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## Executive Summary

In its 110 year history, one thing has remained consistent with the Goodwill brand: employment. The foundation of Goodwill's mission is the fundamental belief that people want to work to provide a better life for themselves and their families as opposed to relying on the government to be their caregivers. Slogans such as "We Believe in the Power of Work" and "A Hand-Up, Not a Hand-Out" were created as a communication tool to help the public understand that Goodwill supports an individual's right to work and prosper regardless of that individual's barrier to employment.

In August 2011 California's unemployment rate was 12.1%, Kern County's was 14.4%, Tulare County's was 15.7%, and Kings County was 15.3% - all significantly higher than the 9.1% national unemployment. The goal for Goodwill Industries of South Central California has become painstakingly clear: in order to meet the needs of individuals living in its service territory of Kern, Tulare, and Kings Counties, Goodwill needs to get back to its roots and create more job opportunities for individuals who are unemployed, on welfare, or lack job/life skills necessary to compete for the few jobs that are available in the private sector.

To accomplish this goal, Goodwill has identified two key strategies: 1) open new retail stores in underserved markets; 2) develop a self-funded transitional employment program designed to hire as many individuals as possible each calendar year. In the 3<sup>rd</sup> Quarter of 2011 Goodwill opened two new retail stores which resulted in the creation of 24 new jobs in Tulare County – putting Goodwill's agency-wide employment capacity at 250 jobs.

But rather than just employ 250 people, Goodwill has adopted a mission services strategy designed to employ as many people as possible through transitional jobs with the ultimate goal of providing the best possible life for each employee. Implementing a self-funded transitional employment program, Goodwill's focus will be on hiring individuals with barriers to employment (thus providing them a paycheck); training them sufficiently to be promoted (thus earning a wage increase); and then providing them necessary services to get hired by a community employer earning a wage higher than what they were receiving at Goodwill.

Every time Goodwill places one of its employees into a community job, the employee beneath him/her should have received ample training to promote up into that vacated position. Every time an employee promotes up into a vacated position it vacates an entry-level position allowing Goodwill to hire an unemployed or underemployed individual from the community. As the revolving door of Goodwill's Transitional Employment Program continues to operate, those 250 positions will turn into employment of 300+ people each calendar year.

Each time Goodwill hires, promotes up, and/or promotes out an individual it drastically improves that individual's livelihood and at the same time it provides an extreme cost-savings to society. The following report describes in detail the design of Goodwill's Transitional Employment Program and its attempt to maximize public benefit while eliminating public cost.

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## **I. History**

Goodwill Industries of South Central California (“Goodwill”) is an autonomous 501(c)(3) not-for-profit organization with the mission to provide work opportunities and skills development for people with barriers to employment. Utilizing its retail stores and social services contracts, Goodwill executed its mission services through a variety of ways (employment, vocational training, on-the-job training, job coaching, job development, customized employment, etc.).

In 2008, 5.4% of Goodwill’s total agency revenue came from “fee for service” contracts or grants from federal and/or state agencies. In 2009, that number increased to 5.7% and in 2010 Goodwill’s government funding reached \$1,001,882; amounting to 8.9% of the agency’s total revenue - the highest it had ever been in the organization’s 25 year history.

In an era where government funding for social service programs is evaporating, Goodwill has decided to proactively self-fund its mission services through its donated goods retail business. In years past the net profit generated from Goodwill’s donated goods retail business was used to offset the costs of operating a million-dollar-plus workforce development department which was in charge of administering federal and state funded vocational service contracts.

As of October 1, 2011, the revenue generated from Goodwill’s donated goods retail business will be invested in developing and implementing Goodwill’s Transitional Employment Program. Goodwill’s mission remains the same; Goodwill’s business model remains the same; but Goodwill’s delivery of its mission services has been altered in such a way to maximize public benefit while eliminating public cost.

## **II. Traditional Transitional Employment Defined**

Transitional employment is a social service model designed to facilitate entry into the workforce by individuals with barriers to employment. The Center for Law and Social Policy defines transitional employment as “programs that use public funds to provide temporary jobs to help individuals prepare for unsubsidized employment.” Traditional transitional employment offers temporary, subsidized employment in a supportive environment to those who lack work experience, education, and/or training. Transitional employment was originally created as a variation of publicly funded jobs programs of the past, and it was implemented in regions with high unemployment and/or poverty levels.

The key philosophy behind transitional employment is that the best way to learn how to work is through a paying job. In practice, transitional employment puts individuals to work in a supportive environment where they earn a regular paycheck while developing the job skills necessary to advance their careers. Transitional employment is short-term, typically part time employment with the ultimate goal of increasing an individual’s employability and then facilitating his/her transition into unsubsidized employment in the community.

