved altering and improving the operations of the temporary staffing industry, an industry dominated by multinationals but also rife with numerous small local operators with a less than stellar record. Most notably, alternative day labor companies sought to provide assignments that respected standards regarding health, safety, and employment law. They hoped to set an alternative example.

A related motivation was an assessment that a community job broker might be able to tap into customer employers who need to meet a community obligation, such as hiring from a specific neighborhood or meeting a diversity commitment. For example, a recycling company in Minneapolis received a city contract that required it to hire from its local plant environment. It used the neighborhood ASO, Emerge Staffing, to locate job seekers and relied on its services because of seasonal ebb and flow in work volume.

A third motivation was to expand the reach of programs supporting job access and run such programs while public and private grants for this goal are limited. As noted earlier, job seekers who need help may not qualify for targeted programs and may not gain access to structured job-training programs with wrap-around support services. Reducing the cost burden of job search and job placement by charging for services (through a markup on the wage that the business pays) has enabled organizations to reserve grants for support services and to cover some of the staff costs of finding job opportunities and matching candidates to jobs with revenue. Indeed, our earlier study of the cost structures of four ASOs found that some core staff costs are covered by revenue generated by the markup, and support costs require philanthropic or public funding unless the ASO is quite large (Carré et al. 2009).

Another goal, one that particularly motivated larger nonprofits, was to view an ASO as a social purpose business that would generate income for the home organization, much as any other business. This is the case for some very large nonprofit organizations that have gained access to sheltered market segments. It is not the primary model for an ASO, partially because the product of the social enterprise is the job brokering function per se. Unlike other products, the job brokering function performed by ASOs has “additions” (job coaching, support referrals) that are unlike the product provided by a conventional staffing company.

## PROJECT STRUCTURE & PARTICIPATING SITES

The four sites interfaced from 2008 to 2011 with the Center for Social Policy (CSP), University of Massachusetts Boston, which monitored grant implementation and activities. In addition to increasing overall capacity, the grant enabled sites to dedicate some grant resources to a particular effort; First Source Staffing (FSS) and Goodwill Staffing Services of Austin (GSS Austin) addressed worker support/case management. GSS Austin, experimented with a savings match program; GTS Suncoast (GTS) focused on a specific training program; Emerge and First Source Staffing worked to increase staffing management or sales capacity. Grant resources were also earmarked for staff time to interface with the CSP research team and prepare data reports.

Site visits including staff interviews and a worker focus group took place every six months (a total of four groups per site) during the demonstration. Key site staff also participated in four all-site meetings to share experiences, review preliminary findings, and visit the ASO host site. Staff provided the CSP research team with information on job assignments and customers as well as finances (revenue, expenses). Information about personal characteristics of job candidates and workers was obtained from site records with the consent of the individuals. Additionally, the CSP research team conducted interviews with selected customer businesses and examined contextual information regarding the local labor market of each site and the local and national temporary staffing industry.

While each site targeted some grant resources to a specific function, all aimed to increase the volume of their activity in terms of assignments, or hours worked, or individuals placed on assignments. Grant resources made available to the sites were concentrated in the first two years of the project while the third year consisted primarily of completing data reporting and reacting to preliminary analyses of research findings.

### Profiles of Sites

Each of the four sites in this demonstration has adapted the ASO model to its own needs. Organizationally, two ASOs (Emerge and FSS) are affiliated with community-based organizations

that have community economic development missions, while the other two (GSS Austin and GTS Suncoast) are affiliated with regional offices of Goodwill Industries that are themselves part of the national network of Goodwill Industries.

Over the course of ASDII, each ASO faced different local labor market conditions, due in part to diverse regional economies and also due to the position of each ASO in its local area. For example, Emerge receives job applicants primarily from North Minneapolis, whereas GSS Austin, FSS, and, to a lesser degree, GTS Suncoast attract applicants from a broader area. Among sites, there is also a clear contrast between those that operate exclusively in the private (for-profit and nonprofit) market and GSS Austin, which relies primarily on state set-aside business for candidates who have a documented disability.

All four sites were challenged by the severe recession, but all had recovered from losses by the end of the demonstration. Emerge was challenged by the decline in manufacturing activity, FSS by the financial services downturn and cuts in nonprofits' budgets, and GTS Suncoast by the slow economic recovery from Florida's burst real estate market bubble. The experience of GSS Austin differed from the others because the bulk of its business comes from state disability set-aside contracts. Consequently, it has actually experienced a growth in temporary assignments from state agencies that implemented a freeze on regular hiring during the period of the ASDII, thus requiring even more temporary workers than usual.

Like other ASOs, all sites in the demonstration share a similar structure. A director or president has administrative, sales, and some fundraising responsibilities. Staff responsibilities include candidate assessment (skill, job readiness, need for supports) and preparation for assignment (recruiter). One or more account executives/staffing specialists match candidates to jobs, interface with customers to take orders and deal with both worker and on-site supervisors (and human resources staff) regarding candidate job preparation and performance. In smaller organizations, staffing specialists also handle



recruitment responsibilities. One or more persons handle the administrative, accounting, and payroll functions. Where resources permit, the ASO has a dedicated sales position and a dedicated candidate support person/case manager/retention specialist who focuses on assessing the need for support and connecting the candidate to support services, subsidies, or training.

Unemployment levels, which are based on metropolitan area population,<sup>5</sup> differ among ASOs. The unemployment rate influences the ASO's ability to recruit workers. In 2009 and 2010, Austin and Minneapolis had the lowest unemployment rates. In 2009, unemployment was 6.9 percent in Austin and 7.9 percent in Minneapolis; by 2010, it was 7.1 percent in Austin and 7.2 percent in Minneapolis. The New York metropolitan area (FSS location) experienced 8.7 percent unemployment in 2009 and 8.9 percent in 2010. The Tampa metropolitan area (GTS Suncoast location) had the highest rates and greatest growth (10.7 percent in 2009 and 12.1 percent in 2010). Within these metropolitan areas, ASOs tend to serve populations with higher than average unemployment rates. Low unemployment, of course, usually makes recruiting more difficult. Conversely, high unemployment creates strong pressures on staff, because the volume of applicants increases along with the pressure to find jobs. In addition to making higher skilled workers available, high unemployment also creates opportunities to diversify the mix of assignments by taking on a few higher-level assignments along with regular ones. This ability to diversify sometimes opens the door to new customer accounts.

During ASDII, all sites experienced staff turnover in key functions. In one case, the staffing coordinator left the ASO; elsewhere, account

executives/staffing specialists, sales staff or case managers left.

## Business Volume, Labor Hours, and Sales Revenue

This section reviews general indicators of activities for the four participating ASOs, which differ in the number of workers they place and job assignments they secure, in the size and breadth of their customer base, and in some characteristics of their assignments.

### Business volume

ASO sites differed in the number of workers, assignments, and business customers during 2009–2010 (Table 1). During that time period, the number of workers employed (i.e., sent on assignment by each ASO) ranged from 329 at FSS to 1,123 at GSS Austin. Emerge and GTS Suncoast fell in the middle, having employed about 600 workers each.

Notably, the number of Emerge workers does not include those who were employed through the StreetWerks program. Emerge Staffing performs the payrolling function for youths and young adults employed by StreetWerks in summer jobs for the city and other customers. In addition to the business volume reported below, about 350 workers were employed through StreetWerks during the study period. While important, our report does not treat these activities as part of the ASO's core function as a staffing service.

This study defines an assignment as a period of employment held by a specific worker with a specific employer over a consecutive period of time. A work break of more than seven days indicates the end of an assignment and the start of another.

**Table 1: Number of Workers, Assignments, and Employers by ASO**

	<b>Emerge</b>	<b>FSS</b>	<b>GSS Austin</b>	<b>GTS Suncoast</b>
<b>Workers</b>	618	329	1,123	605
<b>Assignments</b>	1,273	718	2,031	949
<b>Employers</b>	31	52	67	55
<b>Assignments per worker</b>	2.1	2.2	1.8	1.6
<b>Workers per employer</b>	19.9	6.3	16.8	11.0

In Table 1, the second to last row shows the average number of assignments per worker. At Emerge and FSS, workers had two assignments on average, whereas workers at GSS Austin and GTS Suncoast were less likely to work more than one assignment over the duration of their affiliation with the ASO. As discussed below, assignment length can vary. Because GSS Austin and GTS Suncoast tend to have longer assignments, their workers have, on average, fewer assignments.

Sites also work with varying numbers of employers (or customer businesses). During 2009 and 2010, Emerge had the fewest customer businesses (31), and the other three sites had more than 50 each. The average number of workers per employer is important to the ASO, whose coordination and oversight tasks differ when workers are clustered with a few employers and worksites or distributed thinly across many sites. Emerge has the highest number of workers per employer, mainly due to some large accounts. GSS Austin has workers clustered within a few state agencies. GTS Suncoast has some concentration of workers within Goodwill operations; otherwise, its business is distributed more thinly across

a number of private accounts. FSS works with a large number of employers relative to the number of workers. FSS accounts are more thinly distributed than the other three sites.

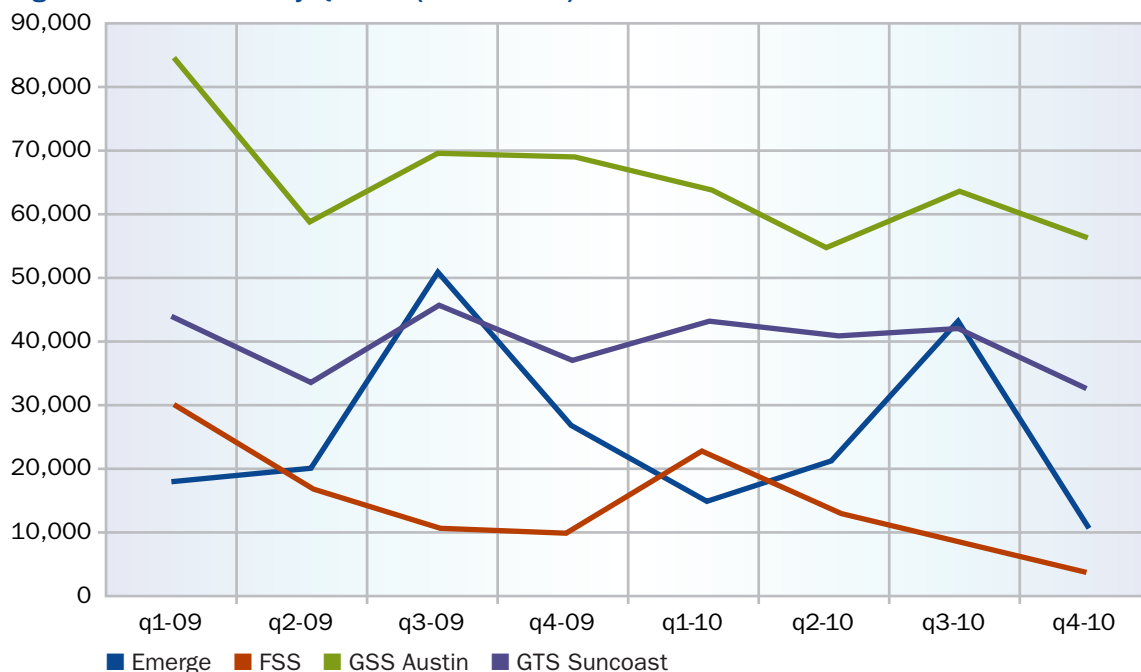
### Labor hours

We tracked labor hours (total hours worked by ASO employees) for the four sites on a quarterly basis. They indicate business volume and show seasonal fluctuations and the downward effect of the recession (Figure 1). Volume of hours and patterns of seasonal fluctuations vary across sites.

Total labor hours are driven by assignment number, span of assignment, and intensity of assignment (e.g., full-/part-time) (Carré et al. 2009). Total hours are highest for GSS Austin. On average (and not shown explicitly in the figure), Emerge operated with about 26,000 labor hours per quarter, FSS with 15,000, GSS Austin with 64,000, and GTS Suncoast with 40,000.

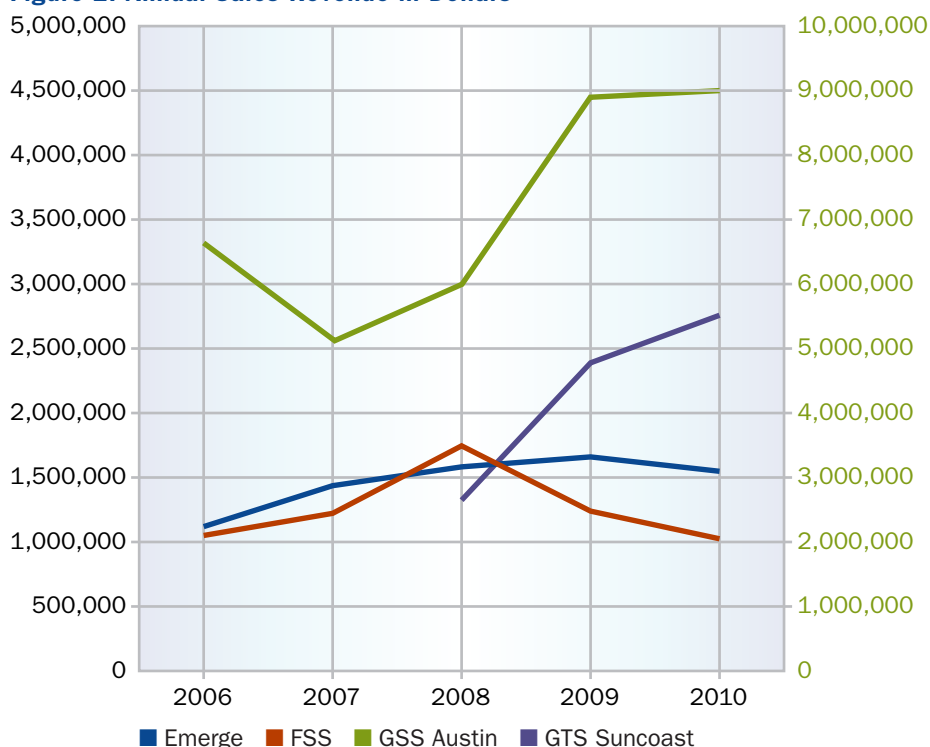
For all four sites, labor hours decreased in the fourth quarter of 2010 as compared to the fourth quarter of 2009. The four study sites usually report slower fourth quarters. The decline in 2010 may have been due to recession effects.

**Figure 1: Labor Hours by Quarter (2009–2010)**





**Figure 2: Annual Sales Revenue in Dollars**



The pattern of seasonal fluctuation differs across the sites. Emerge and GSS Austin show peak activity in summer months. GTS Suncoast has small peaks in the winter and summer. Labor hours for FSS peak in the winter, mainly due to the high volume of hiring during tax season, because one of its large customers is a nonprofit that provides tax preparation services to low-income individuals.

### Annual sales revenue

ASO income derives primarily from sales, and sales volume is the simplest and most visible measure of ASO activity. Over a year, sales revenue is driven not only by the number and length of assignments, but also by the wage level (and markup) of the assignments. Because they participated in the first demonstration (Carré et al. 2009 for details), we provide annual sales information from as early as 2006 through 2010 for Emerge, FSS, and GSS Austin. For GTS Suncoast, we are able to provide sales revenue for 2008 through 2010 (Figure 2).

Figure 2 plots sales revenue for GSS Austin on a

secondary data axis (right hand side of graph) because their income is much higher than the other three sites. Emerge and GSS Austin experienced revenue growth in the past five years. Emerge's annual sales revenue grew about 40 percent during this time, and GSS Austin's revenue grew about 35 percent. FSS's annual sales revenue grew during 2007 and 2008 but has since tapered off. In nominal terms, its 2010 sales revenue still exceeded that of 2006. During the 2009–2010 study period, GTS Suncoast more than doubled its sales revenue, largely due to both new accounts (some within Goodwill Industries) and growth of existing accounts.

### Emerge Staffing, Minneapolis, MN

Emerge Staffing (Emerge) is affiliated with EMERGE Community Development (EMERGE). EMERGE itself initially grew as an affiliate of Pillsbury United Communities and became freestanding in 2007. What follows is a brief history of the ASO and its relationship to its parent organization.

Established in July 1995, EMERGE/NUT was affiliated with Pillsbury United Communities (PUC). PUC, a community organization that grew out of the late 19th-century settlement house movement, works in partnership with service and advocacy organizations in several communities in the Minneapolis area.<sup>6</sup> During the 1990s, PUC saw increases in local temporary staffing agencies that offered temporary jobs with higher wages and easier accessibility. These agencies approached companies with which Pillsbury already had established relationships, piquing their interest in starting a fee-for-service staffing business for their own population.

EMERGE was created as an independent nonprofit organization that operates several housing, employment, and community development programs.<sup>7</sup> EMERGE primarily provides services to low-income people in North Minneapolis. Emerge Staffing evolved from this beginning and aims to address poverty and unemployment and, more directly, the lack of recent work experience among job seekers.

Emerge Staffing ultimately aims to place workers in permanent jobs with benefits. However, a majority of job seekers lack specific occupational skills; in many cases, they are placed into entry-level blue-collar positions. As part of EMERGE, Emerge Staffing interfaces with other job programs run by the organization, including a supported job search program and some training programs (e.g., clerical, weatherization). Emerge Staffing can refer job seekers to other programs within the home organization as well as to other organizations in the EMERGE network.

Following rapid growth during the latter half of the 1990s, business suffered during 2000–2001 due to a regional recession and a particular decline of manufacturing in the Minneapolis urban area. When the first alternative staffing demonstration (ASD) began in 2005, Emerge was poised to capitalize on new economic growth in Minneapolis. Specifically, Emerge strove to regain market share and increase the diversity of its customer base. During ASDII, Emerge aimed to maintain a steady level of activity, and even

growth, in a difficult economic environment marked by manufacturing decline.

### **Relationship to parent organization**

In 2006, EMERGE started a new work program, StreetWerks Enterprise. Responsible for street maintenance and cleaning services, StreetWerks initially provided summer employment to at-risk youth, and expanded into a year-round, adult transitional jobs program in 2007. The program offers short-term opportunities to job seekers needing work experience, including teenagers (summer), young adults, and ex-offenders from the Northside Job Connections program, another EMERGE workforce program serving individuals with prior convictions or involvement with courts. StreetWerks employees have been payrolled through Emerge Staffing.

During much of this demonstration, the director of Emerge Staffing oversaw “Emerge Ventures,” which includes the ASO; StreetWerks; Northside Job Connections; other youth and adult career programs; and the City Skills Training Institute, an entry-level clerical training program. EMERGE Community Development reorganized and recombined the director’s responsibilities during ASDII, shifting training responsibilities to other staff. At the conclusion of ASDII, the director had announced her retirement and plans were underway to cover her responsibilities through replacement or reorganization.

Emerge Staffing has a full-time staffing coordinator; the position turned over during ASDII. An administrative assistant is responsible for payroll and research reports. Emerge shares two clerical staff members with other Emerge Ventures programs. For the first couple of years of ASDII, Emerge had a full-time sales person with significant experience in temporary staffing. Over the course of the ASDII, the full-time sales person left and was not immediately replaced, mainly due to the adverse effect of the recession on sales opportunities and the organizational budget. Sales activity devolved to the staffing coordinator and the director.

To increase its visibility in the community and improve access for job seekers, EMERGE moved to a new building in the commercial center of North Minneapolis in April 2007. The physical move gathered under one roof the housing and community economic development programs that have come to form EMERGE. The central location made it easier for job candidates to register with the service. The move coincided with an organizational change that created EMERGE as a nonprofit organization independent of PUC. In late 2010, Emerge Staffing relocated, along with StreetWerks and other youth programs, to a separate building on the same thoroughfare, where it operated in a street level storefront that was visible and accessible to job seekers and visiting customers.

### **Strategies regarding customer businesses**

Between 2005 and 2008, Emerge Staffing aimed to reduce its reliance on a few customers, diversify its mix of job assignments (increasing clerical assignments), and increase its operating margins. For a while, Emerge experimented with expanding outside North Minneapolis to attract new customers with both entry-level and more advanced clerical jobs. But the new clerical settings were unfamiliar and the work culture of the new customers was more appropriate to exurban (even rural) workers than to those served by Emerge. By 2008, the ASO had refocused on assignments more likely to be filled by community residents, primarily in light industry and for laborers but also in specialized manufacturing and white-collar jobs. Larger customers included janitorial and groundskeeping companies as well as general and specialized light manufacturing assembly plants.

