

The Design and Operation of a Successful TJ Program

David R. Riemer

It is possible successfully to design and operate a Transitional Jobs (TJ) program in any number of ways. The three major TJ programs of the New Deal—the Civilian Conservation Corps (CCC), the Civil Works Administration (CWA), and its successor and biggest New Deal jobs program, the Works Progress Administration (WPA)—went about it differently. Today, dozens of smaller TJ programs have different approaches. Influenced by the New Deal models, different local and state approaches, and several pieces of recent state legislation, a number of federal TJ bills have been introduced in Congress or are being drafted.

Since the 1990s, I have been involved in designing TJ programs, drafting state and federal TJ legislation, shepherding TJ bills into law in two states (Wisconsin and Colorado), and reviewing the operation and outcome of TJ programs. Based on an examination of the New Deal jobs programs and my own experience, this appendix describes what I believe are the essential features needed for a successful TJ program. The appendix concludes with a discussion of the ways in which TJ programs should be held accountable for key outcomes.

The Optimal Design for a TJ Program: Resembling the Labor Market

The optimal design for a TJ program rests above all else on replicating most of the expectations, responsibilities, and rewards the TJ worker may have experienced previously—and will experience again in the future—in a regular, unsubsidized job.

To begin with, TJ program participants are never guaranteed a *particular* job. Rather, each TJ program participant must apply for a specific job with a specific “host” employer, and be chosen by the employer to fill it. During the job application process, TJ program participants are treated like other job applicants. Thus they will typically undergo a background check and drug testing. The TJ program itself will often perform the background check and drug testing, and then (with the participant’s consent) provide the results to prospective host employers. Generally, this increases the chances that the TJ participant will be hired, since it saves the host employer the time and expense of doing the same thing. Even where the TJ program conducts the background check and drug screening, the prospective host employer remains free to perform (at its own expense) the same background checks and drug testing that it conducts for all its job applicants.

TJ participants who apply for a job are selected for interviews, and then interviewed, like any other job applicant. At any point in the process, the TJ participant may decline to proceed further. Following an interview and whatever vetting process the host employer normally follows, some TJ participants will be rejected and others offered jobs. Just as TJ workers may decline to work for a particular employer, the host employer may decline to select a particular TJ worker. (For that matter, the host employer is not obliged to hire anyone at all, although the failure to hire anyone after a reasonable time period would be

a good reason to end the host employer's participation in the program.) The normal hiring process prevails at every step.

Once hired, TJ program participants—now TJ *workers*—undergo whatever on-the-job orientation and on-the-job training the host employer normally provides. The “host” employer functions in most respects as if it were the formal, legal employer. The major exception is that, in some TJ programs, the entity that operates the program as a whole will function as the legal employer for payroll and tax purposes, i.e., issue paychecks, withhold payroll taxes, provide W-2 forms, submit required payroll and UI taxes to governments, and obtain Worker's Compensation coverage. This may also entail the assumption of liability for other work-related functions. But in general, the experience that the TJ worker has on a day-to-day basis is that of a *de facto* employee of the “host” employer who is performing real work at the “host” employer's worksite under the supervision of the “host” employer's regular supervisors and managers.

Once on the job, TJ workers are treated like every other worker. If they “screw up,” they can be fired. If they miss work, or show up late for work, they can be fired. Even if the very best of causes makes it impossible or difficult for them to arrive at their jobs on time, they will *never* be paid for hours of work they do *not* perform.

Another important similarity between TJ employment and regular unsubsidized employment involves hours of work. Some unemployed jobseekers want full-time work, but others want part-time work. At the same time, some part-time workers are seeking additional hours of work, so that their multiple jobs add up to full-time employment. An optimal TJ program would thus offer both full-time and part-time TJ work opportunities.

For purposes of efficient management, it is reasonable to set a minimum number of hours per TJ per week (e.g., 8 hours per week). To control costs, it is likewise reasonable to offer no more TJ hours than are sufficient to bring the worker up to full-time work (i.e., 40 hours per week). But in between 8 hours per week and 40 hours per week (when new TJ hours are combined with existing part-time work hours in the regular unsubsidized economy), TJ programs should offer unemployed jobseekers a range of employment choices regarding weekly hours of work. In doing so, TJ programs are simply replicating the private labor market. It, too, offers both part-time jobs and full-time jobs.

