

July 15, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Charles Schumer
Democratic Leader
U.S. Senate
Washington, D.C. 20510

Re: Next Stimulus Package | Employment Social Enterprise Inclusion

Dear Speaker Pelosi, Majority Leader McConnell, Leader Schumer, and Leader McCarthy:

Thank you for your continued efforts to provide relief for millions of Americans in crisis due to the COVID-19 pandemic. As a coalition of employment social enterprises (ESEs)—organizations with a social mission to provide jobs, income, and training to people who face high barriers to employment—and national nonprofits focused on the use of data, evidence, and evaluations to improve measurable outcomes for American families, **we are writing to express our support for another economic recovery package and offer several recommendations to promote rapid and inclusive workforce recovery.** Our five recommendations are as follows:

1. **Define “employment social enterprise,” and encourage workforce boards to use WIOA transitional employment, adult, and youth dollars to support evidence-based ESEs.** ESEs are mission-driven, revenue-generating, and evidence-based entities that provide employment and on-the-job work and life skills training to participants who face barriers to employment (e.g. formerly incarcerated individuals, recently unhoused individuals, or opportunity youth). To varying degrees, ESEs across the country have worked within the existing state and local workforce structure to provide transitional employment services to individuals with high barriers to employment. However, with ESEs outside the mold of a traditional “job-training provider,” many ESEs have struggled to access WIOA dollars or partner successfully with their local workforce boards. A major infusion of workforce dollars to states will be necessary to connect individuals—especially those with the highest barriers to work—to employers, like ESEs. Though individuals with barriers to employment are a priority WIOA subpopulation, in practice this group of individuals is hard for some providers to serve and thus often left behind. To more effectively empower these individuals, we would like to see operational infrastructure investments to scale up ESEs, provide on-the-job training support, broader professional development, and supportive services to connect

people to housing, health care, childcare, and transportation so they can be successful in their new jobs.

2. **Create a nationwide subsidized employment program for transitional jobs.**

Senators Wyden, Baldwin, Van Hollen, Bennet, and Booker recently introduced the Jobs for Economic Recovery Act. This bill would provide subsidized employment and transitional jobs funding for states, tribes, local governments, and nonprofit organizations, including ESEs, to create opportunity for those displaced from work due to the public health emergency. The funds would provide wages, and could also be used for support services such as child care. While prior stimulus legislation assisted states with emergency efforts, this bill would allow for the creation and expansion of more long-term programs that aim to eliminate structural unemployment and return to work the over 40 million Americans who have filed for unemployment. Importantly, the Jobs for Economic Recovery Act includes provisions to ensure the most vulnerable Americans are not left behind. It also phases in a strong tiered-evidence structure so that federal taxpayer dollars are invested in what works.

3. **Reauthorize the Paycheck Protection Program (PPP) and provide ESEs greater flexibility with respect to the 500 employee threshold.**

ESE employee size fluctuates due to offering transitional jobs for individuals facing the highest barriers to work. Nonprofits operating within tight budgets, while employing and serving some of the most vulnerable members of our society, should qualify for PPP loans regardless of the number of individuals they employ. The CARES Act permits businesses with a North American Industry Classification System code beginning with 72 to apply the 500 employee limitation found in the PPP provisions by site rather than to the entity as a whole. Expanding this per site exception to ESEs that help vulnerable Americans in multiple states transition to employment would enable operations to continue and people to remain employed. Based on our analysis, just 14 percent of the ESE sector has successfully accessed PPP funds so far, and some of the most evidence-based ESEs have been excluded so far. Many more ESEs could take advantage of this loan product, ensuring that individuals with high barriers to work continue to be employed.

4. **Prioritize SNAP Employment and Training Program (SNAP E&T) funding.**

Additional dollars would allow ESEs to scale up to meet the current need for on-the-job training and support services. SNAP E&T is a flexible source of funding that many of our organizations' participants access for training and support services. Congress should reduce the match burden for providers and allow WIOA and other federal funds to match.

5. **Maintain access to SNAP and other benefits during transitional employment and economic recovery.** In entering or returning to the workforce, ESEs' participants need consistent SNAP support, as employment and income opportunities initially fluctuate. Congress should expand SNAP benefits for affected families and extend the SNAP provisions in the Families First Coronavirus Response Act for at least 12 months following the declared public health emergency. Income offered through subsidized and

transitional employment programs should be exempt from income tests that determine access to critical food support and benefits. Finally, the United States Department of Agriculture should retract pending rule changes that would tighten SNAP work and eligibility requirements.

ESEs are community assets and a critically important part of economic recovery. They can rapidly reach the people in greatest need with productive employment and provide immediate income. We believe that strategic investments in innovative, evidence-based workforce practices such as those implemented by ESEs, as well as rigorous evaluation of our workforce programs, can help many more individuals find meaningful employment as our country recovers from the health and economic current crisis.

Thank you for your continued efforts to ensure that federal taxpayer dollars are invested in what works to strengthen our nation's workforce.

Sincerely,

America Forward
Appetite For Change
Bridgeways
Cara
Center for Living and Learning
Center for Employment Opportunities
Central City Concern
Chrysalis
FareStart
Goodwill Central Texas
Goodwill of San Francisco, San Mateo and Marin
Goodwill of Silicon Valley
Hopeworks
Juma
LA Conservation Corps
Mile High WorkShop
More Than Words
New Avenues for Youth
New Moms
New Earth
Per Scholas
Project Evident
Project Return
RecycleForce
Results for America
REDF (Roberts Enterprise Development Fund)
Roca, Inc.

StreetWell
UTECH
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Weld Seattle
Year Up