Between 2009 and 2011, Emerge continued its sales efforts to diversify its customer base, reduce its reliance on a few customers, and increase its range of assignments. Its diversification efforts have succeeded but the volume of business has not increased, primarily due to the deep recession. The recession that began in late 2007 worsened already difficult conditions for manufacturing in the entire Midwest, including Minnesota. The manufacturing sector has emerged very

slowly from this decline. For Emerge, which places workers in manufacturing and had developed collaborative training and placement programs with a handful of automotive parts and medical device manufacturers, these events have hampered growth. All the same, Emerge placement volume has largely recovered from the recession. Notably, Emerge operates in a sales environment marked by customer receptivity to its mission goals. Emerge is part of a known community organization and some customers openly support its mission of community development, finding this an additional motivation to use Emerge services.

### **Strategies regarding the job seekers and employees**

Emerge draws upon a population of job seekers that is primarily African American or black, and Minneapolis is a center for Somali refugee resettlement. Although African Americans or blacks represent only 10 percent of the Hennepin County population, they represent 72 percent of applicants to Emerge, largely due to its location in North Minneapolis. Job seekers tend to have weak employment histories and incomes that fall below the poverty line. Some require extensive job coaching. A later section provides the characteristics of Emerge workers.

Since 2007, Emerge's intake process has limited those who come in for orientation and fill out application forms to those whose work background and readiness suit the assignments that Emerge has at hand or are pending. All others give basic information over the phone for possible future contact. Referral to other programs is offered as appropriate. This intake process was implemented to increase efficiency by reducing staff and candidate time spent in this initial stage and also because there are more candidates than assignments. ASDII was launched in the depths of the 2007–2008 recession, and this mode of operation has been maintained. Candidate screening is sometimes very demanding, mainly due to the exceedingly high volume of job candidates who contact the organization in search of work. While Minneapolis as a whole has not experienced high unemployment relative to (the

national averages) during the current recession, North Minneapolis has.

The ability of Emerge Staffing to support job candidates is largely a reflection of its commitment to North Minneapolis and its affiliation with EMERGE, which has economic development and service programs that operate in partnership with other service organizations and public agencies in the Minneapolis area. As part of ASO operations, Emerge Staffing oversees workers who are in job assignments and provides “job coaching” as needed as well as counseling on longer-term job searches or referral to job developers in other programs. For example, EMERGE runs refugee resettlement programs, and there has been a notable increase in the population of Somali immigrants and refugees in Minneapolis in recent years. Not surprisingly, Emerge Staffing has experienced increases in Somali job seekers (especially women). It became necessary to negotiate accommodations with work-site supervisors. For example, traditional clothing, such as long gowns and veils, required adjustment, and workplace dress code requirements dictated by safety considerations required explanation and occasional modification (e.g., veils can be worn but must be shortened). When assignments from one customer business were large and steady, Emerge staff members designed a short orientation and reference manual that discussed the basics of job readiness, attendance, and safety procedures at that jobsite.

The cornerstone of Emerge Staffing’s support activities is its transportation services to the worksite. In 2006 and the first part of 2007, it offered transportation to a significant number of job seekers (e.g., it provided 7,500 rides to work in the first half of 2006.) In the summer of 2007, however, drastically reduced federal funding forced staff to devise other means of providing transportation. The company now recoups part of the cost of transportation by charging a fee that is equivalent to a bus fare.

Beyond transportation and job coaching, Emerge Staffing refers job seekers and workers to EMERGE and other local organizations for services including conventional job search services

available through their own programs or those of partners, referrals to human services such as assistance with mental health or substance abuse problems, or to subsidy programs such as childcare assistance.

## **First Source Staffing, Brooklyn, NY (FSS)**

First Source Staffing (FSS)<sup>8</sup> is affiliated with the Fifth Avenue Committee (FAC), a community-based organization and development corporation, and housed in its building. In 1998, FAC Good Shepherd Services and the ICA-Group of Boston established FSS. The initial impetus involved creating a community-based company that would increase the temporary staffing industry’s focus on workers’ needs. Historically, FAC has played an active role in housing and community development in South Brooklyn, most notably developing affordable housing.<sup>9</sup> FSS was a means for the community economic development unit to meet its goal of increasing economic opportunity for low- and moderate-income people by creating jobs, offering training, and starting new community enterprises in sectors that pay a living wage.

Unlike other ASOs reviewed here, FSS has a for-profit tax status. Its mission has been to provide access to employment for unemployed and underemployed residents of South Brooklyn as well as to provide opportunities for skill acquisition. FSS sought to create a mutually beneficial link between residents who are job-ready and companies seeking assistance with recruitment, staffing services, and extra support for entry-level workers.

### **Relationship to parent organization**

FAC views FSS as a partner that enables the organization to provide a full range of employment services. Alongside FSS, FAC-affiliated programs include Brooklyn Workforce Innovations (BWI),<sup>10</sup> which runs sectoral skills training programs (e.g., programs for commercial driving and cable installation) as well as basic job search and counseling services (e.g., résumé help). FAC’s executive director sees FSS complementing



the neighborhood drop-in services and sector-based initiatives by offering a range of services to populations not served by some of its other programs. The period between 2009 and 2010 was challenging because fiscal austerity for New York City and the state resulted in cuts to all programs administered by FAC. Managing the sale of new housing developments in the depressed market also created additional demands.

FSS experienced few significant staff changes during ASDII. The staffing service operates with a manager, a recruiter who also has some account executive functions, and an administrative support person. A sales representative left in the early months of the demonstration, but the manager mostly assumed the sales function. The director of BWI provides leadership and oversight as well as some outreach and sales support to the staff.

### **Strategies regarding customer businesses**

In the New York City area, and even in Brooklyn proper, FSS is a small operator in the very large staffing industry. Its strategy has been to target market segments that value its staffing services, often because the companies seek a “try before hiring” temp worker and/or because they are nonprofits themselves and value the association with FAC. The main line of business of FSS is temporary/temp-to-perm staffing, but it also serves as an employment agency that, upon customer request, recruits candidates for direct, permanent hiring. In these latter cases, FSS charges a placement fee (usually a percent of the job candidate’s annual salary) to the business that hires.

FSS has long-standing customers who use clerical workers in entry-level positions. It finds assignments in back office, mailroom, light industrial, and general clerical positions. As a small operator in metropolitan New York City, FSS places a small number of workers in a relatively large number of workplaces. It also has long standing relationships with several Brooklyn-based nonprofits that have a recurrent but short-term need for staff. During the fiscal austerity of 2009–2010, nonprofit customers cut back and

reduced their demand for temp and temp-to-perm assignments. The FSS staffing manager has added accounts, maintained existing accounts, and renewed lapsed customer accounts over the course of the demonstration.

### **Strategies regarding the job seekers and employees**

FSS maintains a large pool of viable candidates relative to the number of current or likely job orders so that job orders can be filled quickly. This approach is feasible in a local environment of high underemployment. In recent years, job seekers have found FSS through referrals from job developers in a network of local agencies (including FAC’s other programs) that understand FSS requirements, FSS also recruits through the Internet and accepts applications from walk-ins. Every “potential match” must provide a résumé before an interview. FSS uses its affiliation with FAC to provide job candidates with access to the Internet and to hands-on computer training and self-directed training in a computer lab run by another FAC program.

The recession has altered the profile of people who approach FSS looking for work; all sites have noticed this trend. More skilled and qualified people apply, a group of workers that creates a special challenge for the FSS staff. Although customers might consider hiring overqualified workers, these candidates are unlikely to stay once they find a better job opportunity. Consequently, they are brought in for interviews only when there is an available and suitable job match.

As the recession persisted, FSS staff observed more “desperation” and a pervasive anxiety among applicants. To avoid being overwhelmed with applicants, FSS adjusted its job advertising and used job postings found on industry association Web sites. It also relied less on its network of job developers, who were overwhelmed by the high volume of job seekers and less able to screen résumés. Despite these adjustments, staff reported being flooded with résumés as more and more people walked through the door to apply for jobs. These trends abated somewhat in the first half of 2011.



During 2005–2009, and thanks to a grant-funded position, FSS was able to deal directly with workers’ personal issues, apart from the supervisory work relationship. A support specialist offered one-on-one meetings and maintained referral relationships with the Brooklyn area network of service agencies. Rather than offer services directly, FSS relies on a citywide network of support service providers. During the ASDII, from 2009–2011, FSS shifted the needs assessment and referral tasks to FAC, which now handles information on eligibility for public supports (e.g., food stamps, Medicaid, or other benefits) and subsidies with the help of an online benefit calculator. FAC’s Single Stop program provides a comprehensive suite of services under one roof, including benefits counseling, free tax preparation, legal assistance, and financial counseling to address problems holistically. Counselors use Single Stop’s technology tool, the Benefits Enrollment Network (BEN), to determine benefit eligibility, and then guide candidates through the application process and connect them with other onsite services or social service referrals. FSS employees and applicants’ access to Single Stop Services is funded by a grant from C. S. Mott Foundation. FSS staff will refer a candidate or existing worker to FAC’s Single Stop program, but it is up to the individual to follow up.

FSS staff members continue to support job candidates around career issues. FSS provides counseling for résumé polishing, presentation, communication style, and coaching, and also provides feedback when candidates are “not ready” for a particular position. In a difficult job market, FSS finds itself providing more computer training, helping candidates brush up on office software skills or learn a new program.

We also note that FSS focus-group participants report being connected to the staffing service for long periods of time. They come back not only for temporary assignments but also when permanent jobs come to an end. While workers who are connected to the agency show greater willingness to attend a focus group, we still find this pattern of attachment more common among FSS group participants than those of other groups.<sup>11</sup>

## **Goodwill Staffing Services, Austin, TX (GSS Austin)**

Goodwill Staffing Services Austin<sup>12</sup> was founded in 1995 by Goodwill Industries of Central Texas as Goodwill Temporary Services (now renamed). GSS Austin is the largest ASO of the four sites participating in this study. Its primary line of business comes from the Texas state set-aside program for people with documented disabilities. Under this contract, GSS Austin must ensure that 75 percent of its labor hours are worked by people with disabilities.

### **Relationship to parent organization**

GSS Austin is a wholly owned subsidiary of Goodwill Industries of Central Texas and is housed in the Austin office with all other Goodwill programs. Goodwill Industries provides the staffing operation with IT, marketing, human resources, and some administrative functions. The director of GSS Austin reports to the chief operating officer of Goodwill Industries, and supervises four staffing specialists; a case manager, who runs the Employee Assistance Program; and an administrative support person.

Three of the four staffing specialists work primarily with state set-aside placements, and one staffing specialist acts as a lead or senior member. The fourth staffing specialist was hired in January 2010, during our study. The new hire, who was chosen for his ability to both provide service and “sell from the desk,” is also expected to bring in private sector business.

During the course of the study, GSS has experienced some staff turnover and restructured some of its positions. For example, when the study commenced GSS Austin had a recruiter and a sales person on staff. The sales person left his position early in 2009 and was not replaced because private sector sales had not been sufficient to merit the position. In the meantime, the recruiter took on additional account development responsibilities, because job candidate recruitment needs were low. The recruiter left her position in early 2010 when the new staffing specialist was hired.

GSS Austin has continued the Employee Assistance Program (EAP) that began under the

first ASD (2005–2009). The program is overseen by the case manager, who also assists the EAP manager of the broader Goodwill office with the latter’s caseload. She reports to the workforce development department of Goodwill, but coordinates closely with the director of GSS Austin.

### **Strategies regarding customer businesses**

The overriding factor in GSS Austin’s experience during this study was the rapid expansion of its business with the state. According to the director, GSS had 147 workers on assignments in the first week of January 2009. During that same week in 2010, it had 243. The volume of business far exceeded planned budgets and taxed the staff.

The private sector business was limited during 2009–2011. There have been some nursing assignments and some clerical assignments in a bank. GSS Austin has had recent success staffing event management contracts with private vendors, and it continues to strategize around private sector sales and business. As part of this effort, a consultant was brought in to develop a business plan that would help GSS venture into the private sector. Over the course of the study, the ASO has developed marketing and branding strategies and a new strategic business plan. Staff members are involved in outreach and public relations activities such as sponsoring community events and attending networking functions, raising the ASO’s visibility in Austin. A special effort has been made to contact all new GSS users within state agencies to encourage them to renew their job orders.

### **Strategies regarding the job seekers and employees**

The recession has increased the volume of job seekers, many of whom have higher skill levels than the applicants GSS normally sees. To some extent, the staff has used the higher-level candidates to break into new departments within state agencies and private sector businesses. The goal is to “pry open” the door for lesser skilled job candidates once the business relationship is established. One drawback of the current economic conditions for GSS Austin: While the state routinely hires temporary candidates, it cannot convert them to permanent hires because of a hiring freeze. Thus, agencies issue new

purchase orders in order to keep people, but do not “roll over” temporaries into permanent positions. Ironically, the hiring freeze keeps business volume up in terms of billable hours, but reduces opportunities for regular hiring.

The Employee Assistance Program (EAP), which has grown since the first ASD, continues to be of value to job candidates and workers at GSS Austin, both in respect to the number of people served and the types of services offered. The EAP case manager speaks with most candidates during initial orientation. She provides counseling and referrals for services and subsidies (e.g., eye glasses, dentistry, and other service vouchers). She also may provide short-term cash assistance, such as help with rent. The EAP manager may consult with workers by phone to trouble shoot, but she also visits a site where difficulties have arisen. For a while, she was able to line up one-on-one financial advice from a local bank for workers who lack bank accounts.

During this study, GSS Austin used funding from the C. S. Mott Foundation to support a savings match program. Workers who have been with GSS Austin for at least four weeks are eligible to participate in the program; when they accumulate \$500 of their own savings, GSS matches the amount dollar for dollar.

### **Goodwill Temporary Staffing, St. Petersburg, FL (GTS Suncoast)**

Goodwill Temporary Staffing<sup>13</sup> is the ASO arm of Suncoast Business Solutions, a division of Goodwill Industries-Suncoast, that has operated in ten counties, including the Tampa Bay area, for the past 54 years. According to its own reports, Goodwill Suncoast ranks first among 170 Goodwill organizations in North America in the number of people placed in jobs (15,144 in 2009–2010) and the number of people provided services (61,774). Goodwill Industries-Suncoast helps people overcome a variety of barriers to employment through workforce development and employment programs. They operate five subsidized apartment buildings, run work activity centers for adults with developmental disabilities, and offer rehabilitative community corrections facilities.

Created in October 1995, Goodwill Temporary Staffing (GTS Suncoast) of Suncoast Business Solutions is a full-service staffing agency in the Tampa Bay area. In addition to providing staffing services, Suncoast Business Solutions runs two other programs, the Community Service Program and Choices to Work. The Community Service Program places people who have been adjudicated through the courts into work assignments within Goodwill to complete community service hours.<sup>14</sup> Participants may also include older workers and welfare recipients. Choices to Work is a transitional work program that places injured workers on “light duty” jobs through contracts with workers’ compensation insurers.

### **Relationship to parent organization**

GTS Suncoast is the ASO arm of Suncoast Business Solutions (SBS). The staffing office is located on the main Goodwill campus and interfaces with other Goodwill departments and programs, for example, the retail operations (Goodwill stores), Goodwill Marketing, Goodwill IT, and Goodwill Human Services program. The direct interface with other Goodwill operations results in placing many workers on temporary assignments in Goodwill stores or other programs located both on- and off-campus. This includes providing temporary assignments for individuals enrolled in a correctional work release program, some of whom are housed in a Goodwill facility.

During the study period, GTS Suncoast developed the ability to place people with documented disabilities under the state of Florida disability set-aside program for state and local government agencies through Goodwill’s JobWorks, a wholly owned subsidiary of Goodwill Industries–Suncoast. JobWorks is operated in part by Goodwill Suncoast Business Solutions.<sup>15</sup> The nature of the Florida state disability set-aside program and GTS’s connection to it requires explanation. Unlike the Texas program in which GSS Austin participates, the Florida program does not require state agencies to use a contractor who employs workers with disabilities. If they do, however, 75 percent of the contractor labor hours must be performed by workers with disabilities. If eligible vendors are used, the state agency may use

a no-bid process and hire people with disabilities, thereby meeting an avowed policy goal of the governor.

The director has oversight responsibility for all programs in Suncoast Business Solutions, including the interface with IT, most notably with the sophisticated web-based tracking system, Support 2020. She also directly oversees marketing efforts for all lines of business. Day-to-day operations of GTS Suncoast are the responsibility of the staffing manager. Other staff includes a receptionist and two account executives, one of whom also coordinates the Choices to Work program. During the course of the study, GTS changed the responsibilities of one of the account executives. This job now includes publicizing staffing services to state agencies as well as coordinating the Choices to Work program.<sup>16</sup>

### **Strategies regarding customer businesses**

Staff members report they have never seen the market so bad as during this deep recession; Florida has been particularly hard hit. Thanks to assignments within other Goodwill units (“internal” placements), including stores, the cafeteria, and other programs, GTS has made up for the loss of private sector business. GTS Suncoast generates more than half of its revenue through this kind of placement.

Placements outside the Goodwill operations are with nonprofits and some for-profits, but the volume is low. GTS has retained its long-standing customers, but their demand for temps has been slight. Further, staffing agencies with a national presence, including day labor companies are direct competitors; they underbid GTS and win business when customers seek the lowest possible bill rates.

GTS Suncoast follows a two-pronged sales approach, first emphasizing the service model and only later the mission. In the words of the director, *“We approach the employers with a service model and that model we offer includes background checks, criminal justice, FDLE,<sup>17</sup> pre-placements, interviewing, etc. in the billable hour rate. So we are talking about a service model that helps in marketing and also that we are Goodwill and we have a mission ‘To help people achieve their full*



*potential through the dignity and power of work.’ . . . We capitalize on those two advantages.”*

Deriving state set-aside business from Goodwill’s JobWorks has proved more difficult than expected. GTS has engaged in marketing efforts to inform state agencies that RESPECT, recognized as a provider of contracted services, now has a vendor of staffing services (GTS). The marketing efforts inform government hiring authorities that using GTS does not conflict with existing contracts that an agency may have with a conventional staffing service; these contracts are usually agency-wide. GTS has also participated in a joint effort with RESPECT to reach out to the Department of Management Services for the state and ask it to publicize the program and the role of vendors who employ people with disabilities. GTS also plans to collaborate with all other Goodwill offices on getting state business in different parts of the state.

### **Strategies regarding the job seekers and employees**

As with other sites, GTS staff report they have seen a broad range of applicants during this recession, with higher skilled people in the pool than in previous years. They also report that job seekers are “desperate.”

Many, but not all, of the job candidates at GTS come directly from other Goodwill programs or are referred as part of a multi-pronged job search. Programs that refer job candidates to GTS include the Goodwill-run correctional work release program on campus, and others who assist individuals needing work. For example, the parent organization is a subcontractor to the Workforce Board of two counties. It runs welfare transition and youth programs that refer participants to GTS.<sup>18</sup> Importantly, Goodwill Industries runs a welfare transition program; people who have been assisted by the program might also be referred to GTS to apply for job assignments. Other candidates are walk-ins; others hear about GTS through job advertisements including listings at the one-stop career center.

The receptionist for Suncoast Business Solutions, who begins the application process when job seekers come in the door, is responsible for the accurate completion of applications and paperwork. If people call in first, some pre-screening may be done over the telephone; applications may even be submitted online. In turn, the receptionist is alerted to pending job orders and particular skills needed by the account executives. The staffing manager interviews and provides placement assistance to those applicants who complete a free training seminar. The intake, or “enrollment” procedure occurs only after the applicant is deemed by staff to be a job candidate likely to gain placement by GTS. Applicants then undergo background and criminal justice screening as well as substance abuse screening. They must have completed a pre-placement orientation program focused on standard workplace practices and “soft” skills, as well as an interview with staff. Increasingly, GTS staff report that customer businesses request medical exams prior to placement.

Through SBS Business Training Programs, job candidates can enroll in several free Goodwill certificate seminars covering employability skills, financial literacy, and customer service. After computerized testing, participants who complete the latter seminar are eligible for certification by the National Retail Federation.<sup>19</sup> Applicants and workers can also access basic computer and Internet training. GTS has training funds for 100 people in the grant from the C. S. Mott Foundation, particularly aimed at the retail and employability skills training. Staff deliver training on-site. Candidates who participate in training are not compensated for class time and are not guaranteed a job through GTS.