A final similarity between TJ employment and regular unsubsidized employment deserves notice. In an optimal TJ program, there would be no means-testing. All unemployed and underemployed jobseekers would be free to apply to join the TJ program. All participants would be free to apply for any TJ available with any host employer. The program would not be limited to the officially poor, or to those below an arbitrary percentage of the poverty line (e.g., 150% or 200%).

A formal poverty-related test would be costly and complex, as is true for any means-tested program. Limiting TJs to jobseekers below a specified percentage of the poverty line is also unnecessary. Three features of an optimal TJ program to be discussed shortly in greater detail—that is: time-limiting each particular TJ, paying only the

minimum wage, and not allowing wage progression—will naturally confine the program low-income unemployed jobseekers. Middle-to-high income adults will have no interest in working in a temporary job, at minimum wage, with no chance for a higher wage. They are already better off.

Thus avoiding means-testing not only eliminates the need to figure out what the means-test should be, but also avoids the need to create an enforcement apparatus (i.e., forms, fraud and error detection, recoupment, and additional bureaucrats). The absence of a means-test additionally means the absence of a welfare stigma. TJ workers are by definition working for every penny they receive, just like employees in regular unsubsidized jobs.

If a tiny number of middle-to-high income adults irrationally chose to work in a minimum-wage TJ rather than the higher-wage unsubsidized jobs that by definition their middle-to-high incomes demonstrates they are already holding, the very small cost of letting them do so would be less than the great cost of administering a means test for every applicant and participant in the TJ program. In short: the fiscal “price” of avoiding a means test would be much less than the fiscal, administrative, and stigma-related “price” of imposing one.

TJs are thus fundamentally different from most TANF “work experience” positions. TANF recipients typically do not get paid a wage for each hour of “work experience” actually performed. They instead receive monthly cash grants based on their “work experience.” TANF recipients’ cash grants—since they are not wages—are neither subject to payroll taxes, nor legally allowed to leverage the EITC or Child Tax Credit, nor a basis for building credit towards Social Security or Medicare eligibility. Finally, if TANF cash grant recipients miss their “work experience” assignments for “good cause,” they may get paid anyway. None of these typical features of a TANF “work experience” position (cash grants, no payroll taxes, no EITC or CTC, no Social Security and Medicare credit, and payment even if “work experience” is missed for “good cause”) apply to a Transitional Job.

The Three Ways an Optimal TJ Program Departs from the Labor Market

While an optimal TJ program generally treats the process of applying for a TJ and working in a TJ the same way that the private labor market handles paid employment, there are three important ways in which Transitional Jobs should differ from regular, unsubsidized jobs. Each difference is essential to the logic, the success, and the political appeal of the Transitional Jobs concept. For each difference creates a powerful incentive for TJ workers to move—literally: to transition—from their subsidized jobs to unsubsidized jobs, if such a transition is possible.

Following is a short account of the three incentives and the reasons each should be built into an optimal TJ program:

First Incentive: *Time Limits*: Every TJ should be time-limited to create an incentive to prefer employment in the regular labor market.

To achieve this, typically no TJ should last more than six months. (In gloomier economic periods such as the Great Recession of 2007-2009, the length of a TJ might reasonably be extended. Similarly, in robust economic times when there is a true near-equilibrium of unemployed jobseekers vs. job vacancies, the length of a TJ might reasonably be shortened. But as a general rule, six months will work well.)

The six-month rule is meant to apply to each particular job. In other words, if a TJ worker who has nearly completed six months of TJ work has not yet found a regular unsubsidized job, the TJ worker should be informed that the TJ will end at the six-month mark. At six months, the TJ worker would be laid off.

In some cases, however, a laid-off TJ worker may truly be unable to find a regular, unsubsidized job in the regular labor market. This may be because the job shortage remains a barrier. The problem may be compounded if the productivity of the laid-off TJ worker is less than the applicable minimum wage. In such circumstances, after a decent interval of between 2-6 weeks (possibly depending on labor market conditions) during which the laid-off TJ worker has searched for regular employment, the laid-off TJ worker should be allowed to reapply for and be hired in a subsequent TJ.

To avoid making the continuing use of TJs too comfortable, the next TJ should be a different job with a different host employer. It should also remain time limited. Indeed, it may be appropriate to shorten its duration from six months to five or four months. The incentive to prefer paid work in the regular, unsubsidized labor market should never end.