Notably, GTS offers access to health insurance and paid time off for longer-term temps. After 1,040 hours (six months work at 30 hours a week) without a break between assignments, workers are eligible for holiday pay and one personal day every six months as well as one week’s paid vacation. They can also enroll in Star Bridge, a health plan that covers basic hospitalization and doctor visits.

# JOB OPPORTUNITIES

This section provides an overview of the type of job opportunities available through each of the ASOs. An ASO's job opportunities are influenced by the business and mission-oriented goals of the organization, the characteristics of its workforce, and local market conditions. Organizational goals and workforce characteristics are discussed at greater length in other sections of this report. We note that there are differences across sites in pay and how much participants worked on average during 2009 and 2010. Across all sites we find great dispersion in work experience: a noticeable group had high total earnings (and hours), while most workers worked relatively few hours.

We report pay rates, average total earnings, hours worked, and weeks worked. These measures provide an indication of the length of time workers are employed through an ASO and how much they work and earn. This section also provides a description of the job base (range of jobs) that each organization staffs. The section concludes by comparing earnings and job type at each ASO with its local labor market and the types of jobs open in the employment and temporary staffing services industry.

Table 2 provides average and median earnings, and weeks and hours worked for each of the four sites. The table is based on the administrative data collected for 2009 and 2010 for each of the participating ASOs. Across sites, average hourly pay rates range from \$8.00 at GTS Suncoast to \$15.12 at GSS Austin. Hourly pay rates are fairly compressed within each site as evidenced by the small differences between mean and median pay rates. Differences across sites reflect both differing job bases (and thus pay scales) and geographic differences in wage levels (living in NYC is more expensive than in St. Petersburg/Tampa).

Over two years, total earnings for workers ranged from \$1,755 at Emerge to \$11,635 at GSS Austin. Total earnings are more dispersed than hourly rates within a site (there is a notable difference between the mean and median total earnings). Earnings appear to be primarily driven by total hours rather than hourly wages. Many ASO workers are employed for short periods and have earnings below the average. For example, half of the workers employed through Emerge work four weeks or less. Nevertheless, across sites, despite the large share of short assignments, the highest earners (those in the top 25–30 percent of total earnings) worked and earned more than the site average. In other words, there is noticeable disparity across workers in total hours worked and, therefore, total earnings over the two years.

## Different Job Bases

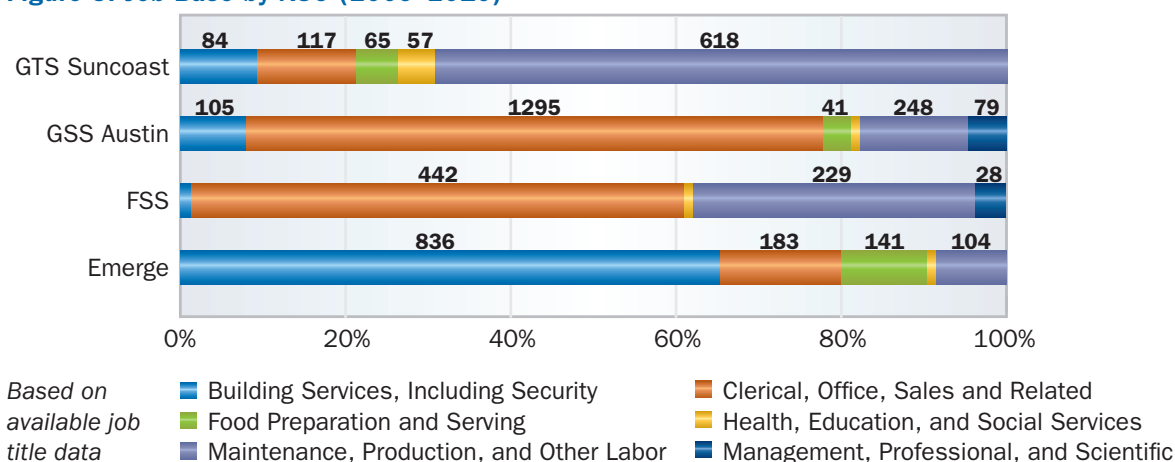
The four sites have distinct job bases (Figure 3), which helps account for differences in wage levels as well as in total hours worked (number and length of job assignments). Using the administrative data collected from 2009 through 2010, we classify jobs in the six broad occupational categories, which are most relevant to the ASOs in this study. Building service assignments are prominent at Emerge, for example. These assignments predominantly represent janitorial jobs, but also include some building security positions. Food preparation and serving jobs make up a small portion of assignments at the ASOs and include dishwashers and cooks. Maintenance, production, and other labor is a broad category relevant to all four ASOs, and especially to GTS Suncoast. It includes a wide range of jobs from semi-skilled positions like mechanics and carpenters to general laborers in warehouses. Clerical, office, sales, and related jobs is a broad

**Table 2: Pay Rate, Earnings, Hours, Weeks Worked (2009–2010)**

	Emerge		FSS		GSS Austin		GTS Suncoast	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median
<b>Pay Rate per Hour</b>	\$11.08	\$10.07	\$12.47	\$12.00	\$15.12	\$13.00	\$8.00	\$7.25
<b>Total Earnings</b>	\$1,755	\$481	\$4,881	\$2019	\$11,635	\$5,577	\$6,646	\$3,974
<b>Total Hours</b>	152	45	355	155	710	397	631	464
<b>Weeks Worked</b>	9.2	4.0	12.0	7.0	23.3	13.0	23.5	16.0



**Figure 3: Job Base by ASO (2009–2010)**



category present at all four sites, especially at FSS and GSS Austin. These two ASOs also place workers in some management and professional positions. Finally, health, education, and social service assignments are sometimes available through an ASO, particularly GTS Suncoast.

## Local Labor Market and the Temporary Staffing Services Industry

How do job opportunities staffed by these four ASOs compare to jobs in the local labor market, particularly jobs in the staffing industry? Here, we provide context related to local market conditions as a whole and in the staffing industry, another conceivable employer of the population served by ASOs.

In addition to using the administrative data from each site, this analysis draws on external data sources from the U.S. Census and the Bureau of Labor Statistics. These data provide information on the local workforce, regional wages for temporary staffing services workers, and the occupations that make up the broader employment services sector. (Employment Services is the statistical category that consists primarily of the temp industry.)<sup>20</sup>

The ASO model has been adapted over a range of conditions. For example, Emerge and GTS Suncoast staff jobs within the low-wage (often blue collar) labor market because these jobs are

often more accessible to workers with significant labor market barriers (e.g., a previous conviction), whereas GSS Austin primarily staffs temporary positions within government agencies through a state set-aside program for people with disabilities. Compared to the other ASOs, jobs through GSS Austin require more formal skills and pay wages higher than local averages. Finally, like Emerge, FSS is a community-based organization, but it has a workforce that is better skilled. FSS also has to compete as a small operator in a very large temp industry in the New York area.

In contrast, within each ASO county (Hennepin, MN; Kings, NY; Travis, TX; and Pinellas, FL), at least 50 percent of the job base within employment services is composed of management, business, and clerical jobs. Therefore, modal jobs in the industry at large (jobs that have characteristics at the mode of the distribution) are different from modal jobs at the ASOs. For example, in Hennepin County, MN, less than 6 percent of jobs in the employment services sector are related to buildings services, whereas more than 60 percent of jobs through Emerge are so related.<sup>21</sup>

Since ASOs make decisions about who to hire and who to do business with based on mission goals as well as revenue making goals, we expect ASO worker and job outcomes to differ from those of the local staffing industry. We are not able to do a one-to-one comparison of workers in both settings. However, we are able to provide a description of the average outcomes for workers

within the context of a particular local labor market and temp industry. First, we calculate an area low-wage threshold, which is two-thirds of the metropolitan area's median wage.<sup>22</sup> This allows us to control for the differences in the cost of living for each ASO site. GSS Austin and GTS Suncoast have low-wage thresholds around \$10 whereas Emerge and FSS have higher low-wage thresholds (above \$12) because the cost of living is higher in Minneapolis-St. Paul and New York City than in the other two regions.

The second row of Table 3 shows the proportion of workers at each ASO who earned hourly pay rates that are higher than the low-wage threshold. At GSS Austin, 86 percent of workers had an hourly wage above the area low-wage threshold. This percentage is much higher than the other three sites because GSS Austin is able to place workers in higher paying clerical positions within state agencies. Workers at the other sites who earned above the low-wage threshold include those who worked in clerical positions within the ASO's parent organization, in management and professional positions, in building services within large and well-established entities, in food preparation (especially as cooks) and as semi-skilled labor.

Second, we examined average weekly earnings for ASO workers and temp industry workers relative

**Table 3: Workers Earning Above the Low-Wage Threshold in Their Labor Market**

	<b>Emerge</b>	<b>FSS</b>	<b>GSS Austin</b>	<b>GTS Suncoast</b>
<b>Area low-wage threshold</b>	\$12.34	\$13.18	\$10.87	\$9.95
<b>Proportion of ASO workforce above the low-wage threshold</b>	15%	34%	86%	8%

to the average for nonsupervisory workers in the local economy (Table 4).<sup>23</sup> We calculated the average weekly earnings of both ASO workers and temp industry workers relative to the average weekly earnings of nonsupervisory workers in the area as a percentage. For example, we divided the average weekly earnings for Emerge workers by the average weekly earnings of private sector workers in Hennepin County, MN. Results vary widely across sites capturing the differences in the job base as well as local conditions. Workers employed in the temp industry earn about 46 to 60 percent of earnings of the average private sector worker depending on the location. Emerge and GTS Suncoast workers have lower relative wages (28 and 36 percent, respectively). FSS and GSS Austin workers have higher relative wages than the temp industry as a whole; these two ASOs place job seekers in jobs that are higher paying than those staffed by the local conventional temporary industry.

**Table 4: Weekly Earnings for ASO and Staffing Industry Workers Relative to County Averages**

	<b>Emerge</b>	<b>FSS</b>	<b>GSS Austin</b>	<b>GTS Suncoast</b>
<b>Average Weekly Earnings for All Private Sector Workers (County)</b>	\$1,088	\$731	\$977	\$756
<b>Relative Weekly Earnings for Temp Industry Worker</b>	46%	60%	56%	46%
<b>Relative Weekly Earnings for ASO Workers</b>	28%	77%	128%	36%

# ASOs AND THEIR WORKER POPULATIONS

This section addresses the following question: What are the statistically significant background characteristics that are associated with candidates placed on assignment at each of the four sites? Using data from 2009–2010, we address this question bearing in mind that job candidates must fit the assignments secured by the ASO and that assignments sought by the ASO must fit the profile of their mission population. In a later section, we examine how ASO workers fare six to eight months after the end of their contact with the ASO.

Specifically, this section examines two kinds of information about ASO workers.

First, what does the target population of workers look like at each ASO. What background characteristics are potential barriers for workers assigned to a job?

- What demographic characteristics (sex, race, and age) may have an impact on the employment experience?
- What potential barriers do workers encounter due to their past? Have they completed a high school degree, had children (presenting possible child care problems), or experienced poverty (been the recipient of public assistance such as welfare benefits, food stamps, or Medicaid)? Do they have a valid driver's license? And did they have a conviction before they came to the ASO?
- How do these characteristics, singly or in combination, affect workers' experiences at the ASO?

Second, what are the chances that job seekers with specific characteristics, as described above, will be placed on an assignment by the ASO?

## Methods

We used several methods to gather and analyze information for this study. We collected administrative data from January 2009 through December 2010 (see previous section of this report) and workers' personal data from January 2009 through June 2010. From July 2009 through December 2010 site staff conducted a telephone survey to follow up on employment status six to eight months after the end of ASO contact. The results of this survey are discussed in a later section.

### Collection of personal data at intake

Sites asked people who applied to the ASO for a job to complete an intake form. These job applicants were also asked to give permission to share their personal background data with the research study. About a third signed consent forms signifying their willingness to participate in the study. Sites preserved the privacy of candidates by substituting an identification code for each candidate's name on the data collection form. The ASOs alone knew workers' names. The researchers used the identification codes to link administrative, personal and follow-up data.

Sites made a tremendous effort to gain consent from candidates. Nearly 3,000 candidates gave permission to use their personal data.<sup>24</sup> Thirty-five percent of workers for whom we have assignment data had given permission to use their personal information at time of intake. At Emerge 202 workers with assignments consented to release this information, 76 agreed at FSS, 419 signed consents at GSS Austin, and 237 signed at GTS Suncoast, indicating their willingness to share data.

**Table 5: Workers and Those Who Consented to Release Background Information**

	Emerge	FSS	GSS Austin	GTS Suncoast	Sites combined
<b>Workers with Assignments (All)</b>	618	329	1,123	605	2,675
<b>Workers with Assignments Who Consented</b>	202	76	419	237	934
<b>Percentage of All Workers</b>	32.7%	23.1%	37.3%	39.2%	34.9%

Several factors influenced the ability of sites to obtain consents. Workers at some sites were already on payroll as of January 2009 and did not go through an intake process (GSS Austin and GTS Suncoast). Many workers were continuing long assignments from December 2008 to January 2009. Other sites had a difficult time gaining consents from workers who were already in the field (Emerge and FSS). FSS carried out a retrospective effort to gain permissions to release intake data and was able to increase the number of consents with information mainly about gender and race. Analysis based on data from ASOs with higher consent rates and more workers reporting information is likely to provide more reliable results.

### Statistical analysis

We use several statistical methods to analyze the collected data. We employ both descriptive and logistic regression analyses; they are described in this section. Most of the results we discuss in this section and in the report as a whole use descriptive statistics to show the distribution of personal and other background characteristics of workers. Typically, the data we show include percent distributions of a characteristic, first for the entire sample and then tabulated by site.

While it is useful to describe the population we study, more sophisticated analyses that can control for multiple characteristics are more powerful in explaining if workers' personal characteristics increase or decrease their chances of being placed on an assignment by the ASO and how both personal characteristics and assignment characteristics affect workers' chances of having a job at follow-up. We use logistic regression analysis to calculate the chance of being placed in an ASO assignment and employment status at follow-up.

Logistic regression, a type of multivariate regression, shows significant relationships between a single personal characteristic and getting an assignment, while controlling for the effects of other personal or background traits. Logistic regression can show whether having a high school diploma, or being a woman has a statistically significant relationship with getting

an assignment at a particular ASO. We are able to describe this relationship by calculating an odds ratio for the personal characteristic under examination (details below). This method helps highlight the effects of placement efforts at each of the sites and the ways in which sites customize the ASO model to increase access to job opportunities for certain workers. We can tell the relative importance of background characteristics such as recent work experience, or age, or gender.

Considerable effort was made to collect valid and reliable data. Here, we describe the actual characteristics of workers from each of the four ASOs. The four sites serve diverse groups of workers.

### Worker Characteristics and the ASO Model

As we have noted, getting an assignment is the result of several factors: the ASO's job base, its eligible population, and agency mission and its program priorities. The selection of workers for assignments reflects differences in these characteristics.

The sites are structurally different in size and organization, and this influences their programs. Emerge and FSS are both community-based organizations and, as noted earlier, are much smaller than the two Goodwill organizations. The two Goodwill organizations differ from one another: GSS Austin, the larger of the two, draws the majority of its business from a Texas state set-aside contract that places workers who have a documented disability in state agencies. GTS Suncoast serves a different population. They place a large proportion of their workers on the Goodwill campus where they are located. The campus includes a correctional work release program and a large Goodwill store. As these workers have a criminal record and no transportation, it is difficult for them to find a job that meets the work release requirements in the wider community. GTS Suncoast uses their connection with the other programs on campus to place many job seekers in the Goodwill retail store and on the loading docks used by the store to stock its warehouse.



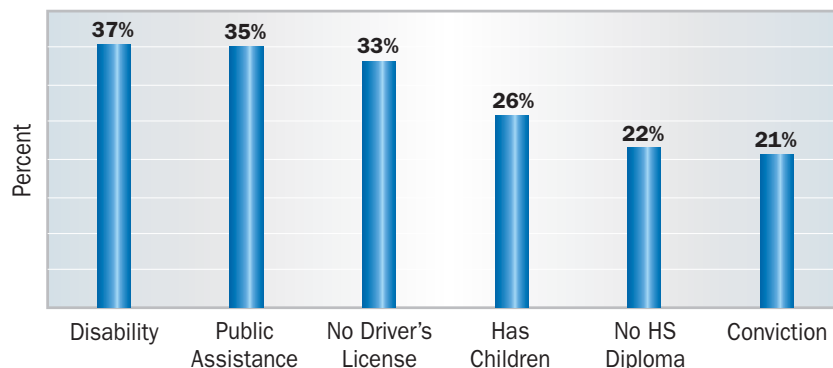
The worker characteristics data are from a subgroup of all workers (those who consented) in 2009-2010. They constitute a sub-sample of 934 workers who gave permission to the sites to share their intake data with us. As a group, the population of job seekers served by the four participating ASOs is nearly evenly distributed between men and women (Table 6). Their average age is 35 years and their median age is 32 years. Overall, 41 percent are African American or black, 35 percent are white, and 19 percent are Hispanic.

**Table 6: Gender and Age Characteristics, All Workers**

Demographic Characteristics <sup>25</sup>		Total
Gender	Male	48.9%
	Female	51.1%
Age in years	Mean	35.2
	Median	32.0

We also use the intake data to track six potential barriers to work: having a disability, receipt of public assistance (a poverty marker), lack of a driver's license, having children, lack of a high school diploma, and having a conviction. Eighty-one percent of workers reported at least one barrier: more than a third has a disability, a third receives public assistance at intake, and a third does not have a driver's license. Twenty-six percent have children, 22 percent do not have a high school diploma, and 21 percent have had a criminal conviction. Workers are likely to have multiple barriers. On average, workers report 1.7 barriers and one-quarter of workers had 3 or more barriers.

**Figure 4: Incidence of Potential Barriers Faced by Workers in All Sites**



Singly and in combination, the prevalence of these characteristics is likely to have made it difficult for such workers to get and keep a job.

While the overall picture gives an impression of a diverse group with many barriers, an examination of these characteristics by site shows that the ASOs serve disadvantaged populations in different ways. Unless otherwise noted, differences between sites are statistically significant. There are few significant differences between FSS and the other sites, most likely because of small sample size. Significant differences are noted where they do occur.

### Gender, age, and race/ethnicity

Worker characteristics reflect the mission population, location, and business opportunities of the ASOs. The majority of workers served by Emerge and Suncoast are males (56 percent and 59 percent, respectively). These ASOs design programs to find jobs where they can place men. For example, the correctional work release program located on the Goodwill Suncoast campus mainly houses men that GTS Suncoast can readily place in the Goodwill store in temporary assignments on the loading docks.

FSS workers are almost evenly split between men and women who are placed in a mix of general and clerical positions. In contrast, GSS Austin serves a population that is 61 percent female. As noted earlier, a majority of their business is from a state set-aside contract. Most workers placed in the state and local offices are required to have a high school degree and no criminal background. GSS Austin finds workers who can provide office and

administrative support services, and women are more likely than men to have these skills and thus meet state requirements.

While most workers are in their early thirties, sites vary in the age of their populations. Emerge and FSS have younger workers (32 years and 30 years,

**Table 7: Gender and Age Characteristics by ASO**

Demographic Characteristics		Emerge (202)	FSS (76)	GSS Austin (419)	GTS Suncoast (237)
Gender	Male	55.9%	51.3%	39.1%	59.5%
	Female	44.1%	48.7%	60.9%	40.5%
Age in years	Mean	33.6	32.8	36.4	35.6
	Median	32	30	35	34

respectively) and workers are older at GSS Austin (35 years) and GTS Suncoast (34 years).

The racial/ethnic distribution of workers also varies among the ASOs. In addition to being located in different regions of the country, each ASO has a different base for recruitment. Emerge and FSS, as community-based organizations, focus on placing their neighborhood residents in assignments. The two Goodwill organizations tend to draw from a community beyond their immediate neighborhoods and serve a more ethnically and racially varied group of workers than Emerge and FSS.

Emerge and FSS have a significantly larger African American or black worker population than the two Goodwill sites, reflecting the neighborhoods within which they operate. More than 70 percent of the workers at Emerge and 82 percent of workers at FSS are African American or black.

The two Goodwill organizations have different mixes of worker populations. At both sites, more than 40 percent of workers are white. GTS Suncoast, however, is more racially diverse than GSS Austin. More than 40 percent are African American or black, and 13 percent are Hispanic. GSS Austin has the largest Hispanic population (26 percent) of all sites, due to its location. GSS Austin and GTS Suncoast are significantly more likely to have white workers than Emerge and FSS.

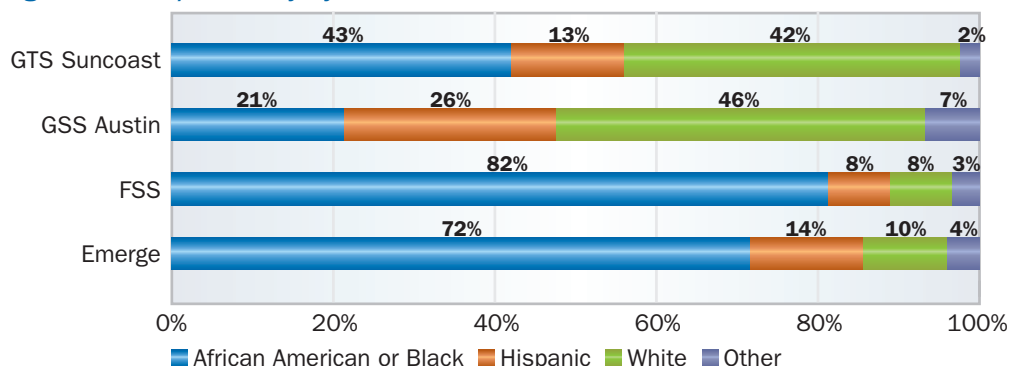
percent) of all sites, due to its location. GSS Austin and GTS Suncoast are significantly more likely to have white workers than Emerge and FSS.

## Potential Barriers

The incidence of potential barriers to work among workers echoes the characteristics of the communities where the ASOs are located and the mission of the organizations. The following table indicates the incidence of potential barriers to work at the four sites.<sup>26</sup>

### Responsibility for children

Two-thirds of workers at Emerge and FSS have young children, while 25 percent of workers at GSS Austin and 10 percent of workers at GTS Suncoast have young children. Having children is not necessarily a barrier to work, but finding regular, reliable childcare, and responding to the sudden, unplanned need to care for a sick child, complicate holding a job. The percent of workers who are parents with young children varies significantly between the Goodwill sites and the community-based organization sites, creating different challenges for the ASOs. For example, staff at Emerge is attuned to potential childcare issues and regularly address them (e.g., by

**Figure 5: Race/Ethnicity by ASO**

**Table 8: Incidence of Barriers to Work Faced by Workers at Each ASO**

Barriers (N of workers)	Emerge (202)	FSS (76)	GSS Austin (419)	GTS Suncoast (237)
Children under 18	66.3%	70.8%	25.1%	9.8%
Disability	*	*	55.5%	3.8%
No License	48.7%	46.0%	9.7%	59.1%
No HS Diploma	26.3%	15.8%	5.5%	47.3%
Conviction	21.7%	26.7%	11.1%	35.0%
Public Assistance	46.9%	42.5%	23.5%	41.4%
*Not provided				

helping parents establish fall-back strategies). In contrast, at GTS Suncoast most participants in the residential, on-campus correctional work release program are not custodial parents.

### Disability

GSS Austin is required to hire and place a large share of workers with documented disabilities to fulfill the condition of the state set-aside contract.<sup>27</sup> Staff responds to the contractual obligation by insuring that accommodations are provided for disabled workers. GTS Suncoast has a very low percentage of workers with disabilities, possibly because a large disabled population at GTS Suncoast is served by other programs on site that help people become job-ready. However, with the advent of their eligibility to participate in the Florida state set-aside program, GTS Suncoast may look for more people in this category. Emerge and FSS did not provide information about disability status.

### Public assistance

We use whether or not workers receive public benefits such as welfare, food stamps, or Medicaid as an indicator of poverty at time of application/intake. Close to one-half the workers at Emerge (47 percent), FSS (43 percent), and GTS Suncoast (41 percent) receive some type of public support at intake. Public assistance rates are lower at GSS Austin (24 percent). GSS Austin job applicants have a higher average education level (see below) and are less likely to qualify for public assistance. Also, lower rates may result from more stringent qualifying conditions for obtaining public assistance benefits in Texas.

### No driver's license

Not having a license can be a barrier to employment if public transportation is not available. About half of the workers at Emerge do not have a license. Where there is public transportation in the city, bus schedules may not fit the workers' schedules (particularly for night shifts). Emerge provides a transportation service to alleviate the impact of this barrier.

The situation is different at GTS Suncoast; most workers at GTS Suncoast do not have a license and there is little public transportation. Workers there, especially those from the correctional work release program, most often work on the GTS campus, so not having a license is less of an issue for them. For others, the lack of a license may interfere with getting a job (public transportation is limited in the Tampa area, and sometimes driving is a job requirement.)

In contrast, GSS Austin workers are likely to have a license. There is limited public transportation and often large distances to travel making access to a car important in the Austin area.

### No high school diploma

Lack of a high school diploma bars workers from certain assignments. GSS Austin workers are significantly more likely to have a high school diploma than those at Emerge and GTS Suncoast because the job requirements for state positions (secured thanks to the set-aside program) compel GSS Austin to screen applicants to assure workers have a high school diploma. FSS also has a lower proportion of workers with no high school diploma

(16 percent); many of its assignments are white collar positions. Workers without a diploma appear more likely to get assignments through Emerge and GTS Suncoast where some customer employers do not require a high school diploma.

### **Conviction**

Finally, having a conviction restricts access to jobs. At GSS Austin, which is statistically least likely to have workers with convictions, the state set-aside contract does not allow hiring people with a record. Elsewhere customers sometimes will make an exception, depending on the assignment.

Emerge has agency connections with a workforce re-entry program for ex-offenders and receives job applicants from that program; it can be challenged to place these workers. However, some businesses, especially in Minneapolis proper, want to give people with prison records a second chance. Nevertheless, a criminal conviction record (fraud, theft) is often a barrier to access assignments in property maintenance for example.

Among all sites, workers at GTS Suncoast are most likely to have a conviction, again reflecting the presence of the correctional work release program on their campus.

Overall, we find that GTS Suncoast workers have more serious barriers to employment than workers at any other site. A higher percent report markers of poverty (e.g., they receive some form of public assistance), lack a high school diploma or a license, or have a prior conviction. Emerge workers resemble those at GTS Suncoast in terms of rates of receiving public assistance and lacking a license. Also Emerge and FSS have the highest percentages of workers with children under 18.

State policies have a major influence at GSS Austin because their program is designed to place people with disabilities. Fewer GSS Austin workers receive public assistance and few have a prior conviction. Nearly all GSS Austin workers have a high school diploma and a license.

## **Support Services Received at Each ASO**

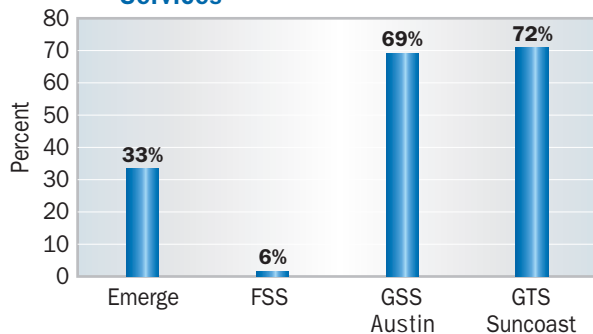
Sites address the prevalence of specific barriers for workers by finding jobs with requirements workers can meet and by providing support services to overcome barriers. Elsewhere we have described how supports range in breadth and intensity across ASOs and across workers within an ASO (Carré et al. 2009). On the whole, workers receive basic job counseling, information that helps prepare them for an assignment, and troubleshooting services during assignments. Beyond this, smaller groups of workers receive more targeted supportive services from the ASO, or from a program affiliated with the parent organization.

Nearly half (47.5 percent) of workers received some services beyond job placement, the main function of ASOs. The pattern of services received can be uneven: one worker can receive multiple services and many receive none. The kinds of services for which sites kept records include counseling, financial aid, referral to outside services, training, transportation to work, and troubleshooting. As discussed below, sites tracked this information in different ways.

A large percentage of workers at GSS Austin and GTS Suncoast received at least one support service while they were at the ASO. These two sites were able to track initial orientation and counseling of candidates taking place at time of intake as supports. FSS and Emerge may also provide this type of support at intake; however it is not part of a formal data tracking system. (They do provide some counseling and troubleshooting when workers are on assignment.) At GSS Austin, beyond the initial intake and orientation, about one-third of workers also received more intensive services; for example, a counseling meeting through the Employee Assistance Program. In addition to offering an Employee Assistance Program, GSS Austin used Mott Foundation funding to start a matched savings program for workers who were willing to save from their weekly paychecks and wished to acquire financial



**Figure 6: Percent of Workers Who Received Services**



literacy.<sup>28</sup> GTS Suncoast staff provided frequent counseling and troubleshooting services. A subgroup of GTS Suncoast workers participated in a short-term training program, for example, in retail customer service (see site profile).

At Emerge, about a third of workers received services, mostly transportation to work. Most workers who received a transportation service received the service for at least two weeks. FSS had an arrangement with an on-site needs assessment and service referral program<sup>29</sup> run through the parent organization. FSS refers candidates and workers when it appears supports or subsidies are needed.

The situations in which these services and referrals are provided differ across workers and sites. One comment from a worker focus group illustrates the complexity of these situations: *"I had an assignment. . . . They actually had to let me go [from assignment] because I was going through medical problems and I couldn't go in every day [but] they'll still be helping me look for jobs because it's not like I didn't go to work. It's not like I wasn't showing up. It was because I had medical problems. . . . I'm just in that process of getting another temp job but hopefully get a permanent job."*

## Odds of Getting an Assignment

What characteristics affect the chance, or the odds, of getting an assignment given the characteristics of each applicant pool and the types of jobs that each ASO provides? As we continue to emphasize, each ASO in this demonstration is different in terms of its applicant

characteristics, recruitment strategies, and secured job assignments. In this respect, sites are able to take advantage of the flexibility of the alternative staffing model to tailor job placement efforts to meet the needs of targeted groups. This section addresses the question of "who is served by the model at each site?" by comparing the pool of workers with the pool of applicants.

The odds of getting an ASO assignment for workers with specified characteristics show that the matching of particular workers to particular jobs varies across sites.<sup>30</sup> The results suggest that sites are able to customize the ASO model to benefit certain types of job seekers. We use the results to identify what groups have greater or lesser odds of getting an assignment.

By calculating the odds of getting an assignment, we highlight statistically significant differences in job seeker background characteristics that affect getting an assignment at each ASO. Odds ratios give an indication of which applicant characteristics increase or decrease someone's odds of getting an assignment while controlling for the effects of the other characteristics for which we have data. (An odds ratio compares the odds of getting an assignment for participants that *have one* characteristic, relative to the odds of getting an assignment for other participants who *do not have* the same characteristic. When an odds ratio is 1, the characteristic does not impact the odd of having an assignment.)<sup>31</sup>

Odds ratios help assess the effects of various placement efforts at each of the sites. They highlight the *ways in which sites customize the ASO model to increase access to job opportunities for certain workers*. For each site below, we report on the characteristics associated with greater (or lesser) odds of being placed. The results are not causal; rather, we can use the information to learn more about particularities at each site.

### Emerge

Personal characteristics affect the odds for *men* to be placed on an assignment, but have little impact on whether or not women are placed on assignment. The odds of getting an assignment for

a man with a previous conviction are *twice as high* as that for a man who does not have a conviction. However, men who have children or receive public income or benefits have lower odds than men who do not have children or who do not receive public income supports.

### **GSS Austin**

At GSS Austin, certain personal characteristics for *women* impact the odds of getting an assignment, but not for men. The odds of getting placed through GSS Austin is more than twice as high for women who have some college education compared to women with no college experience. Furthermore, the odds for women are more than twice as high for those who have worked during the past year, compared to women without a recent work history. Finally, age affects the odds of being placed on assignment. Women who are 55 or older have lower odds of getting placed than women in the “prime working age” (age 25 to 54) category.

### **GTS Suncoast**

A large portion of GTS Suncoast’s business comes from placing workers internally on assignments within Goodwill operations, while others are placed externally in the community.

We expect that types of jobs and suitable candidates vary across these types of settings. To examine these differences, we calculated two sets of odds for Suncoast workers.

First, we calculated the odds of being placed by GTS Suncoast on an internal Goodwill job assignment. We found that there were different personal characteristics that impacted the odds of being placed for African American or black workers versus white workers. For African American or black workers, the odds of getting placed on a Goodwill assignment when one has a previous conviction are almost twice that for those without a conviction. For white workers alone, men’s odds of getting placed are higher than those for women. Also, for younger workers (age 18 to 24) the odds of getting a Goodwill assignment are almost three times greater than that of a prime age worker (age 25 to 54).

The second set of odds calculated for GTS Suncoast was for placements on *external* accounts only, those not located on a Goodwill campus. Here, having children, as well as having a driver’s license greatly increases the odds of being placed on an external account. Moreover, applicants with a previous conviction (as compared to those without) had lower odds of being placed on an external account than those without a conviction, an expectable result.

### **FSS**

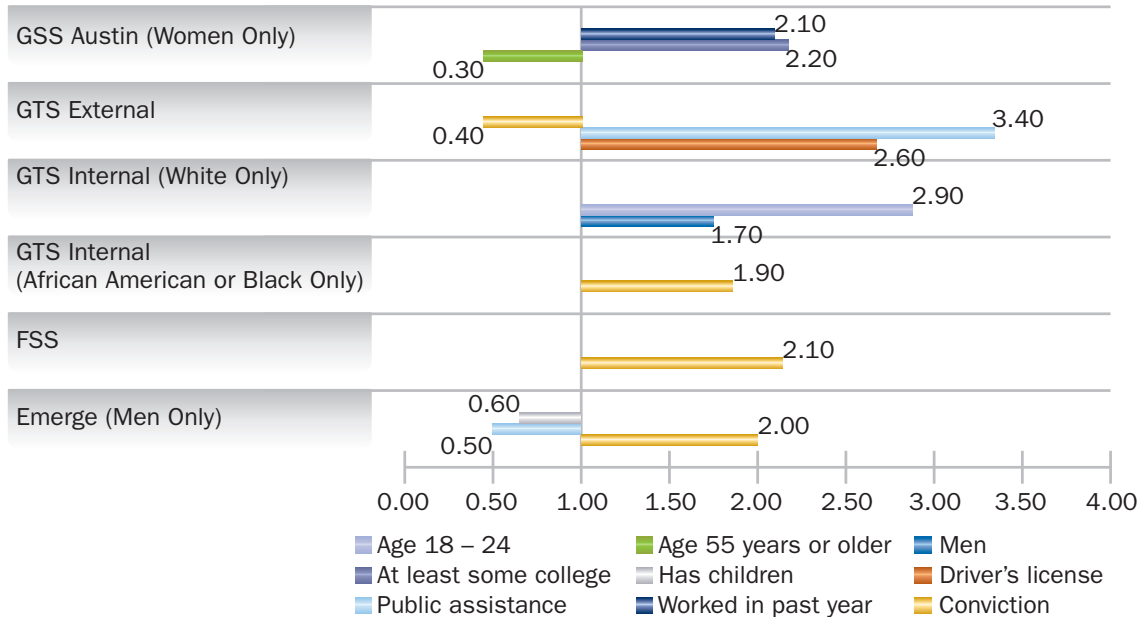
First, we found that FSS provides assignments largely for workers who are African American or black, have children, and have at least some college experience. These groups make up the majority of the applicant pool as well as the workforce. Second, the odds of an applicant with a previous conviction in getting placed are at least two times higher than that of an applicant without a conviction. However, when you control for other characteristics, this effect is somewhat diminished.

## **Sites Customize ASO Model to Benefit Target Population**

The data presented demonstrate that sites are able to customize the ASO model to benefit certain job seekers at least in terms of access to job opportunities. Figure 7 is based on the differences we have just discussed for each site. The odds ratios presented show that the effects of placement efforts—the matching of particular workers to particular jobs—vary across sites.

Results for each site are shown in a single band in the figure below. For example, to read the top band for GSS Austin, the odds of getting an assignment for women are more than twice as high (2.10) for those who have worked during the past year, compared to women without a recent work history. Next, the odds of getting placed through GSS Austin are more than twice as high (2.20) for women who have some college education compared to women with no college experience. Finally, women who are 55 or older have lower odds (0.30) in getting placed than women in the

**Figure 7: Odds Ratios, Being Placed in an Assignment**



“prime working age” (25 to 54) category; meaning that the odds of getting an assignment for women who are 55 years or older are only one-third as high than those of prime working age women.

For the most part, results reflect what we have learned from our qualitative analysis as well. They are congruent with what we have come to understand about each of the sites’ missions. Of note, job seekers with a previous conviction have greater odds of being placed through three of the ASOs than job seekers without a criminal background, a reflection of the mission goals of the organizations.

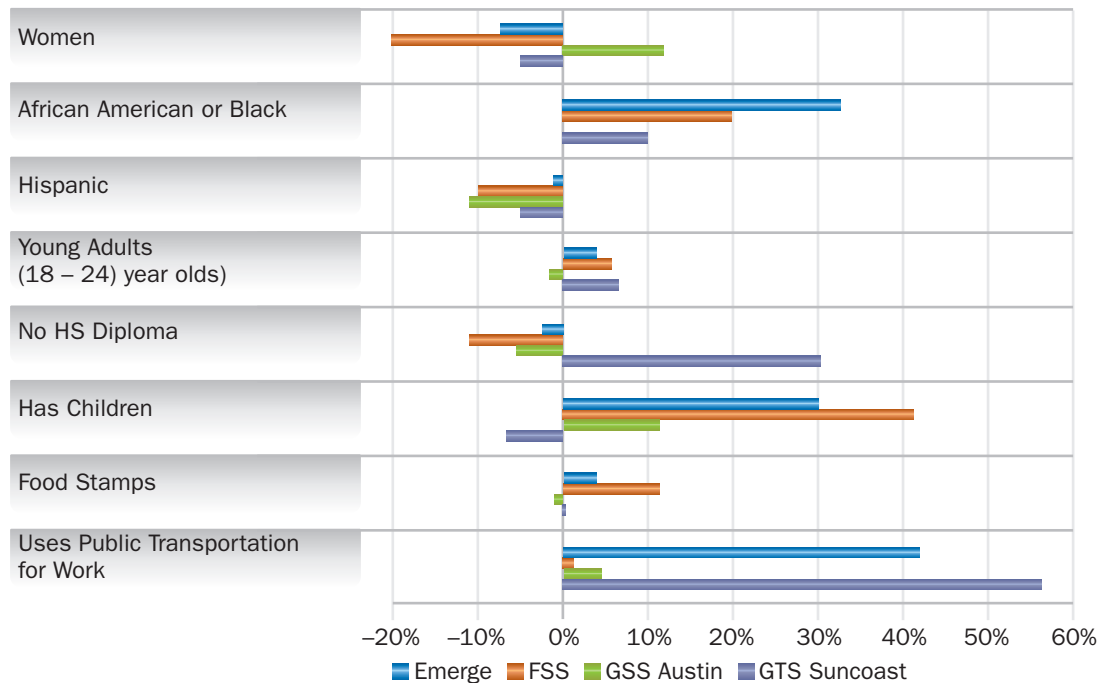
## Comparison of ASO Workers with Other Temp Workers

The odds calculations above allowed us to compare the personal characteristics of ASO workers to the ASO applicant pools. Here we compare some personal characteristics of workers of these four ASOs with the characteristics of other temp workers in the respective sites’ local labor market. Using data from the American Community Survey for a time period that is close but not identical,<sup>32</sup> we calculated the difference between the ASO workforce average and that for

workers in the local conventional temp/staffing industry along particular characteristics. The local area of reference is the county where the ASO is located. In Figure 8, where 0 percent means no difference, we are able to show differences by gender, race and ethnicity, age groups, educational attainment, family status, the use of food stamps, and public transportation.

The results show how sites may be serving particular groups of workers at higher (or lower) frequency than the temp industry in their county. For example, and not surprisingly, Emerge, FSS, and GTS Suncoast serve a larger proportion of African American or black workers than the temp industry. Also these three sites serve a larger proportion of men, young adults, and workers without driver’s licenses (or those who need public transportation for work). GSS Austin, along with Emerge and FSS, serve a larger proportion of workers with dependent children than their local temp industry as a whole. Emerge and FSS also serve a larger proportion of workers who receive food stamps. Overall, Hispanics appear to be underrepresented in all four ASOs relative to the local temp industry. Only GTS Suncoast serves a larger proportion of workers without a high school diploma.