Paid work in a Transitional Job should nonetheless always be available to any adult who truly cannot find paid work in the regular economy. Creating a new economic security guarantee is the fundamental purpose of Transitional Jobs. At the same time, it is essential that the TJ program's guarantee not become a trap that subtly deters workers from obtaining employment in the regular economy. Getting the program rules right is essential to striking the correct balance between making TJs available when necessary because the pursuit of a regular job in the regular economy has not succeeded vs. maintaining a strong incentive to prefer a paying job in the regular economy.

Second Incentive: *Minimum Wage*: TJs should pay the applicable minimum wage in order to maintain an incentive to seek and take a job in the regular economy that typically pays more.

In some of the existing small TJ programs, TJ workers are paid above the minimum wage. This is a mistake. The motive is understandable. But the goal of providing TJ workers a decent income should not be achieved by paying them more than the minimum wage that non-TJ employees obtain in the regular labor market. Raising TJ workers' to a decent income should be accomplished, rather, by raising the minimum wage for all workers, together with improving the earning supplement system for all workers, so that

full-time work always yields an income well above the poverty line. (Chapter Eight, “Employment Security,” also discusses these proposed policy reforms.)

Paying TJ workers more than the applicable minimum wage causes two types of harm. (1) It creates a perverse incentive for an unemployed jobseeker to pass up on a regular unsubsidized job that pays less than the TJ wage in order to pursue the higher-paying TJ. (2) It creates a perverse incentive for a worker who already has a regular unsubsidized job, but one that pays less than the TJ wage, to transition in the wrong direction: i.e., give up the regular unsubsidized job, comply with the TJ program’s job search requirement, and then apply for the higher-paying TJ.

To get the incentive right, TJs should pay the minimum wage, so that virtually every regular unsubsidized job is economically more attractive. (A narrow exception may be appropriate, as explained in the next paragraph on wage progression, for TJ work crew leaders.)

Third Incentive: No Wage Progression, No Wage Differentiation: To further strengthen the incentives created by paying TJ workers the minimum wage, TJs should not offer wage progression. The starting wage should be the ending wage. Nor should TJ workers receive different wages. The absence of wage progression and wage differentiation will sharply distinguish the TJ wage structure from that which prevails in almost all other employment settings. TJ workers will quickly get the message that getting ahead means getting out of the TJ and into a regular unsubsidized job...if at all possible.

The only possible exception should be where TJ workers are employed in TJ-only work crews, as was the case during the 1930s for the CCC and WPA. In these situations, it may be appropriate to pay the crew leaders (but only the crew leaders) a somewhat higher wage.

Operating an Optimal TJ Program

Every TJ program should have two principal goals: (1) providing unemployed and underemployed jobseekers with paid work if they cannot readily find jobs adding up to 40 hours per week in the normal labor market, and (2) helping and encouraging TJ workers to move as quickly as possible into unsubsidized jobs and the brighter economic future such jobs will almost invariably offer. The reason for restating these two goals is because they are not just purposes or targets. They should shape every aspect of how an optimal TJ program is designed and operated. They also should determine what the TJ program is held accountable for achieving. In other words, they enable us to decide whether the TJ program has succeeded.

Let us focus first on operation. The two goals of an optimal TJ program require at least five essential operational features. One of those features has already been highlighted: the TJ program should make available both full-time and part-time TJs. Many fully unemployed jobseekers will be seeking full-time jobs. But some fully unemployed jobseekers, as well as some partly-unemployed-but-partly-employed jobseekers, will be

looking for a part-time job. (In the case of some partly-unemployed-but-partly employed jobseekers, the intent is to combine two or more part-time jobs to reach a total of 40 hours per week.) The operation of a TJ program should thus involve making available both full-time and part-time TJ positions.

The goals of an optimal TJ program also point to four other operational features.

First: The TJ Program as the Legal Employer: The TJ program should ideally be structured so that the TJ program itself, i.e., the governmental or non-profit organization that administers the program in a particular locale, is the TJ worker's *legal* employer. By contrast, the entity at whose workplace the TJ worker actually works should be treated as the *host* employer.

In some cases, the organization that operates TJ program and serves as legal employer may want to wear a second hat and *also* serve as the host employer. In most circumstances, however, two different organizations would separately perform the two distinct functions of legal employer vs. host employer.