**Figure 8: Difference in Personal Characteristics of ASO Workers Compared to Other Temp Workers**



## ASO Model and Target Populations

This close examination of the background characteristics of workers indicates that the four ASOs adapt the model and serve populations that face barriers to getting and keeping jobs but also target particular population sub-groups. Granted, there is an iterative dynamic between the mission population of each, and the jobs accessed (themselves a reflection of the regional job base *and* the sales effectiveness of the ASO staff), which in turn shape who works (young/older, male/female, disabled/not). Thus, we observe distinct worker population profiles for each site. These profiles result from mission goals that are commitments to populations with particular challenges and the job assignments that have been secured for them.

Bearing these effects in mind, it is still remarkable to find significant variation in worker population across the four sites. We are able to highlight characteristics that are particularly associated with getting jobs at each site. These characteristics are barriers to employment, reflecting the orientation of the site to serving people who face barriers, but the particular barriers addressed vary with each site. Also, by drawing a general comparison with the workforce composition in the conventional temp industry in the county where each ASO is located, we show that ASO workers differ in their demography. Most notably, they are more likely to have children. They also differ in terms of the incidence of barriers to employment, having greater incidence. Nevertheless, in some cases, such as the lack of high school diploma, workers at three of the ASOs do not differ significantly from workers in the conventional temp industry.



# WORK EXPERIENCE AND TOTAL EARNINGS AT THE ASOs

In this section we examine what factors impact total earnings for workers employed through an ASO. We are interested in how both conditions of employment and the personal characteristics of workers influence total earnings at each ASO. For example, what types of jobs appear to have the biggest payoff for a worker? Do some labor market barriers continue to impede a worker's ability to earn as much as other workers at the ASO? Overall, when looking at total earnings, we find that the type of job offered by the ASO matters much more than personal characteristics. We also find that workers who received support services while employed with an ASO are associated with higher earnings for three of the four sites. Lastly, we provide a comparison between an ASO's modal job assignment and other types of assignments they staff.

## Method Used

We use multivariate analysis<sup>33</sup> to examine the impact of job type and worker characteristics on total earnings. Total earnings represent the amount that a worker earned during 2009 and 2010 for all assignments while employed by the ASO. Factors used to measure the type of job include standard industry and occupation classifications: the type of ownership associated with the customer business (e.g., for-profit, government, or nonprofit), and the type of enterprise (e.g., local establishment, multi-national enterprise, and state government). With respect to other conditions of employment, we are able to control for the calendar quarter the employee began working and the total number of assignments worked. The majority of ASO workers work a single assignment, but for those who worked multiple assignments, we used the job type associated with their longest assignment. A final condition of employment that we measure is whether or not a worker received support services from the ASO.

For a subset of our data for each ASO, we include information on the personal characteristics of workers: gender, race/ethnicity, age, and educational attainment. These characteristics are described in full in the previous section.

We also include information on possible labor market barriers, such as having a disability, having a previous conviction, receiving public assistance income or benefits at time of intake, having children, and not having a valid driver's license. There is an important methodological detail to note here. The regression results presented in this section do not include personal characteristics because for three out of the four ASOs, the personal characteristics of their workers were not significantly related to total earnings. The exception is Emerge, which is discussed later in this section. Overall, omitting personal characteristics from the analysis did not alter the statistical results related to job type and conditions of employment. However, when we included personal characteristics in the analysis, the impact of support services was diminished for all four sites. This effect was due to the manner in which the data were subset and not due to the inclusion of these additional variables (personal characteristics).

## Employment Conditions Associated with Higher or Lower Earnings

A previous section describes the types of job opportunities offered by each ASO. Importantly, each ASO provides a different set of opportunities for different kinds of workers. In examining the job opportunities within each site, we can provide some information about which types of assignments may benefit workers more than others. To show this, we compare the impact of the assignment characteristics associated with an ASO's modal job to various alternative characteristics of other assignments. We then can find out how much the ASO's typical, or modal, job assignment improves or does not improve earnings relative to other types of opportunities offered by the site. Results are presented below for each ASO and include a description of the modal job characteristics at that ASO.

### Emerge

At Emerge, 65 percent of workers are employed in building services jobs. This includes janitorial,

grounds cleaning, and property management. On average, total earnings for these workers during the study are \$1,530. More than half of these workers are working for for-profit, multi-national business customers. We have used these characteristics to define the modal job assignment available through Emerge during 2009 and 2010. Figure 9 shows the regression results for Emerge. It shows the relative change in expected total earnings based on the characteristics of the job assignment relative to the modal job, building services. Clerical, office, and sales jobs increase total earnings relative to building services by 280 percent, whereas jobs in food preparation (and serving), and jobs in maintenance, production (and other laborer work) decrease earnings relative to building services by 38 and 51 percent, respectively. Assignments for government and nonprofit business customers (other than the ASO and its affiliates) increase earnings relative to jobs with for-profit employers by 134 percent. However, working in a local establishment versus a multi-national enterprise decreases earnings by about 73 percent. Workers who received support services (as compared to workers who did not use a support service) through Emerge earn, on average, 68 percent more.

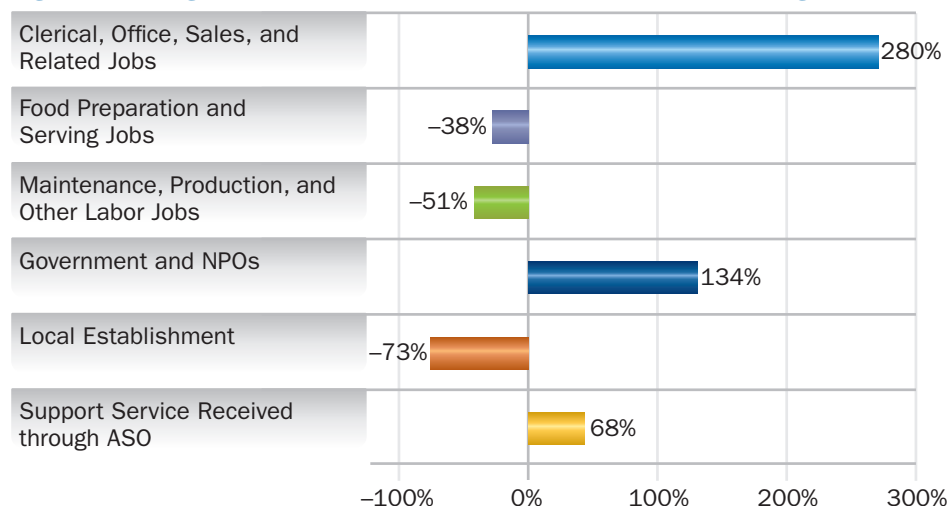
At Emerge, the inclusion of race, gender, and having a previous conviction made a statistical difference in total earnings. Although not shown in Figure 9, the combined effect of being a black or

African American man with a previous conviction decreased total earnings by 57 percent relative to all other Emerge workers. This result is not surprising given existing pay patterns for black men in the labor market but it is important to note, especially since, as we have shown in the previous section, men with a previous conviction are more likely to be placed on assignment at Emerge than men without a conviction. Emerge actively seeks employment opportunities for these workers. Here, despite controlling for the effects of job type and other conditions related to employment, African American men with a previous conviction still face significant barriers to employment and lower earnings.

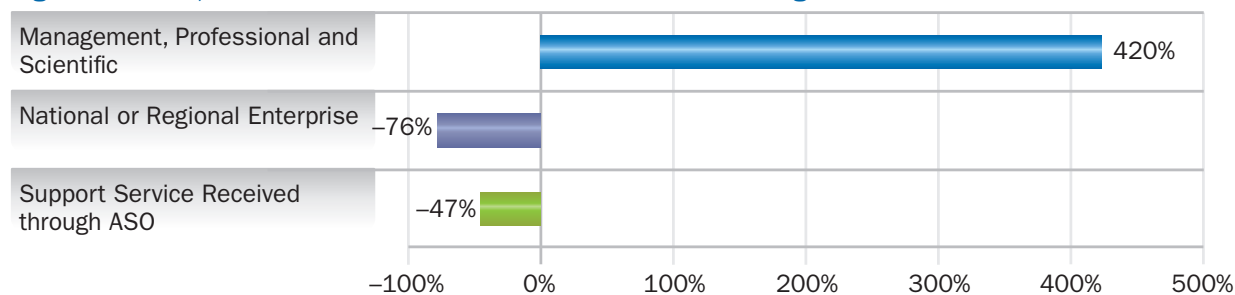
### FSS

At FSS, 59 percent of workers are employed in clerical, office, and sales positions and have average total earnings of \$4,240. More than three-fourths of these individuals work for a nonprofit business customer. For example, a large portion of FSS's business comes during tax season from nonprofit and community-based organizations that provide tax preparation assistance. The modal job assignment for FSS is defined as clerical or related work for a local nonprofit. Figure 10 shows that workers employed in management, business, and related professional positions earn 420 percent more than workers in clerical, office, or sales positions. We find no significant difference in expected total earnings between clerical workers

**Figure 9: Emerge, Job Characteristics That Influence Total Earnings**



**Figure 10: FSS, Job Characteristics That Influence Total Earnings**



and workers placed in maintenance, production, or other labor assignments. Relative to jobs in local establishments, jobs in regional or national operations resulted in lower total earnings for workers (76 percent). We find that the ownership type of the business customer was not significant at FSS.

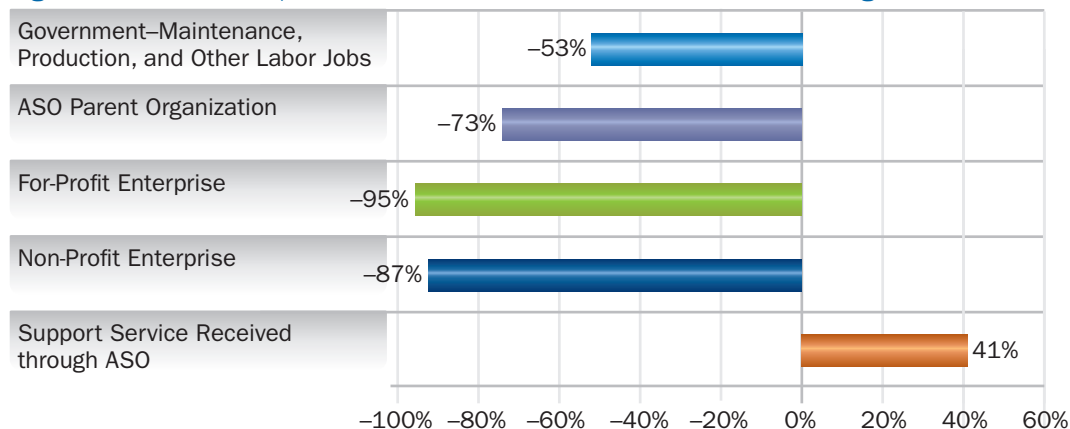
Workers who received a service through FSS had lower total earnings on average (by about 47 percent). The statistical significance of this finding is less robust (only a 90 percent confidence interval) than other findings presented here. Services are provided and tracked differently by FSS than by the other ASOs participating in the evaluation. FSS provides referrals to workers for “Single Stop” services at the Fifth Avenue Committee. These are primarily supports and referrals for workers who have recently been hired and for workers with the greatest need. For this project, we were not able to track informal supports (e.g., one-on-one coaching or counseling) that FSS workers of varied levels of

need received while on assignment. As a result, the effect of receiving a support service at FSS may reflect the fact that only services to workers with higher levels of need are tracked *and* that this narrower set of workers work less (have lower total earnings).

### GSS Austin

The modal job assignment for GSS Austin is a clerical position within a state or municipal government agency. About 71 percent of GSS Austin workers are employed in clerical positions, and the vast majority of these positions are in state or municipal government agencies. On average, these workers earn a total of \$15,508 while employed at the ASO. The Texas state set-aside program, through which GSS Austin provides services, includes clerical positions as well as maintenance, production, and other general labor assignments within government agencies. Figure 11 shows that blue-collar jobs are associated with a decrease in expected total earnings of about 53 percent relative to clerical assignments. In

**Figure 11: GSS Austin, Job Characteristics That Influence Total Earnings**



addition to the state set-aside program, GSS Austin also provides placements internally to the Goodwill of Central Texas, other local nonprofits, and some for-profit businesses. Compared to the modal job (clerical assignments within government units), these assignments result in significantly less total earnings for workers (from 73 to 95 percent less on average). Lastly, workers who receive support services through GSS Austin have increased total earnings by about 41 percent.

### GTS Suncoast

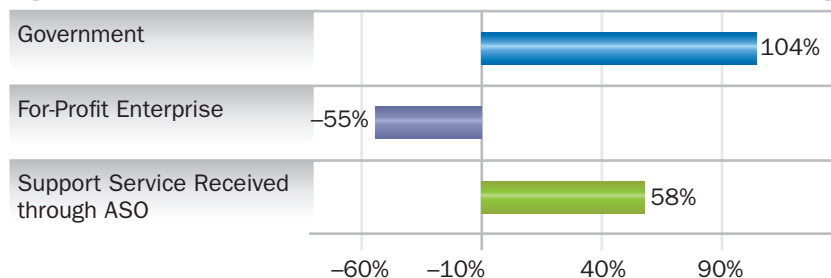
At GTS Suncoast, the modal job assignment is defined as a general labor position within Goodwill operations. About 58 percent of workers are employed in these jobs, and their total earnings average \$6,039. Although these jobs pay minimum wage, workers stay on assignment for 550 hours on average. Relative to these general labor positions within Goodwill, Figure 12 shows that assignments within government increase expected total earnings by 104 percent. Government placements include positions in food preparation and clerical work. They do not make up a large portion of assignments, but they provide comparable hours at higher pay rates. Workers placed on assignment with for-profit businesses

have decreased total earnings of about 55 percent. Like government assignments, these jobs tend to pay above minimum wage, but provide fewer work hours on average. Workers who receive support services through GTS Suncoast have higher total earnings on average (by 58 percent).

### Summary

In summary, expected total earnings for workers depend on the job characteristics and employment conditions while on assignment. The impact of personal background characteristics appears to be minimal. However, Emerge provides important information on the negative impact on labor market outcomes of a previous criminal conviction, especially for African American men. Also, three of the four ASO sites provide their workers with formal support services (for example transportation, or savings program), which are easier for the researchers to track (e.g., EAP, transportation, and training). The positive statistical effect of receiving support services on expected total earnings in these ASOs may be a combined effect of necessary services that help workers stay employed and the fact that the longer one works for these ASOs, the greater chance one has to access a support service.

**Figure 12: GTS Suncoast, Job Characteristics That Influence Total Earnings**





# PERSPECTIVES OF CUSTOMER BUSINESSES

To understand how ASO services are perceived and assessed, we conducted interviews with long-term and occasional customers of services provided by Emerge, FSS, GSS Austin, and GTS Suncoast. Questions centered on

- how the customer heard about the ASO,
- how it uses ASO and other temporary workers,
- how it assesses the quality of services, and
- what improvements in services, if any, it would like to see.

We conducted hour-long, in person interviews with 14 customer businesses; one interview was conducted by telephone. Interviewed customers included for-profits and nonprofit businesses as well as state and local agencies. In small- and medium-sized businesses, we interviewed a higher-level operations manager or direct supervisor. In large corporations and state agencies, we spoke with the unit manager.

## Types of Staffing Services Used

Businesses that are customers of the ASOs report patterns of use that resemble those identified in the first ASD study (Carré et al. 2009). Businesses use ASO services like conventional staffing services to save some of the transactional costs tied to hiring and firing. Additionally, they use ASO services over those of a conventional company for reasons directly influenced by how ASOs structure their services. Perhaps most striking is that businesses are prone to use ASOs when they are planning to eventually hire. Conversely, they tend to use conventional and ASO services interchangeably when they need a short-term worker. (An exception to this generalization is the Texas state agencies, which use GSS Austin and another preferred vendor under the state disability set-aside program.)

Our earlier study (2009) identified several broad patterns of use that are essentially the same as those found among customer businesses in this demonstration. First, customer businesses use an ASO when they “staff up” (i.e., when they need to hire regular workers to cover increased activity or the opening of a new facility, or to replace

workers lost through turnover). They use the ASO to recruit and screen workers, and then use the temporary assignment to assess the worker prior to regular hiring. In some cases, the arrangement is explicitly “temp-to-hire” (as is the case with some FSS customers), but most often it is an implied expectation on both sides, and the ASO staff recruit in a particular way (for consistent job performance), grooming the job candidates to that end.

A second pattern that represents a significant volume of activity is high-volume temporary staffing, a pattern also used very commonly by conventional services. Here, the customer staffs an entire shift or all entry-level positions through the ASO. This practice is found in light manufacturing and warehousing, and in cases where demand is seasonal or unpredictable. The ASO staff view assignments as opportunities for job seekers to build a recent work record, adapt to work after an absence from the workforce, and earn a wage rapidly. These high volume temporary opportunities also offer job seekers a form of job sampling. For the ASO, this is a somewhat predictable source of business and the number of jobs can be large.

A third pattern occurs when state agencies use temporary staffing services to hire workers with a disability that is documented under a state set-aside program. GSS Austin derives the bulk of its business from such state contracts for a broad range of jobs in a variety of agencies. Assignments tend to be long (six months). GTS Suncoast can also bid for state contracts under a Florida set-aside system, but the program is new and the volume of business is low.

A fourth pattern can be characterized as the use of temporary staffing services for short-term gap filling. Few job assignments are generated this way, but when there is the need (particularly when the customer is new), such staffing may constitute a foot in the door for the ASO and for an individual.

In all, as was also found in the first ASD, the volume of workers at a particular customer location is not large, except in the case of GSS Austin assignments within state agencies.

## ASO Services Mesh with Business Needs

Our earlier study noted that customer businesses that use ASOs do so primarily because ASO services align closely with specific business needs. Customers bring these needs forward during interviews, when they are asked their reasons for using the ASO services. Business needs that are met by using one of the four ASOs included facilitated recruitment and selection of entry-level workers, particularly when they aim to use staffing as a means to pre-screen workers in view of regular hiring. One customer noted: *“So if somebody wants to work, that’s the first thing we’re looking for. If they come through a temp agency, then they really do want to work and we can then give them a lot of work . . . see how they are, and then we hire them.”* (Said about FSS)

Some customers need services that are uniquely provided by the ASO. For them, the ASO’s social mission goals enable them to compete for some city or state contracts.

All customers need and want an intermediary between them and a new worker. The buffer provided by the staffing service, which, at a minimum, provides the payrolling function, is something that customers consider useful. This “intermediation” function, which is performed by all temporary staffing vendors, matters greatly to customer businesses.

In our view, the very fact that ASO staff focus primarily on enhancing the chances of job seekers to find gainful employment, with a decent employer and with prospects of being hired as a regular worker, is also the prime motivator for delivering a quality service. Service quality and responsiveness enhance the chances of retaining the customer and generating more assignments, while also keeping the ASO financially afloat. At their best (i.e., when they perform as they intend), ASOs can leverage their commitment to worker success into a unique and successful business formula.

## What Customer Businesses Value

What do existing customer businesses value in the ASOs whose services they contract? Customer businesses especially appreciate an ASO’s close attention and extensive effort to provide an employee who will be a good fit. Most importantly, they value the unique features of ASO services. They appreciate the quality of the staffing services, and, in some cases, the fact that the business can support an organization with the social mission of helping people work. When asked about implementation of services, respondents universally mentioned the responsiveness of staff.

By service quality, customer businesses refer particularly to the quality of candidate screening and the commitment to deliver a good match of worker and job. Importantly, many employers noted that the workers recruited by the ASO often have a profile that resembles that of candidates they might encounter themselves. The difference they see is that candidates who come through the ASO have been screened and are supported to some degree. Furthermore, the basic supervisory task of making sure the person shows up consistently and on time is delegated to the ASO. In all these respects, an ASO-provided worker is a safer choice than one they hire on their own.

Customers offered many comments about how the responsiveness of the ASO staff contributes to service quality. This notion of responsiveness encompasses the ASO attempts to learn as much as possible about the potential job assignment to ensure that they can give the worker the best chance to adapt to the work setting. Under the best of circumstances, the ASO knows a tremendous amount about the work setting. Indeed, the ASO staff end up knowing more about the workplace of a steady customer with a high volume of assignments than some supervisors.

A long-term customer noted: *“We’ve got great communication. They know and understand how [our organization] operates, so they know what we needed or what we were looking for.”* (Said about GTS Suncoast)

Other similar customer comments included: “[Staff] always follow up.” (Said about GSS Austin); or “They always say ‘what more can we do?’” (Said about FSS)

Other comments address how ASOs respond to a negative performance report or an inadequate match. One customer noted that GSS Austin acts very quickly to replace people who “don’t work out” and described staff attitude as follows: “There’s no hard feelings one way or the other. Hey, they didn’t work out, so we’ll get you somebody else.” (Said about GSS Austin)

Customer business quickly becomes accustomed to such responsiveness. One satisfied customer expressed his dependence on quick turnaround with candidate background screening: “And to be honest with you, I hope not too many other people find out about her because if I ever need people, I certainly want to have this same fast response.” (Said about GTS Suncoast)

Comments about the quality of the screening and matching of candidate to job illustrate what employers value. Several noted that the knowledge of the worker the ASO possesses ends up facilitating a good job match. Illustrative comments include: “She knew exactly the kind of person I was looking for.” (Said about GTS Suncoast)

“He [staffing coordinator] has a good insight into the people he hires and that he sends to us.” (Said about Emerge)

“[They . . .] didn’t just send me anybody. They knew what we were looking for. They actually placed people where their talent and experience could make a good impact.” (Said about GSS Austin)

“When they interviewed . . . [they showed they understood] who they have and what we wanted because we wanted to make sure that they had what we needed.” (Said about FSS)

In addition to concern about the match, some customers note that the ASO candidate pool is particularly large and suitable for their job openings. One noted that Emerge has more people available than the other staffing agency they have used. A customer of GTS Suncoast made a similar comment. This positive assessment is a

consequence of the unfortunate conditions of high unemployment within the population groups served by ASOs.

Customers perceive the ASO effort to find a good match as directly supporting their business concerns. The following comment is an example of what we heard from customers of all the sites:

*“I think from what I use Goodwill for, I think that I like the screening that they do. I think professionally, it saves me a lot of time when I’m looking for someone because they do a lot of the legwork for me. Then they select several candidates and they send them to me. When they send them to me, I know that [each] one of these three candidates has been screened and they can possibly fill this position. So it saves me an inordinate amount of time. Very few agencies will help you like that. You know, you call up and they just send somebody out. Well, they [the ASOs] do a lot more detailed screening, which I appreciate. That’s why I use them.”* (Said about GTS Suncoast)

Several other employers similarly mentioned that they saved a great deal of time because the ASOs do so much of the recruiting and screening for them. One noted that his company does not have a large human resources department and that he must do hiring himself; being in operations, he finds it a relief to have Emerge handle hiring.

In using ASO services, customer businesses also avail themselves of the “intermediation” function. The emphasis and value placed on good matches is particularly relevant for those employers who use the ASO service primarily for screening workers who might become regular hires. One FSS customer noted that he hired 10 percent of the ASO temps for regular positions, a rate he considers high, and that it was the sign of a good relationship. Several customers use ASO services when looking for potential hires, even if they also use a conventional staffing company for short-term needs. They do so because the ASO has a stake in finding workers who will be a good fit, because their primary goal is to get the candidate a job.

ASO staffing practice enables such potential employers to have a fairly extensive trial period

before deciding whether or not to hire someone as a regular employee. Customers could also use a conventional staffing agency for this purpose, but they find that the ASO is more likely to provide a good match, particularly for entry-level positions.

One customer noted the importance of intermediation in his decision-making process. Without Emerge as an intermediary, he said he probably would not have taken a chance on some of the workers. In this case, he was referring to ex-offenders. Another customer noted that the ability to pre-screen workers enabled him to hire ex-offenders with misdemeanors: *"If somebody has made a mistake and you give them a chance, they usually are more loyal than somebody who's not made a mistake . . . [It] actually works out better for your company if you give somebody a chance who's made a mistake."* (Said about FSS)

Also, companies or organizations whose security requirements demand that extensive background checks on potential employees recognize the significant service provided by an ASO that performs these tasks for them. Although the ASOs may sometimes cost a bit more than a conventional company, employers seem to think their service is worth the extra money.

Importantly, the ASO provides job matching services that are particularly valued because there are few options to find screened and reliable workers for entry-level positions. These customers are not satisfied with their own hiring efforts or with those of conventional companies. In some ways, the ASOs solved a management challenge for the customer businesses interviewed here. They find quality job candidates who can handle jobs that are minimally attractive in the job market. One customer business representative noted that his company was looking for *"someone with a work history that shows they will stay with a job for a long time"* and later *"someone to do something mundane for a long time"* and the ASO (Emerge) found them a good fit.

## How Social Mission Matters

Some customer businesses are aware of the social mission goals of the ASO and some are not.

We have already noted that the goals affect the orientation of staff to customer service and the quality of job matches. They become intrinsically connected to the performance of service. Nevertheless, social mission goals may come to play a role in customer businesses' assessment of the ASO and in their willingness to continue the business relationship.

One customer business representative stated how the social mission mattered to her and how she wanted to be part of efforts to help job seekers: *"It's nice to see somebody doing something and giving people a chance to redeem their lives and get on their feet. That's my highest thing with Emerge, is that they are helping the community and giving people a chance. A lot of people just need a chance. They need a little structured set up so they can get back on their feet. I'm glad I can help."* (Said about Emerge)

This was echoed by others. Because of its visibility in the North Minneapolis area, Emerge in particular was noted for its social mission. One noted: *"People who use Emerge can make a difference in the people there. . . I'm . . . trying to be proactive . . . help this community turn things around."* (Said about Emerge)

On a purely practical level, the social mission goals also matter to customer businesses that recognize the value of support services as helping them get their work done. The most noticeable example is that of organized transportation provided by Emerge. It makes a population of workers accessible for recruiting and also makes it possible for workers to get to late-hour shifts when public transportation is limited.

Customers also value the fact that the ASO does not charge them when the worker rolls over from the ASO temp payroll onto their own as a regular hire. The ASO commitment to finding people a viable job motivates this practice.

## When Difficulties Arise

The research team gained access through the ASO to customers who would talk about difficulties. Interviewed customer businesses are those that know the ASO. Most have used its services for a



while and are repeat customers. On the whole, they are satisfied customers. Businesses that have not worked with the ASO or who were highly dissatisfied were not accessible. Nevertheless, even regular customer businesses are quite willing to bring up the shortcomings in service provisions, and they seem realistic about what each ASO is able to provide. And the interviewed customers did so. They noted instances where the worker did not work out and had to be replaced, and where ongoing communication with the staffing coordinator was key.

Workers who were not a good match for the job were usually replaced quickly. This is the prerogative of customer businesses in temporary staffing; they may request a replacement worker after a day, without necessarily providing a reason. ASO staff will identify the source of dissatisfaction and address it if feasible. All the same, sometimes the ASO has to send another worker as a replacement. One ASO director found the feedback from “the market” immediate and useful, but it said that it can be “too immediate.” Sometimes the customer does not give a worker who might have been able to adapt to a job enough time to do so.

When accounts are large and numerous workers are sent on assignment to the same company, the odds increase that there will be cases where workers are not well matched to the job. This is particularly the case when an ASO must staff a wide range of positions for a large customer business, and the latter only uses temps and does not want to screen workers for possible hiring. In these settings, it may become necessary to replace workers.

Customer businesses also report that trouble shooting is sometimes needed. Least predictable are mental health difficulties, because an illness that is manageable can become a workplace problem if, for example, the worker stops taking medication. In all, customer businesses appreciate the honesty of ASO staff when it is appropriate that they know the difficulties faced by a worker. They also appreciate that fact that the ASO helped the worker address such difficulties. In this area, ASO practices differ from those of conventional

staffing companies. Whenever necessary and practical, the ASO will brief the supervisor about the worker’s background and how particular issues are addressed.

## Unlike Conventional Staffing—ASO Dual Goals

Overall, customer businesses provided a positive assessment of ASO services as compared to conventional staffing. As we discussed elsewhere (Carré et al. 2009), ASO customer businesses have dealt with both national staffing companies and local operators, many of whom specialize in low-end work and tend to provide low-quality services. Against this background, customer businesses rate ASO services quite positively. The following quote is emblematic: *“I’ve dealt with big national [temp agencies]. I’ve dealt with your smaller local ones. Our success and the type of candidates we were getting from those pools because I think being that they were a commercial entity, they were more interested in placing people and making money versus providing me with the best quality candidate for the position. That might be the biggest difference, is their main goal maybe was profits and I think—I don’t know this for a fact with Emerge—but it seems that maybe their main goal is to help people move forward in their lives versus necessarily deriving income for a company.”* (Said about Emerge)

This type of comment is particularly illustrative because the interviewed customers largely did not choose the ASO service because of its social mission. Many were unaware of this component when they gave the ASO their first job orders. Over time, they may have come to realize that ASOs’ dual goal colors their commitment to service. *“I know they are out there to find jobs for their employees but work two sides. Please the employee and please the customer.”* (Said about GSS Austin)

The ASO social mission goals compel ASO staff to deliver valuable services to the customer business. In our view, community-based job search services are often perceived, unfairly or not, as providing “sub-par” candidates with patchy histories and inadequate preparation. In fact, with ASO services, the quality of the match and worker preparation

is mostly perceived as being of higher quality than what the customer could achieve through their own hiring or through use of another staffing vendor.

Importantly, some customer businesses bring up a commonality of goals and shared values with ASOs. In these cases, the partnership between ASO and customer is particularly successful because it marries practical concerns and social mission goals on both sides. For example, an Emerge customer noted: *“While they have to cover their costs and whether they cover their costs through the markup they got on the employee or other funding, I don’t think the ultimate goal at the end of the day is to have 50 cents in the bank account. The goal at the end of the day is to put people back in the workforce.”*

## **Making Best Use of Opportunities**

The four ASOs in this demonstration seek out customer businesses that are amenable to using their services and have entry-level jobs and employment conditions that are adequate for entry-level jobs. Even in the weak job market of the past two years, they aim to retain and expand customer demand among businesses whose entry-level jobs may turn into regular

openings and where access to benefits might be a possibility. While seeking such options, they also generate assignments that will keep their mission population working.

Partly due to their orientation toward maximizing a worker’s chances of performing well, building a record, and possibly being considered for regular hiring, ASOs provide a service that fills the specific business needs of their customers. In this way, they have a niche market, even when the range of businesses and industries they staff is not narrow. We spoke to customer businesses that were satisfied on the whole and thus likely to value the ASO services. Nevertheless, such customers were explicit about valuing the way that ASOs provide services. They are clear about how ASO’s knowledge of candidate strengths and weaknesses, knowledge of the job requirements, large pool of candidates, responsiveness, and follow-up habits serve their business needs directly. Social mission goals came to play a role in two ways: directly, as in the case of customers who want to make a difference in their community, and most importantly, indirectly, as in most cases where customers note that the attention to making the match work results in the provision of a quality staffing service.

## FOLLOW-UP: EMPLOYMENT OVER TIME

A common question about ASO workers is “what is their employment status over time?” ASO workers have a transitory relationship with the organization (though not necessarily with the parent organization). Finding information on workers over time is challenging.

In collaboration with the four ASO sites, a follow-up survey of workers was implemented to find out what happens to workers after they finish their first temporary assignment (during the study observation period) through the ASO. The follow-up survey was designed to capture basic information about the former ASO worker’s current employment status six to eight months after completing their first temporary assignment.

Information collected on employment status included current job and employer characteristics, whether the position was a rollover from the ASO assignment or another job, and, if unemployed at follow-up, whether or not the respondent was looking for work. This section reviews the employment status of former ASO workers, the odds of a former worker being employed at follow-up, and discusses findings within the context of other research in this area.

### About the Follow-Up Survey

During the study period, 43 percent of former ASO workers were reached for follow-up. Sites collected three phone numbers for later contact when workers first applied and filled out intake forms. ASO staff were walked through the questionnaire and prepared to call workers to ask about their employment status between six and eight months

after they had completed their first assignment. Workers were eligible to be called if the end of their first assignment was before July 1, 2010 and they were no longer employed by the ASO, enabling site staff to make follow-up calls within the time period of the grant. Across all sites, the share of the former workforce surveyed ranged from 23 percent at Emerge to 64 percent at GTS Suncoast.

The length of time between end of contact with the ASO and the follow-up call affects response rates. Many workers at the ASOs are low income and are likely to have other potential barriers to working. Another factor is the length of the time to the follow-up call, particularly for more transient workers. While there is substantial fluidity in the ASO workforce, we cannot say how this influences the response rate. People who are employed are easier to find, on the one hand, but job seekers are more likely to respond to a call from the ASO in the hope of getting an assignment.

Part of the challenge in finding workers for follow-up is securing a working phone number, even though workers had been asked to give three personal contact phone numbers at intake. Site staff who made the calls found that, at the time of follow-up, many of these numbers had been disconnected and individuals given as additional contacts did not know where the respondents were. Other studies have shown that adults living in poverty are twice as likely as higher income adults to lack a listed landline and to rely on pre-paid cellular phones, which often are disposable. This trend is notable among unemployed adults.<sup>34</sup>

**Table 9: Number and Percent of Workers Eligible and Reached for Follow-Up by ASOs**

	Workers with Completed First Assignments	Former Workers Surveyed	Percent Surveyed
<b>Emerge</b>	525	122	23.2%
<b>FSS</b>	266	164	61.7%
<b>GSS Austin</b>	789	313	39.7%
<b>GTS Suncoast</b>	398	256	64.3%
<b>Total</b>	1,978	855	43.2%

## Employment Status at Follow-Up

We asked: “Do workers get jobs after leaving the ASO?” Overall, we found that 49 percent of survey respondents (423 former workers) were working when called at follow-up (Figure 13). In light of the barriers workers face and the high national unemployment rates these results are compelling. Fifty-eight percent of surveyed former workers from GSS Austin were working, and about half of the former workers from GTS Suncoast and Emerge had jobs. About a fourth of former FSS workers held a job.

### Working

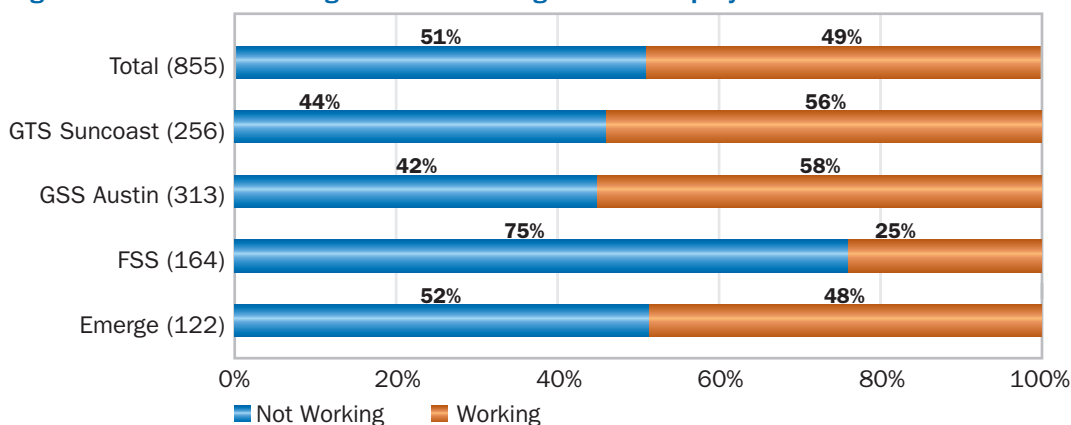
Overall, about half of former ASO workers with jobs at follow-up were employed by the company where they had first worked as a temporary worker on an ASO assignment: they had “rolled over” from the temporary assignment to a permanent job. Moreover, a significant portion of those with jobs worked full time, and about two-thirds received benefits. As expected, there are site differences, many of them statistically significant. These differences are discussed next.<sup>35</sup>

As we know from the customer business interviews, employers often use the ASOs as a way to try out workers, screening for those with required skills who fit in well with their other workers. ASO workers who seek a regular position are keenly aware of the possibilities of being hired. Participants in worker focus groups described hiring processes at their worksite; one noted: “Your

*application has a chance to get looked at a little bit more than somebody that’s completely from the outside.*” Another ASO worker noted that rolling over onto a regular position is not automatic or easy for a desirable administrative position: “[Supervisors] might have anywhere between 400 to 800 applications for one administrative job. six to 12 people being picked . . . to interview . . . to know that there’s such a big pool and you’re the one [that’s interviewed.]” ASO workers also know that access to a regular position might not be possible particularly in time of high unemployment; one noted: “Everyone is looking for a job. So you know, it’s not promised that if I take that temporary job, [it will become] a permanent job. . . . There’s always that dry season.”

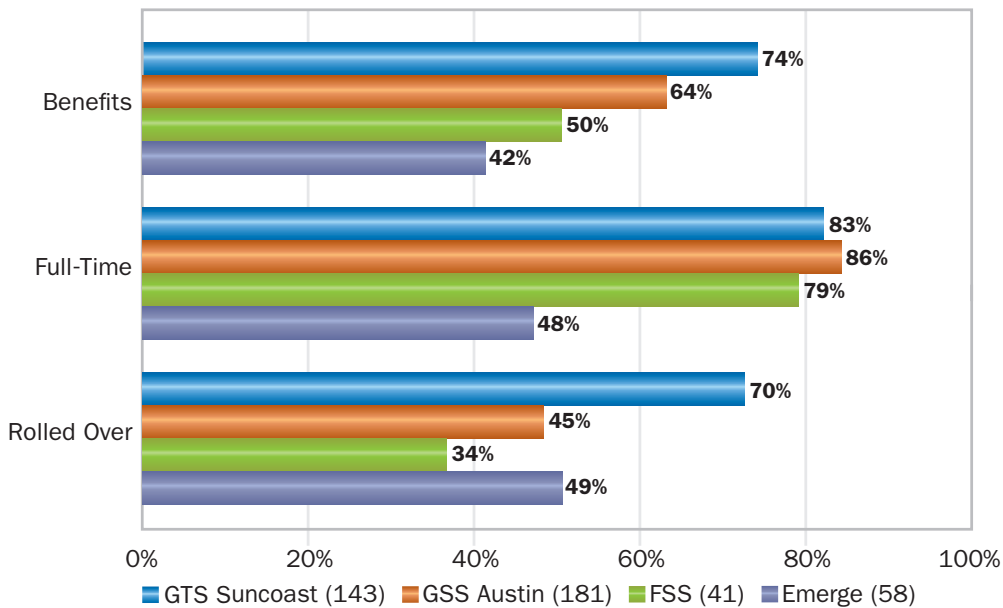
Among former workers who were employed, the shares of those who had rolled over from an assignment to a job with the customer are as follows: about two thirds for GTS Suncoast; just less than half for GSS Austin and Emerge; and a little more than a third for FSS. As possible, GTS Suncoast workers are retained by the Goodwill programs where they have been sent on assignments; this may account for the relatively high share of rollovers among those working at follow-up. GSS Austin former workers have had good chances over time to roll over into regular jobs but the pattern shifted during 2009–2010 when the state implemented a hiring freeze. During the study period, Emerge had a number of large private accounts that resulted in permanent work for their employees. For FSS, during the

**Figure 13: Percent Working and Not Working at Follow-Up by ASO**





**Figure 14: Former ASO Workers Working at Follow-Up: Rollovers, Hours, Benefit Coverage**



study, a large portion of business was generated from staffing seasonal tax preparation sites, assignments that do not result in permanent work.

Many of those who are employed had full-time work. More than three-fourths of former workers from FSS, GSS Austin, and GTS Suncoast have full-time jobs. Former Emerge workers who have jobs are less likely to work full time.