The TJ program, in addition to recruiting unemployed jobseekers to consider using the program, orienting them, conducting background checks and drug tests, and helping TJ participants to apply for jobs at host employer jobsites, would in its capacity as the *legal* employer perform several functions that every legal employer is responsible for: (A) pay a wage for each hour of work performed (as reported by the host employer); (B) withhold FICA, Medicare, and other applicable taxes from the TJ worker's paycheck; (C) pay the employer's share of FICA and Medicare taxes, as well as cover TJ workers under Worker's Compensation (and if applicable pay the Unemployment Insurance tax); (D) give the TJ worker a weekly or biweekly paycheck; (E) give the TJ worker an annual W-2 form; and (F) oversee the TJ worker's general performance at the workplace of the host employer to ensure that useful work is in fact being performed, conflicts or other problems are identified and resolved, and the host employer is meeting its limited by essential responsibilities.

The host employer would be exempt from all of these responsibilities. Except in those cases where the TJ program wears the two hats of legal employer *and* host employer, the TJ worker would legally *not* be an employee of the host employer. Rather, the host employer's duties would primarily involve employee interviewing, selection, orientation, instruction, and supervision with respect to the TJ worker's activities at a specific worksite of the host employer. At the end of each week or biweekly period, the host employer would also report the number of hours of work actually performed. At periodic intervals, the host employer would submit simple reports on "how things are going."

There are two powerful reasons for this bifurcation of responsibility—efficiency and take-up.

Efficiency: Assigning the duties of legal employer to the TJ program greatly increases the prospect that those duties will be carried out consistently, on time,

and inexpensively. It is much easier for the TJ program to manage the payroll, tax, and the other legal functions of an employer of hundreds of temporary workers who are scattered among dozens of worksites than it is for each of the dozens (potentially hundreds) of host employers in a community to carry out the same functions for the one, two, or a few workers who have temporarily joined their worksites (and may or may not permanently be hired).

Take-Up: The experience of TJ programs in Wisconsin and other jurisdictions has shown that exempting host employers from the full panoply of legal duties associated with formally hiring a TJ worker will substantially reduce the fear that potential host employers may feel about taking on TJ workers in the first place. Thus, the arrangement will increase the number of host employers—particularly in the for-profit sector—who are willing to make their worksites available. This in turn raises the number of TJ slots that are available. Creating an adequate supply of TJ slots is of course essential to effective operation of the program. The legal employer/host employer split also is likely to increase the opportunity for TJ workers to experience work in a private-sector setting, which should increase their odds of success in competing for and holding onto regular, unsubsidized private-sector jobs

Second: Adequacy and Flexibility: The success of a TJ program requires that its funding must be sufficient to ensure a large enough number of TJs for all of the unemployed and underemployed jobseekers who want a TJ and qualify to be offered a TJ. In addition to adequate funding, reducing the obstacles to potential host employer willingness to serve in that role is (as discussed above) also essential to creating an adequate number of TJ slots.

At the same time, the TJ program needs to be flexible enough to grow or shrink the number of available TJ slots in response to changing needs. There should be more TJs when the labor market has fewer job vacancies, and fewer TJs when the labor market offers more jobs. Figuring out what a “large enough but not too large” number of TJs should be, however, is tricky. Figuring out when to change the number, in inverse relationship to the availability of regular unsubsidized jobs, is even trickier.

To begin with, the administrators of a TJ program cannot treat the count of unemployed jobseekers (whether the narrower official unemployment rate, or a broader measure of out-of-work jobseekers) as equivalent to the number unemployed jobseekers who will have so urgent a need to work that they wish to participate in a TJ program. Many unemployed jobseekers will have an urgent need to work. But a large share—including those who realistically are competing in the low-wage sector of the labor market—will also feel they can do better than a TJ with its minimum wage, lack of wage progression, and fixed duration. They may wish to test the regular market for a longer period than 4-6 weeks before applying for a TJ. Or, despite the urgency of their need to work, they may have objections to TJ work. Other unemployed jobseekers may not have an *urgent* need to work, for a dozen different reasons. Estimating the size of a “large enough but not too large” TJ program will be difficult even if the economy remains constant.