The majority of former workers with jobs at follow-up had employer-provided benefits, which may include health insurance coverage and paid time off. About two-thirds of former workers from GSS Austin and three-fourths from GTS Suncoast had benefits while this was the case for about half of

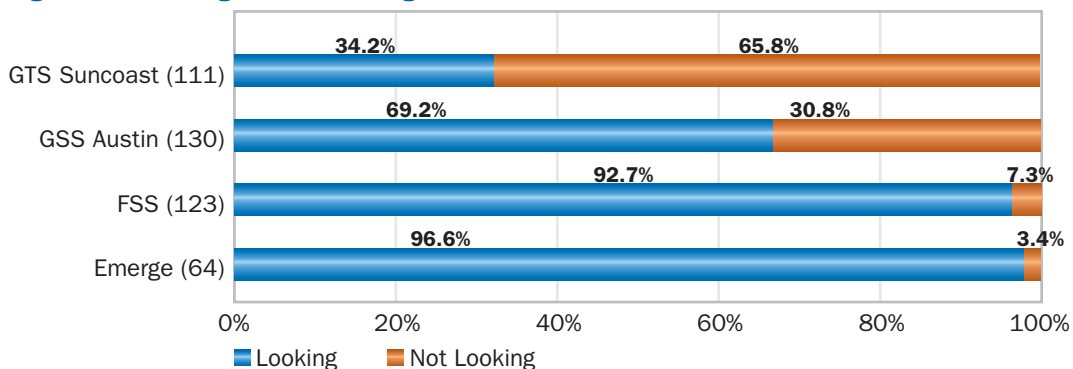
former workers from Emerge and FSS. We report the average wage of former ASO workers in their new jobs in a later section of this report.

### Not working

Among those not working at follow-up, most continued to look for work. More than 90 percent of former workers from Emerge and FSS were looking at follow-up, and about two-thirds of former GSS Austin workers were looking. At GTS Suncoast, 34 percent were looking for work. The reasons for this are discussed below.

Few former Emerge and FSS workers were not looking for a job, thus we do not discuss them further in this particular analysis. Thirty-one

**Figure 15: Looking or Not Looking for a Job**



percent of former GSS Austin workers and 66 percent of former GTS Suncoast workers were not looking for a job when they were reached for follow-up (Table 10).

The table shows information about those without jobs who are also not looking for a job. The distributions of reasons why former workers also are not looking for work differ between GSS Austin and GTS Suncoast and, in fact, reflect the worker populations from those sites.

**Table 10: Reasons for Not Looking for Work at GSS Austin and GTS Suncoast**

	<b>GSS Austin (41)</b>	<b>GTS Suncoast (38)</b>
<b>Not looking</b>	30.8%	65.8%
<b>Reasons % of those not looking</b>		
<b>In school</b>	43.9%	18.4%
<b>Health condition</b>	9.8%	23.7%
<b>Family issues</b>	19.5%	7.9%
<b>Can't find a job</b>	7.3%	
<b>Incarcerated</b>		18.4%
<b>Other reasons</b>	19.5%	31.6%

A large portion of former GSS Austin workers reported not looking for work because they were currently enrolled in school, whereas former GTS Suncoast workers reported barriers such as health conditions or incarceration. Over 40 percent of GSS Austin former workers were not looking because they were in school, perhaps an option more open to them than former workers from GTS Suncoast because more former GSS Austin workers already had a high school diploma and could pursue post-secondary education. Among former GTS Suncoast workers, the most frequent reasons for not looking were health conditions or incarceration. (Some former workers may still be in the correctional work release program, or have been re-incarcerated).

Family obligations were more likely to interfere with work for former GSS Austin workers (19.5

percent) than for former GTS Suncoast workers (7.9 percent). As only 10 percent of former GTS Suncoast workers reported having children 18 or younger, family obligations were less likely than other reasons to explain why they were not looking for a job. Health reasons were cited more often by former GTS Suncoast workers than by former GSS Austin workers (even though GSS Austin has a high proportion of workers with disabilities). Notable shares of survey respondents listed a variety of “other” reasons for not looking for a job (for example, retirement or living on disability benefits).

### **Differences in work experience at ASO**

Importantly, people who found jobs had had an initial ASO work experience very different from that of former workers not working at follow-up. They had had more and longer assignments and had accrued greater total earnings. These findings suggest that those who accumulated more work experience through the ASO were more likely to obtain permanent employment later on. It is possible that those who had least difficulty with working while at the ASO, and had high levels of work hours in assignments, subsequently have less difficulty finding and remaining in employment. It could also be that some workers benefited from access to better earnings opportunities while at the ASO simply because better assignments (steadier, longer) opened up at the time they applied with the ASO. We have not conducted the analysis to determine this point.

Table 11 shows differences in work experience while at the ASO between those working and those not working at follow-up. This comparison is conducted across all sites combined. In general, both groups had about two assignments when they were at the ASO. Working respondents had earned about \$1.04 more per hour when they were at the ASO and worked over a span of about 10 more weeks. Former ASO workers currently employed had worked 755 hours compared to the 458 hours worked by people not employed at follow-up. Total earnings differed by \$4,161. All of these differences are statistically significant, except for number of assignments.

**Table 11: ASO Work Experience and Employment Status at Follow-Up**

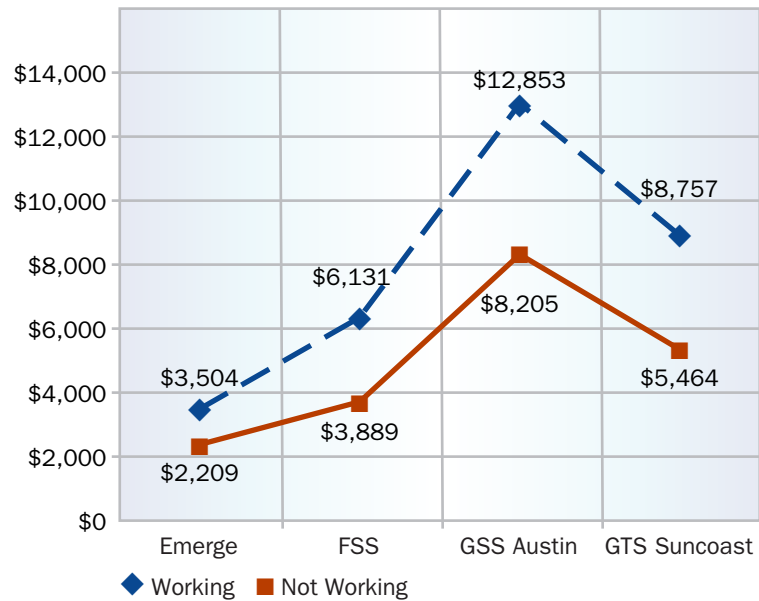
	Working	Not Working
<b>Number of ASO Assignments</b>	2.18	2.11
<b>Weeks Worked</b>	27.9	17.6
<b>Pay Rate</b>	\$12.44	\$11.40
<b>Total Hours</b>	755.4	458.3
<b>Total Earnings</b>	\$9,535	\$5,374

The most global measure of exposure to the ASO is total earnings because it incorporates the relationship between the time (and span) spent working at the ASO and the rate at which workers were paid.<sup>36</sup> The contrast between those working and not working is pronounced. Figure 16 illustrates these differences for former workers at each ASO. Total earnings while employed at the ASO for those working at follow-up range from \$3,504 at Emerge to \$12,853 at GSS Austin.

The pattern of differences for total earnings of former workers *while with the ASO* repeats that for total hours and weeks worked. Those with higher total earnings, total hours and weeks worked were significantly more likely to be working when called six to eight months later. Figure 17 sums up the differences between workers and non-workers at follow-up.

While with the ASO, the earnings of those found working at follow-up were 177 percent of those who were not working at follow-up. Total hours

**Figure 16: Total Earnings While at ASO for Those Working and Not Working at Follow-Up**

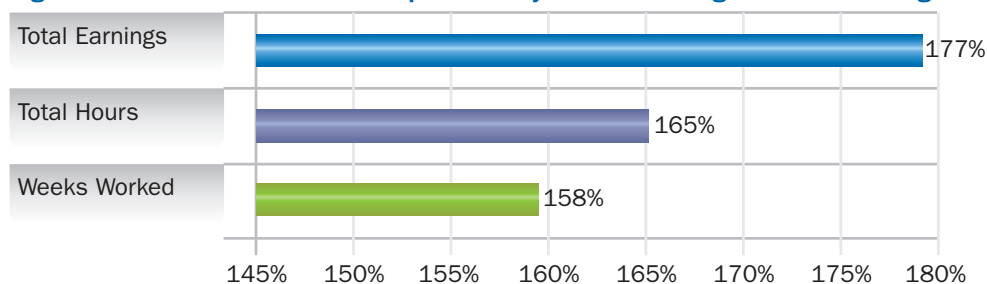


with the ASO for those working at follow-up were 165 percent of hours of those not working. The total number of weeks worked at the ASO for those working was 158 percent that of those not working at follow-up.<sup>37</sup>

## Follow-Up Findings in Context

Findings regarding the employment status of former workers of these four ASOs can be put in context in two ways. First, by probing the employment experience of former ASO workers, we can examine whether there has been improvement. Second, we bring information about other workers, in other studies, to bear on the discussion of findings. We do so by drawing upon selected research that has looked at earnings of

**Figure 17: Differences in Work Experience by Those Working and Not Working\***



\*Percent calculated by dividing the variable value for those working by the value for those not working.

workers, mostly low-earning workers, who have interfaced with the conventional temporary/staffing industry. This second task outlines recent research findings relevant to the role of temp work and its impact on worker advancement. Specifically, the research reviewed here allows us to put our findings in the context of other workers who have done temp work with respect to access to more stable employment, or increased earnings, and, broadly, advancement, if any, in the labor market.

The follow-up data collected for this study provides information on medium term outcomes for workers (follow-up occurred at 6 to 8 months). Information on long-term outcomes is not available for these ASO workers; the earlier part of this section illustrates how difficult these workers are to reach over time. Some of the findings we use for comparison use secondary data and track worker records over longer periods (Andersson, Holzer, and Lane 2007). This ASDII study also does not include a control group (unlike Autor and Houseman 2005a, 2005b). In light of these factors, we use findings about other workers—particularly workers with low earnings—to place our findings in context.

Temporary employment for disadvantaged job seekers helps people establish a work record and provides access to immediate earnings. Also, within the context of an ASO, there is some evidence provided in this report as well as in previous research, that supportive services for workers coupled with the temporary work experience is a promising strategy that can benefit workers. These features distinguish the ASO model from the default operation of the conventional temp industry.

As discussed above, we gathered information about employment status at follow-up. Of particular importance in assessing how former workers are faring are the following dimensions: the extent to which workers are employed; the extent of full-time employment and access to benefits; and more generally any improvements in work hours and pay.

## **Dimensions of advancement of former ASO workers**

We gathered information on advancement at six to eight months following the end of a worker's first ASO assignment for specific reasons. This follow-up interval was selected because it is congruent with standard workforce development indicators and some of the evaluation literature on transitional jobs programs. The follow-up interval also needed to be short enough to ensure an adequate number of respondents as most ASOs described their workers as quite transitory. At the same time, a six to eight month follow-up survey would provide researchers with a reasonable amount of information on how things have changed for the worker. This study also assumed that the impact of having an assignment with an ASO would be most concentrated at around six to eight months and might be difficult to discern over a longer time period given the multitude of factors at play in labor markets and workers' lives. Conducting follow-up surveys after one or two years, usual intervals used in evaluations of sectoral initiatives (e.g., Maguire et al. 2010), may be less informative for this worker population and model because the main role of ASOs is to help workers quickly accumulate work experience and access immediate earnings more so than to develop formal skills and make personal investments that might have impacts over the long run, as sectoral training programs do.

Table 12 illustrates one way to gauge advancement; it reports the proportion of *all* surveyed former ASO workers (working or not) who had advanced at follow-up, where advancement is defined as either gaining full-time employment or receiving employer-provided benefits in their current position. GSS Austin and GTS Suncoast have higher rates of advancement than Emerge and FSS. Fifty percent of former GSS Austin workers were working full time and 37 percent were receiving employer-provided benefits. Similarly, 46 percent of GTS Suncoast's former workers were employed full time and 28 percent were receiving employer-provided benefits. For Emerge, 24 percent of former workers were working full-time jobs and 19 percent were receiving employer-based benefits.



**Table 12: Proportion of ASO Workers Who Advanced at Follow-Up**

	% of all workers who work full-time hours	% of all workers who receive employer-provided benefits
<b>Emerge</b>	24%	19%
<b>FSS</b>	20%	13%
<b>GSS Austin</b>	50%	37%
<b>GTS Suncoast</b>	46%	28%

Note: The base for percentages is all former workers of each site whether currently working or not.

Advancement rates for former workers through FSS were lower. Former FSS workers also reported the lowest employment rate overall for the four sites (see above). Twenty percent of FSS workers reported that they were employed full time and 13 percent reported that they were receiving employer-provided benefits.

Another way to gauge advancement is to look at changes in wages and hours worked for those former ASO workers who are employed at follow-up compared to wage and hours worked while with the ASO (Table 13).<sup>38</sup> Overall, we found that workers who are employed at follow-up have increased their hourly wages as well as their weekly hours of work. For all four sites, workers on average experienced five to 12 percent increases in hourly wages. Additionally, workers increased their hours worked substantially, ranging from 23 percent at GTS Suncoast to 107 percent at Emerge. Emerge provides a larger amount of short-hour assignments than the other three sites, which is

why Emerge workers show the biggest relative gains in hours when they get a regular, or steady, job.

## Findings from Other Research

We know from the focus groups conducted with ASO workers that they want a temporary job most often because they hope that it will lead to permanent work. Occasional focus group participants state they want temporary work because it fits best around family responsibilities, school attendance or an interest in being exposed to a variety of work settings. On the whole, however, many workers that we have come into contact with over the course of this project are working for the ASO because they believe that a temporary assignment can lead to advancement in the labor market. It can put them in contact with employers or industries to which they might not otherwise have access and where they might not perform well without ASO oversight.

Recent research on large samples of workers has supported this idea to some degree. Andersson, Holzer, and Lane (2007) analyze Longitudinal Employer-Household Dynamics (LEHD) data to examine the trajectories of low-earning workers in five states over time. The LEHD data cover the time period from 1993 through 2001. The authors follow a cohort of workers from the base years of 1993 to 1995 over two subsequent three-year periods. This research finds that the low-earning workers that had at least some temporary work experience in the base period had higher earnings in subsequent periods when compared to low earning workers who had not worked in temporary help services.

**Table 13: Change in Hours and Wage for Former ASO Workers**

	<b>Emerge</b>	<b>FSS</b>	<b>GSS Austin</b>	<b>GTS Suncoast</b>
<b>Average weekly hours while employed by ASO</b>	23	27	31	33
<b>Average usual weekly hours at follow-up</b>	32	35	37	37
<b>Average rate of change in hours across individual workers*</b>	107%	75%	55%	23%
<b>Average hourly wage while employed by ASO</b>	\$10.80	\$13.63	\$15.27	\$8.16
<b>Hourly wage at follow-up</b>	\$11.04	\$14.64	\$15.93	\$8.74
<b>Average rate of change in hourly wage across individual workers*</b>	5%	12%	5%	7%

\* Change was computed per worker, then averaged across workers.

These authors argue that (conventional) temp work plays a role in the advancement of workers in the labor market—by acting as a stepping stone toward better paying employment.

As context for findings about ASO workers, Andersson et al. (2007) contribute several results of particular interest. First, those workers that had temp work experience in the base period were relatively concentrated in higher paying industries—in terms of earnings—like durable manufacturing, construction, nondurable manufacturing, transportation and utilities, and wholesale trade later on. Conversely, these workers were less likely to be in retail, agriculture or other services. Second, the authors provide evidence that leads them to conclude that temporary agencies can link workers to better employers than those found by workers on their own. For example, the authors estimate that 26 percent to 28 percent of workers who had had temp agency experience in the base years advanced to better paying industries—defined by earnings levels—in later periods, compared to about 18 to 19 percent of workers who did not work for a temp agency during the base period. The main argument of this study is that it is by changing and getting jobs in industries with higher paying jobs that low-earning workers can experience job improvement over time.

We cannot directly compare findings from workers at the four ASOs to the above findings about other individual workers, different states (except Florida), and different time periods. We can ask, nevertheless, whether there is any similarity in outcomes, albeit with these strong caveats. We consider whether to expect that about one-quarter of the workers in our study advance in the labor market after leaving their ASO temp assignment. Based on these results, and referring back to Table 12 in this section, we see that the proportion of workers advancing to full-time or benefited work varies considerably across the four sites, with more than one-quarter of workers through GSS Austin and GTS Suncoast advancing to full-time or benefited work. Less than one-quarter of workers through Emerge and through FSS advanced in terms of having full-time or benefited work.

Several caveats need to be underscored regarding putting the follow-up data on former ASO workers alongside findings from Andersson et al. (2007). In short, we are interested in generally comparing what is gathered about the employment trajectory of former ASO workers with the trajectories of other low-earning workers who have interfaced with the conventional staffing industry. As noted, the LEHD covers a different time period, follows workers over a longer interval, and examines a particular group of workers. Importantly, the study tracks not only obviously different individuals but also people with work histories that may be similar in that they are low-earners but may diverge in that they have had relatively consistent job market attachment<sup>39</sup> at the time of the study, a pattern not met by quite a number of ASO workers.

In addition to these caveats about broad comparability of workers, time period, and length of time intervals for follow-up, these findings can also be placed in perspective by other research. There are differences in ways to think about advancement in the labor market, and how research debates are framed that relate to labor market advancement (Autor and Houseman 2005a, 2005b; Benner et al. 2007). For example, Benner et al. (2007) found that workers with temp industry experience were worse off than other workers (either workers who found employment through other labor market intermediaries or found a job on their own) in terms of hourly wage and benefits. These authors found that the relative earnings “advantage” for workers in the temp industry relative to others was due to higher hours, much more so than hourly wage differences.

It is a fact that ASOs first focus on providing job seekers who have a weak, recent, employment history with some additional work experience and steady employment. A first sign of stabilization is increased work hours and increased job tenure. Indeed, Table 13 presented earlier in this section indicates that former workers who had jobs at time of follow-up experienced relatively larger increases in hours worked per week and smaller increases in hourly wages. Once workers have stable employment and earnings, the next task

for the ASOs and other providers who support these workers is to find ways (and funding) to connect these workers to other jobs through help with further job search or connection to training, sometimes with the assistance of in-house workforce development units where one is present.

## Summary

In sum, workers who were found working at time of follow-up were workers who, while at the ASO, had job assignments that generated higher total earnings, total hours, and total weeks worked, and somewhat higher average pay rates. With this follow-up information, we can describe the differences in ASO work experience for people with different outcomes at follow-up taking place six to eight months later. Exactly why this difference exists warrants further research. Employment outcomes at follow-up can be affected, first, by the structure of job opportunities, the type of

assignment with the ASO, and also the worker's ability to remain working and to accumulate work experience while at the ASO. The relative importance of these factors can only be teased out with more detailed data, comparison samples, and more in-depth follow-up research.

Examining the outcomes for former ASO workers who found jobs in the context of findings from other studies about low-wage workers also brings out a pattern such that the first step in gaining or re-gaining relatively steady work consists of increasing work hours, working full-time, and gaining access to benefits. Improvement first comes in the form of increased total earnings. Hourly wage improvements appear to be the next step in progress within the job market, one that may warrant moving across jobs, to better paying employers, and better paying industries, as some researchers would argue.

# CONCLUSION

Established over the past 30 years, the ASO field now includes over 50 organizations. This study examined the activities of four well-established ASOs, focusing particularly on the populations they serve and the job matches they have achieved. By focusing on ASOs that have a track record, we can more easily identify patterns of practice and observe ASO job matches to understand the factors that impact worker employment outcomes.

We followed the activities of these ASOs, conducting site visits, and collecting administrative data about job assignments and worker characteristics during 2009 and 2010. The experiences of these ASOs yielded a deep understanding of how they use the model to serve different groups of job seekers. We examined the job opportunities they secured as well as the profile of their workers, their work experience with the ASO, and their employment status six to eight months after their contact with the ASO ended. As appropriate, we used data on jobs in the conventional staffing industry to provide a context for findings from the four ASOs studied here. To further round out the information from administrative data, we also convened focus groups with ASO workers and interviewed selected customer businesses.

## Adapting the Model to Suit Mission and Opportunities

Our data show that each of the four ASOs serves slightly different groups of job seekers and has adapted the model to suit these needs. Indeed, their workers face barriers to employment, but these barriers vary across the sites, as does the demographic profile of the workforce. The job matches that ASOs perform, and the job characteristics of assignments, result from an iterative process among background characteristics of their mission populations, the assignments they can secure from customer businesses, and the supports they can provide job seekers to ensure adequate job performance. In turn, the industry mix of the metropolitan area and the sales effectiveness of each ASO affect the temporary assignments secured. Thus, we identified significant variation in jobs held by ASO workers across sites.

Within each ASO, we found diverse work experiences in terms of total hours worked across workers during 2009 and 2010. The hours and total earnings dispersion was greater than wage dispersion. In the four sites, workers' total earnings did not cluster around the average for the site. This means that some workers have brief work experiences while others have relatively long-lasting work experiences. Again, this pattern is partly driven by the characteristics of job assignments. It is also affected by workers' differing employment needs as well as their capacity to stay on a job assignment and be available for the next one. In other words, ASOs in this study not only were able to help some workers with employment, and possibly employment that will lead to a regular job later on, but also helped job seekers with short-term earning opportunities. Given other constraints in their lives, short-term opportunities are all that some job seekers can sustain.

## Moving On

This study also aimed to answer a frequently asked question about ASOs: Where do their workers go after they leave the ASO? The staffing model primarily addresses job access and the need for immediate earnings. ASO staff expect their workers to migrate to other job opportunities, some located during an assignment, others through a job search with which another program might assist. They also expect that some former workers will not continue to work because they cannot address individual barriers or for other reasons. This study contacted former workers six to eight months after their assignment ended (that is, the end of their first assignment observed during the study period). Across all sites, just under half of those contacted had a job at follow-up. The rate of employment at follow-up varies across the sites for numerous reasons. Employment at follow-up is a function of local job opportunities, worker characteristics at each ASO, and the timing when these workers land in the local labor market. During the study period, sites that had customers who had taken their temps with the prospect of hiring for regular positions displayed higher rates of worker employment at



follow-up. In all, however, workers at the four sites share similar patterns of experience while at the ASO and of the relationship of work experience to employment status at follow-up. Workers who had jobs at follow-up had worked substantially more hours while with the ASO and worked over a longer time span. Their wage rate had been only slightly higher than that of former workers not working at follow-up. A simple lesson is that work experience paves the way for later employment. A more complex explanation is that workers who access longer or more frequent assignments through the ASO, and can sustain performance in these assignments, also are more likely to find other work later.

This study cannot account for the difference across workers in “the luck of the draw” (i.e., the quality of assignments at the time a worker applies for a job with the ASO). Some workers applied when a customer business was in a growth phase; others did not. ASO staff will aim to place workers with potential into assignments that likely will lead to a regular hire; they also tend to place reliable workers with customers that have better jobs. To this extent, we can infer that workers who do well during a temporary assignment are more likely to be employed at follow-up. However, we also call attention to the fact that the structure of job opportunities clearly matters as well. Sites with higher rates of employment at follow-up were sites where some customers had rolled over workers onto their own payrolls or sites located in areas with comparatively lower unemployment rates.

## Seeking Better Jobs

Taking on the job brokering function for job seekers who face barriers to employment also leaves ASOs open to questions about the quality of jobs they are able to secure. In our 2009 report (*Brokering Up*), we discussed how ASO staff members gather detailed knowledge of the worksites where they send people on assignment. They do so because they staff low wage, entry-level positions, and they want to ensure that workers will be in safe and decent working conditions. Wages in three of the ASOs were below the area’s

low-wage threshold. They exceeded that threshold in the fourth, GSS Austin, because it primarily staffs state government positions that are not exclusively entry-level under the state disability set-aside program.

Another frequently asked question of ASOs is what opportunities former workers can access later on. Former workers reached six to eight months after their ASO assignment showed a small improvement in hourly wage, but noticeable increases in weekly hours worked, and rates of full-time near or above 50 percent. Job improvement for these workers first takes the form of steady work hours and higher total earnings. Importantly, most of them gain benefit coverage when they find full-time work.

## Workers and Customer Employers

ASO workers consulted in focus groups reported views similar to those we witnessed in the first ASD (Carré et al. 2009). They have a clear understanding of how job access through temporary staffing happens and how it may contribute to their later employment. Importantly, they distinguish the services provided by the ASO from those of a conventional staffing company. Overall, workers report that they are not “waved away” readily, as is particularly common during a recession. Workers who have interfaced with the low end of the staffing industry, for example, those in laborer jobs provided by day labor companies, reported that they received more attention, coaching, and job search advice from the ASO. Strikingly, a number of workers in focus groups reported not knowing how to access jobs without brokering help, or reported that they tried unsuccessfully to find work before using the ASO. Because workers who attend focus groups tend to be satisfied workers, we expect that these comments illustrate the ASO model when it is working at its best to facilitate job access and later employment.

Customer businesses interviewed for this study also echoed the assessments of ASO services we

received in the first ASD. Their comments remind us of the market niche that ASOs occupy in the broader staffing industry of their area. Customers use ASO services particularly when they need well-screened and well-prepared workers. Often, it is when they are using temps in view of regular hiring. They value the responsiveness of the ASO staff and their attention to the match between worker and position. This responsiveness and attention are necessary to maintain the business relationship, but also are essential for the worker to have a chance at a successful match. Thus, the dual goal of the ASO prompts them to offer a set of services that are distinguishable from those of a conventional staffing company.

## Further Questions

With respect to outcomes for workers, further research is needed to follow former ASO workers over a longer period of time. Also, more detailed information about later jobs and earnings records would facilitate a deeper understanding of the work trajectories of job seekers served by ASOs. This study took a first step in tracking former ASO workers and learned a great deal about tracking a transient group of people.

It would also be important to gather an exhaustive account of the constellation of support services and subsidies that the job seekers served by ASOs access through the organization and through other means. The “packaging” of certain supports might be particularly relevant to enabling people to stay employed. This study and a preceding one (Spaulding et al. 2009) note that the services accessed through the ASO address immediate barriers to employment. Greater detail would

promote better understanding of what job seekers need over time and what support services are most effective.

An exploration of how some ASOs and their parent organizations have expanded the model and connected it to other service options would help enrich our understanding of the potential of this model. Knowing more about how ASOs might connect their workers to feasible training opportunities would be of interest to practitioners and policy makers alike. Questions of interest include

- What are options for developing pathways to short-term training and workplace-based training?
- What are viable funding mechanisms that ASOs and parent organizations can access or develop through partnerships?
- How can ASOs leverage their relationship with customer businesses as well as their visibility among the community of potential employers to develop on-the-job training opportunities?

In short, the ASO model illustrated by the experiences of the four sites examined here is relevant to the experience and needs of their mission populations in the labor market. In addition, future research and policy analysis can help address ways in which the model can expand in scope and flexibility to deliver services as limited as immediate access to temp work and as broad as accompanying workers through several stages of their working lives and careers, including skill enhancement and longer term wage progression.

## REFERENCES

- Abraham, Katherine. 1990. "Restructuring the Employment Relationship: The Growth of Market-Mediated Work Arrangements." In Katherine Abraham and Robert Mckersie, *New Developments in the Labor Market: Toward a New Institutional Paradigm*. Cambridge, MIT Press.
- Andersson, Fredrik, Harry J. Holzer, and Julia Lane. 2005. *Moving up or Moving on: Who Advances in the Low-Wage Labor Market?* New York: Russell Sage Foundation.
- Andersson, Fredrik, Harry J. Holzer, and Julia Lane. 2007. "Temporary Help Agencies and the Advancement Prospects of Low Earners," NBER Working Paper 13434. Cambridge: National Bureau of Economic Research, Inc.
- Autor, David H., and Susan N. Houseman. 2005a. "Temporary Agency Employment as a Way out of Poverty?" Upjohn Institute Working Paper no. 05-123.
- Autor, David H., and Susan N. Houseman. 2005b. "Do Temporary Help Jobs Improve Labor Market Outcomes for Low-Skilled Workers? Evidence from Random Assignments." NBER Working Paper no. 11743. Cambridge: National Bureau of Economic Research, Inc.
- Benner, Chris, Laura Leete, and Manuel Pastor. 2007. *Staircases or Treadmills? Labor Market Intermediaries and Economic Opportunity in a Changing Economy*. New York: Russell Sage Foundation.
- Blumberg, Stephen J., and Julian V. Luke. 2010. "Wireless Substitution: Early Release of Estimates from the National Health Interview Survey, July–December 2010." Division of Health Interview Statistics, National Center for Health Statistics, Centers for Disease Control and Prevention, U.S. Department of Health and Human Services. (Released 06/08/2011.) [Accessed on 7/10/11 at <http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201106.pdf>]
- Carré, Françoise, Joaquín Herranz, Dorie Seavey, and Carlha Vickers. 2003. *Alternative Job Brokering: Addressing Labor Market Disadvantages, Improving the Temp Experience, and Enhancing Job Opportunities*. Report of the National Study of Alternative Staffing Services. Center for Social Policy, University of Massachusetts Boston.
- Carré, Françoise, Brandynn Holgate, Helen Levine, and Mandira Kala. 2009. *Brokering Up: The Role of Temporary Staffing in Overcoming Labor Market Barriers*. Report on the Alternative Staffing Demonstration, 2005-08. Center for Social Policy, University of Massachusetts Boston.
- Carré, Françoise, Joaquín Herranz, and Silvia Dorado. 2009. "Alternative Staffing Organizations as Innovations in Labor Market Intermediation: Lessons from the United States." presented at the Society for the Advancement of Socio-Economics, Paris, France, July.
- Carré, Françoise, and Dorie Seavey. 2006. "The Impact of Marketing & Sales on Alternative Staffing." Report to the C. S. Mott Foundation.
- Doeringer, Peter B., and Michael Piore. 1971. *Internal Labor Markets and Manpower Analysis*. Lexington, Massachusetts: D. C. Heath Company.
- Dresser, Laura, and Joel Rogers. 2003. "Part of the Solution: Emerging Workforce Intermediaries in the United States." In Jonathan Zeitlin and David M. Trubek, *Governing Work and Welfare in a New Economy*. Oxford: Oxford University Press: 266–91.
- Elling, Duane. 2004. "Alternative Staffing Connects People with Jobs." Charles Stewart Mott Foundation, June 2004. [<http://www.mott.org/Home/recentnews/news/2004/alternativestaffing.aspx>]
- Elling, Duane. 2006. "Project Seeks to Help 'Temps' Achieve Long-Term Job Stability," *Mott Mosaic*, Fall 2006: 18–21.
- Elling, Duane. 2010. "Alternative Staffing Adding New Sizzle to Workforce Development." *Mott Foundation News*. [<http://www.mott.org/news/news/2010/alternativestaffing1.aspx>]
- Giloth, Robert, ed. 2003. *Workforce Intermediaries for the Twenty-first Century*. Philadelphia: Temple University Press.
- Hananel, Sam. 2011. "Are Companies Not Hiring Unemployed People?" *USA TODAY* consulted 2/17/11 [Accessed at [http://www.usatoday.com/money/economy/2011-02-16-job-application\\_N.htm](http://www.usatoday.com/money/economy/2011-02-16-job-application_N.htm)].
- Harrison, Bennett, and Michael Weiss. 1998. *Workforce Development Networks: Community-Based Organizations and Regional Alliances*. New York: Sage Publications.
- Liebow, Elliott. 1967. *Tally's Corner*. Boston and Toronto: Little Brown and Company.
- Maguire, Sheila, Joshua Freely, Carol Clymer, Maureen Conway, and Deena Schwartz. 2010. *Tuning in to Local Labor Markets*. Philadelphia: Public/Private Ventures.
- Piore, Michael. 1970. "Jobs and Training." In Samuel Beer and Richard Barringer, eds. *The State and the Poor*. Cambridge: Winthrop Publishers.
- Piore, Michael. 1980. "Dualism as a Response to Flux and Uncertainty." In Suzanne Berger and Michael Piore, eds. *Dualism and Discontinuity in Industrial Societies*. Cambridge: Cambridge University Press.
- Seavey, Dorie. 1998. *New Avenues into Jobs: Early Lessons from Nonprofit Temp Agencies and Employment Brokers*. Washington, DC: Center for Community Change.
- Smith, Sandra Susan. 2007. *Lone Pursuit: Distrust and Defensive Individualism among the Black Poor*. New York: Russell Sage Foundation.
- Spaulding, Shayne, Joshua Freely, and Sheila Maguire. 2009. *A Foot in the Door: Using Alternative Staffing to Open up Opportunities for Disadvantaged Workers*. Philadelphia: Public/Private Ventures.
- U.S. Bureau of Labor Statistics. *Local Area Unemployment Statistics*. 2009, 2010 [Accessed on 08/11 at <http://www.bls.gov/lau/>]

U.S. Department of Labor, Bureau of Labor Statistics. 2009. *Metropolitan Areas Statistics*. [Accessed on 08/11 at <http://www.bls.gov/lau/lamtrk09.htm>].

U.S. Department of Labor, Bureau of Labor Statistics. 2010. *Metropolitan Areas Statistics*. [Accessed on 08/11 at <http://www.bls.gov/lau/lamtrk10.htm>].

U.S. Census Bureau. *The American Community Survey*. 2005–09 5-year estimates. Public use Microdata Sample (PUMS) files. [Accessed on 3/23/11 at [http://factfinder.census.gov/home/en/acs\\_pums\\_2009\\_5yr.html](http://factfinder.census.gov/home/en/acs_pums_2009_5yr.html)].

U.S. Department of Labor, Bureau of Labor Statistics. 2009. *Occupational Employment Statistics, May 2009 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates*. [Accessed on 4/6/11 at <http://www.bls.gov/oes/current/oesrcma.htm>].

U.S. Department of Labor, Bureau of Labor Statistics. 2009. *Quarterly Census of Employment and Wages*, Custom Tables. [Accessed on 5/2/11 at <http://www.bls.gov/cew/>].

## END NOTES

- 1 Seavey (1998) examined lessons from several alternative staffing services. Carré et al. (2003) reported on a national survey of the field of alternative staffing as of 2002.
- 2 In 2003, the Foundation began its first ASO initiative by funding three large staffing services, each with considerable experience: Chrysalis Staffing Services, (then Labor Connection), Harborquest of Chicago (then Suburban Job-Link, previously Just Jobs), and Goodwill Staffing Services of Austin (then Goodwill Temporary Services) (see Elling 2004, 2006 and Carré and Seavey 2006).
- 3 Hiring patterns during the recent recession have exacerbated this problem, as witnessed by recent news articles about advertising that discourages the unemployed from applying (Hananel 2011).
- 4 Most, though not all, training programs cannot provide stipends.
- 5 BLS local area unemployment statistics, <http://www.bls.gov/lau/>.
- 6 These social service institutions began the field of social work and informed the early years of social policy.
- 7 [www.emerge-mn.org](http://www.emerge-mn.org)
- 8 [www.firstsourcestaffing.com](http://www.firstsourcestaffing.com)
- 9 [www.fifthave.org](http://www.fifthave.org)
- 10 [www.bwiny.org](http://www.bwiny.org)
- 11 GSS Austin participants who meet disability criteria and are placed in state agencies display a pattern of attachment that is similar.
- 12 [www.austingoodwill.org](http://www.austingoodwill.org)
- 13 [www.sbsgoodwill.com](http://www.sbsgoodwill.com)
- 14 Through host agreements, it also provides work assignments for seniors (AARP and Experience Works), as well as for Welfare Transition recipients and, through its agreements with various school boards, for the Exceptional Student Education (ESE) Program for disabled students.
- 15 JobWorks is a certified employment center in partnership with the subcontracting agency of the state's disability set-aside program (named RESPECT).
- 16 Choices to Work is a contract with the worker's compensation insurance program. People receiving workers' comp payments are placed in light duty assignments overseen by Goodwill.
- 17 Florida Department of Law Enforcement procedures.
- 18 This is Career Central, the Workforce Board of Pasco and Hernando counties.
- 19 One of two national federations of retailers and distributors.
- 20 Employment services statistics also include the permanent staff of temp industry offices but they make up a very small share of total employment. Their wage levels affect averages upward slightly.
- 21 Data comes from the American Community Survey, 2005–2009 5-year estimates, Public Use Microdata Sample (PUMS) files.
- 22 Using the Occupational Employment Statistics from the Bureau of Labor Statistics, the area low-wage thresholds are calculated as 2/3 of MSA median wage for each of the sites. The corresponding MSA's are Tampa-St. Petersburg-Clearwater, FL; Minneapolis-St. Paul-Bloomington, MN-WI; New York-Northern New Jersey-Long Island, NY-NJ-PA; and Austin-Round Rock, TX.
- 23 Average weekly earnings for the temporary help services industry (NAICS: 56312) are from the U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Wage data from 2009 is provided for each site's corresponding county. Those counties are Hennepin County, MN; Kings County, NY; Travis County, TX; and Pinellas County, FL. The method for calculating average weekly wages is by taking the average number of workers on payroll at the 12th of each month—including staffing personnel—and dividing by total compensation and then dividing by 52.



- 24 Sites counted their total registries of candidates differently. These data are not comparable and are not presented here.
- 25 The percent distributions of demographic and other worker characteristics are based on a denominator of the number of cases with completed gender information for each site. The numbers for other traits vary, but we use the gender field count to suggest the number of cases for each site because it is the most consistently reported data.
- 26 For License, Disability, and Conviction, GTS Suncoast intake forms had zero answers with "No." Therefore, incidence of disability and conviction is computed as a percent of all cases, including missing values. Incidence of "No License" was inferred from counts of missing values (65) and is ambiguous. Actual answers are: 7 with disability; 28 with a license; 41 with a conviction. Some characteristics data were not collected at intake by two sites.
- 27 The Texas state set-aside program requires that 75 percent of hours worked be performed by people with disabilities.
- 28 Workers who saved \$500 received a matched amount from the grant.
- 29 The Single Stop program run by FAC checks an individual's eligibility for various subsidies and programs and staff refer people to internal programs or outside agencies.
- 30 As ASOs tend to focus on particular applicants and/or jobs, there is limited variation across people within a site. We are also only able to control for the characteristics for which information was collected.
- 31 An odd is the ratio of two probabilities: the probability of an event happening ( $P_1$ ) divided by the probability of an event not happening ( $1-P_1$ ). An odds ratio is the ratio of two odds, comparing the chance of two events happening ( $\frac{P_1}{1-P_1} / \frac{P_2}{1-P_2}$ ). In this case, odds ratios compare the odds of group 1 to the odds of group 2. An odds ratio of 1 means that group 1 and group 2 have the same odds of getting an assignment.
- 32 Data come from the American Community Survey, 2005–09 5-year estimates, Public Use Microdata Sample (PUMS) files.
- 33 Specifically, we used a log-linear model in order to smooth the distribution of total earnings.
- 34 Preliminary results from the July–December 2010 National Health Interview Survey (NHIS) indicate that 29.7 percent of respondents had only wireless telephones and 15.7 percent received all or almost all calls on wireless telephones despite having a landline. They found poor people were more likely to use cell phones than higher income people (43 percent of adults living in poverty and an additional 35 percent living near poverty levels used only cell phones compared to 24 percent of higher income adults) (Blumberg and Luke 2010).
- 35 The number of cases with valid information for these variables is smaller than the number of former ASO workers now working at follow-up.
- 36 There were not significant differences in average pay rates while at the ASO between those working and not working at follow-up by site. It could be that pay rate for these workers is driven more by job characteristics than by individual characteristics.
- 37 These patterns are broadly similar at the site level.
- 38 We compared hours and wages for workers at follow-up with the hours and wage information from their longest assignment at the ASO. The majority of workers had one assignment while at the ASO, but some workers worked more than one assignment. We took the longest assignment to represent their work experience at the ASO. For hours: Average weekly hours while employed by ASO are weekly hours worked on the longest assignment averaged across workers. Usual weekly hours at follow-up are self-reported. Average rate of change in hours by individual worker was computed for each worker and then averaged across all workers.  
  
For hourly wage: Average hourly wage while employed by ASO is the average pay rate received while on the longest assignment averaged across workers. Hourly wage at follow-up is self-reported. When it was reported as a weekly, monthly, or annual amount, the hourly wage was derived with the "Usual weekly hours" variable. Not all workers who were employed at follow-up agreed to provide wage information; the number of cases with wage data is smaller than that for hours data. (Almost all workers who were employed at follow-up provided hours information.) Average rate of change in hourly wage was computed for each worker and then averaged across all workers who provided wage information.
- 39 Defined as having earnings for at least one quarter in each year being studied (Andersson et al. 2007).











**Center for Social Policy**

John W. McCormack Graduate  
School of Policy and Global Studies  
University of Massachusetts Boston  
100 Morrissey Boulevard • Boston, MA 02125  
Tel: 617-287-5550 • Fax: 617-287-5566

**[www.csp.umb.edu](http://www.csp.umb.edu)**