And of course the economy never remains constant. It fluctuates, sometimes sharply and quickly. It varies from region to region. Today's "large enough but not too large" program could end up being larger—or smaller—than necessary depending on the year or location. The administrators of a federal TJ program, at both the national and local levels, will need to be nimble.

They will need at the outset to be able to ramp up the number of TJs to satisfy their initial best estimate of how many will be needed. They will then need to constantly monitor what's going on in the constantly evolving relationship between unemployed jobseekers vs. job vacancies, year by year and region by region, in order to either scale up or down the size of the program.

Downsizing presents a special problem. Shrinking the number of TJs makes perfect sense when the regular labor market expands. But downsizing creates the risk of eliminating program infrastructure (e.g., administrative staff, and contracts with host employers) that will be needed again if the need for TJs climbs because the regular labor market contracts. Striking the right balance—that is: downsizing enough to avoid wasting resources, but not crippling the infrastructure needed to quickly reverse course—will be a challenge.

Third: *Multiple TJs*: The successful operation of a TJ program requires involves offering the same individual more several TJs in a row in those situations where the individual truly cannot find regular unsubsidized employment despite a continuing good faith effort.

Compared to trying to channel such an individual into a disability income program, the policy of allowing the individual to be a "serial" TJ worker will often be preferable. The individual may have a disability that meets the tough standards of Social Security Disability Insurance (SSDI), but if the individual feels like a worker, wants to work, and can do some kind of useful work, why not allow—indeed, encourage—the individual to avoid the disability income system and work for wages? The individual's income, as well as mental and physical health, may be better. Society will receive the benefit of the individual's work. All this is true whether the individual works in a single TJ or a sequence of TJs.

Much the same can be said of individuals who have no disability but whose productivity is so low that they are unlikely to be hired at even the minimum wage in the regular economy. Attempting to jam such a low-productivity worker into SSDI or some other disability income program is inappropriate. Just handing the person cash is likewise inappropriate (in fact, could be felt as an insult), since the individual wants to work, can work, and produce something useful. The problem is not lack of productivity, but a level of productivity too low to justify the payment of the minimum wage. For such individuals, TJs are a good solution, since they are not subject to the iron law of that productivity must be commensurate with the wage paid plus other labor costs. As long as such individuals' productivity continues to fall short of that demanded by the minimum wage, they may need several TJs in a row. They may need as many TJs as it takes to get

their productivity in line with the wages and other labor costs that employers in the regular economy are obliged to incur.

Finally, during a prolonged recession—and particularly in those pockets of the United States where unemployment is deepest—individuals whose productivity clearly exceeds the minimum wage may nonetheless need to work in a series of TJs. In such situations, regular unsubsidized work is virtually impossible to find. Moving to another part of the country may be pointless if job openings are equally scarce in other locales. Because of family and other obligations that tie an unemployed person to a community, abandoning that community may be extremely difficult. Unemployment Insurance benefits may help, but UI (even if extended beyond 26 weeks) does not last forever. And some unemployed workers do not qualify for UI. Rather than encourage such individuals to pursue disability benefits or retire early (if they have reached Social Security’s minimum retirement age of 62), the opportunity to work at more in several TJs in a row may be the best solution.

But allowing the TJ program to offer multiple TJs presents both potential perverse incentives and an administrative challenge. The potential perverse incentive—overreliance on TJs as a source of income—has already been discussed. Countering the perverse incentive by paying the minimum wage, avoiding wage progression, and limiting the duration of each TJ has already been spelled out as the essential strategy for strongly encouraging individuals to move as quickly as possible into regular unsubsidized employment.

The administrative challenge is: Are there mechanisms that the TJ program can adopt that—supplementing these incentives—will help to ensure that only those who really need multiple TJs are offered more than one?

Several administrative mechanisms may potentially be effective.

- Individuals nearing the end of their first TJ could be advised that a second TJ will offer slightly fewer hours of paid work (e.g., 35 rather than 40 hours per week) and involve more frequent “pounding the pavement” in pursuit of regular unsubsidized jobs.
- The staff that runs TJ programs could be given modest rewards (e.g., a cash bonus, a pay increase, or extra days of vacation) to the extent that they succeed in maximizing the number of TJ workers who do not qualify for a second, third, or subsequent TJ. The reduced overall cost of their TJ programs would justify the increased staff compensation.

Both of these administrative devices involve incentives. These and other possible administrative devices also present both benefits and risks. The aim here is not to endorse these specific options, but rather to make the case that a sound TJ program needs to be simultaneously capable of offering multiple TJs to a small percentage of unemployed jobseekers *and* adept in fairly limiting the instances where multiple TJs are offered.

Fourth: *Displacement Abuse Prevention*: Finally, a successful TJ program must avoid displacement. Displacement means hiring TJ workers as a substitute for filling job

openings in the regular labor market that would otherwise be filled by unsubsidized workers. Worse, displacement means actually replacing the number of existing employees who are unsubsidized. The risk of displacement arises in any sector of the regular labor market: government, private non-profit, or private for-profit. It is a real risk that, should it occur, would harm taxpayers, the displaced job applicants, the displaced workers, labor unions, and (in the case of for-profit firms) competitors.

The laws that have established the small TJ programs now in operation in the U.S. typically include strong anti-displacement language. But language may not be enough. It may be desirable to put in place other measures, such as the following:

- TJ host employers that are caught doing displacement would have their TJ workers removed (and offered other TJ opportunities), would be required to repay a stipulated penalty (e.g., 50% of wages paid to their TJ workers during the period of displacement), and would be permanently disqualified from the TJ program.
- To further reduce the risk that TJ workers will be used to displace unsubsidized hires or employees, it may be appropriate to limit the total number of TJ workers that a host employer has on site at any point in time, or to limit the firm's annual TJ "payroll" to a modest dollar amount.

Holding a TJ Program Accountable

In whatever manner a TJ program is designed and operated, the purposes of the TJ program—the reasons for its existence—should determine what the program is held accountable for achieving.

The primary goal of TJs program is to provide their unemployed and underemployed participants with the paid work—and, thus the earned income—needed to lift those participants well out of poverty, and closer towards a minimally adequate income, if they cannot readily find 40 hours per week of paid employment in the regular labor market. The primary measure of accountability therefore should be: Have TJ participants who worked as TJ employees escaped poverty? Beyond escaping poverty, have TJ employees achieved an earnings-based income—that is: their TJ earnings, *plus* their non-TJ earnings, *plus* any earning supplement they receive—that enables them to reach a minimally adequate income and maintain a decent living standard?

Other possible measures of accountability might be: the extent to which unemployed and underemployed jobseekers choose to participate in the TJ program, the extent to which they apply for TJ jobs, and the extent to which they go to work in a TJ job. But there are problems with using these other measures.

There are both bad and good reasons why an unemployed or underemployed jobseeker may elect *not* to participate in a TJ program. Robbing stores or selling drugs: terrible reason. Laziness: bad reason. Desire to live with (or otherwise rely on the income of) someone else who receives disability benefits, retirement benefits, or wages: possibly a bad reason, possibly a good reason. Prefer to stay and home and care for a child: most likely a good reason. Attend school: generally a good reason. Join the U.S. Armed

Services: generally a good reason. Confident of finding a regular job: very good reason. Thus, the participation or retention rate of the TJ program *per se* tells us very little.

The same mix of bad and good reasons also applies to unemployed or underemployed jobseekers who elect to participate in a TJ program *but* ultimately choose not to apply for TJ jobs. Both bad and good reasons may likewise cause such a TJ program participant to decline an offered TJ, or quit it soon after starting.

With respect to the primary goal of TJs, therefore, the best test of accountability is the extent to which the share of unemployed and underemployed jobseekers who *do* participate in a TJ program, *do* apply for specific TJs, *do* work in the TJ, and *do* stick with it for at least a few weeks, end up at year's end well beyond the poverty line. In measuring this, it is of course essential to count not only their TJ earnings, but also all their earnings from regular work, plus whatever earning supplements they received.

If possible, it would also be desirable to understand the extent to which a TJ program reduced the overall unemployment and poverty rates in the local area. This is a very difficult calculation, however, since so many other factors come into play. A superb TJ program may be in operation in a city or county that is suffering a sharp rise in overall unemployment and poverty because a factory shut down or the total U.S. economy tanked. Conversely, a weak TJ program may operate in a locale that is benefiting from a decline in overall unemployment and poverty due to external causes, like the opening of a new plant or a boom in the total U.S. economy.

For these reasons, the fairest measure of success of a TJ program in achieving its main purpose is simply: Did the participants who actually worked in TJs for at least a few weeks subsequently end up above the poverty line (on an annualized basis) on their way to, and potentially exceeding, the threshold chosen for a minimal income sufficient to get by?

A secondary goal of TJ programs is to fulfill the program's name: that is, to assist TJ workers in transitioning as quickly as possible from their TJ positions into regular unsubsidized jobs in the labor market.

TJ programs actually have three distinct transitional aims:

1. *National Transition from Downturn to Recovery*: TJ programs exist in part to help laid-off workers, as well as workers who have been downgraded to part-time from full-time employment, to find and maintain paid "back-up" jobs, enabling them to work for wages for up to 40 hours per week, during those periods when the U.S. economy as a whole is transitioning from a recession to recovery.
2. *Individual Transition from Inadequate to Sufficient Productivity*. Another purpose of TJ programs is to help the subset of unemployed jobseekers whose productivity is less than the minimum wage, and who thus are economically excluded from virtually all jobs in the labor market. A good TJ program may be able to help

them improve their work habits or technical skills to the point where their productivity reaches a high enough level to justify their being paid the minimum wage by employers in the regular economy. The TJ program has thus helped them transition from insufficient productivity vis-à-vis the minimum wage to sufficient productivity vis-à-vis the minimum wage.

3. *Participants' Transition from TJs to Regular Unsubsidized Employment.* Finally, of course, a TJ program should aim to help its participants (most of whose productivity will already equal or exceed the minimum wage) to move as quickly as possible into regular unsubsidized jobs.

It is difficult to define measures of success for the first and second types of transition. But the third type of transition is one that can be measured, and that a TJ program can be held accountable for achieving. The question nonetheless remains: How should *success* in achieving this third type of transition be defined?

It is unrealistic to expect TJ programs to advance 100% or 95% of TJ participants—even 100% or 95% of those who spent several months working in a TJ—into regular unsubsidized jobs. By the same token, TJ programs can be fairly expected to help more than 5% or 10% to move into the regular labor market. Between a 95% and a 10% success rate, what is a reasonable definition of success?

Another problem is how properly to adjust the definition of success in response to fluctuations in the economy, the resulting variations in the number of unemployed jobseekers vis-à-vis the variations in the number of job openings, and thus the resulting changes in the job shortage. A 20% rate of placement of TJ workers in regular unsubsidized employment may be a smashing success when the U.S. economy is in the trough of a recession, the unemployment rate climbs above 10%, and there are 15 million unemployed jobseekers and only 2 million job vacancies. Conversely, a 60% rate of placement may be a dismal failure when the economy is booming, the unemployment rate is 2%, and 2 million jobseekers are looking at 3 million job vacancies.

In the end, it may be impossible to set a single percentage, or create a formula involving multiple percentages, that absolutely define “success” in moving TJ workers into regular unsubsidized employment.

Comparing local TJ programs with each other may prove helpful in ultimately reaching consensus on an appropriate range of measures of success in placing TJ workers in regular unsubsidized jobs. For example, if 90% of all local TJ programs (representing a broad cross-section of local economic circumstances) have a 20-25% TJ worker placement rate when the unemployment rate is 6-7%, but a 40-50% placement rate when the unemployment rate falls to 3-4%, that begins to tell us that these placement rates in the economic circumstances in question are reasonable. But it will take several years to generate enough data to create these ranges of success, and it is unlikely that the numbers will be this clean

In the meantime, it is important to ensure that legislation to create a federal Transitional Jobs program establish a framework for gathering data and conducting evaluations that allows the public and policymakers to hold the program accountable for success, regardless of how success is ultimately defined. The national Transitional Jobs program proposed by U.S. Senators Tammy Baldwin and Cory Booker, does so. “The Stronger Way Act,” reintroduced in 2017 as S. 1938 in the 115th Congress, requires in Section 103 (c)(1) (A) and (3)(E) that the Secretary of Labor (who is assigned responsibility for administering the program) “shall enter into agreements with State and local government agencies under which ... the State and local government agencies ...[c]onduct, or enter into arrangements with independent academic or research organizations to conduct, periodic evaluations of the effectiveness of the program within the State or local area served in (i) reducing poverty and unemployment; (ii) enabling unemployed and underemployed individuals to gain the experience and skills needed to move into regular employment; and (iii) assisting employers in creating new regular employment.”