There are four defining components of Transitional employment:

- 1) **Transitional employment is paid work:** like regular (unsubsidized) employees, transitional workers earn a wage for actual hours worked (typically part-time). Unlike regular employees, most transitional workers do not receive employee benefits (even if employed full-time).
- 2) **Transitional employment is designed for the hard-to-employ:** individuals are generally referred to transitional employment programs by human services agencies and these individuals have a wide-range of documented barriers to employment.
- 3) **Transitional employment is not “make-work:”** transitional employment does more than occupy people’s time and provide income; it provides a realistic experience of looking for and holding a job.
- 4) **Transitional employment is temporary:** transitional employment is usually limited to nine months. This is to give transitional workers enough time to gain marketable experience and job skills without becoming too comfortable and losing the incentive to find permanent, unsubsidized employment.

### III. Goodwill’s Transitional Employment Program Defined

Goodwill’s Transitional Employment Program is a variation of the more traditional, publicly funded transitional employment programs of the past. Instead of being subsidized by government funding, Goodwill’s Transitional Employment Program will be funded solely through the retail revenue generated by its donated goods retail business. While other transitional employment programs across the country seek federal and state funding to subsidize the wages of their transitional workers; Goodwill simply seeks the public’s unused or unwanted clothing and/or household items so that it may pay the wages of its transitional employees using the revenue generated from the resale of the community’s donated items.

While the fundamental components of Goodwill’s Transitional Employment Program remain consistent with more traditional transitional employment programs, Goodwill’s Transitional Employment Program varies drastically in the following four ways:

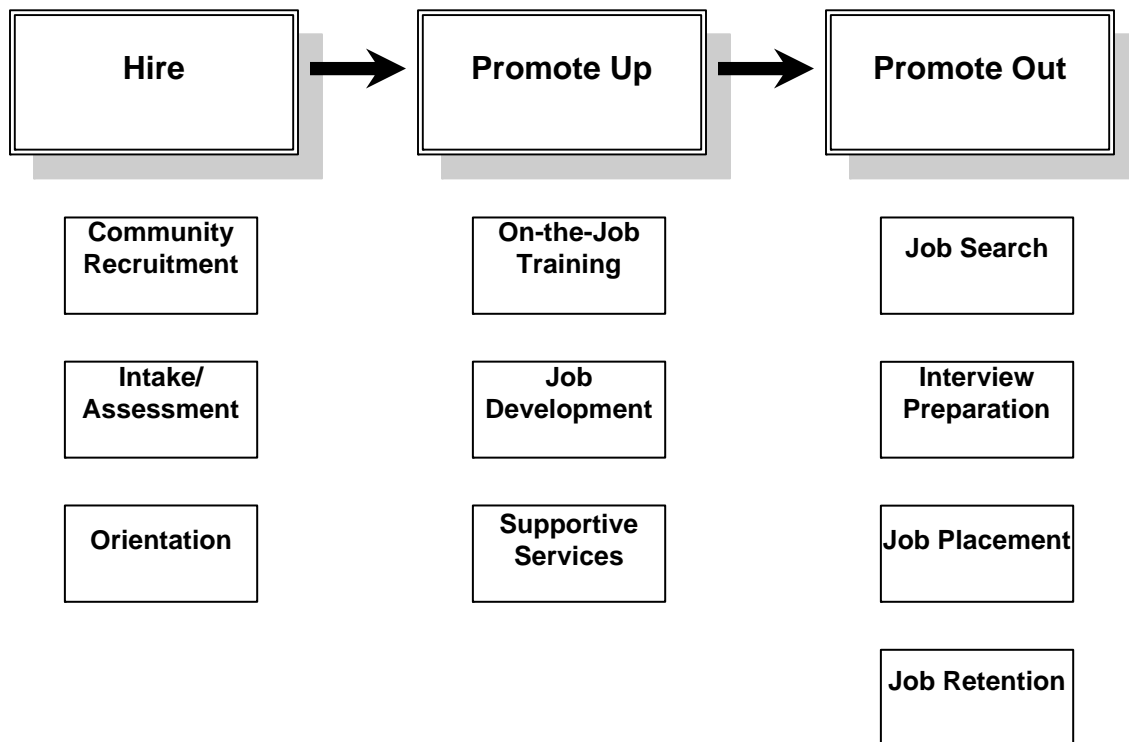
- 1) **Transitional employee wages:** funded 100% through Goodwill’s donated goods retail revenue and 0% through government subsidies.
- 2) **Transitional employee status:** the super-majority of Goodwill’s transitional employees is full-time.
- 3) **Transitional employee benefits:** transitional employees are eligible for all benefit packages offered by Goodwill.
- 4) **Time of transitional employment:** transitional employees are not limited to a set time of employment; although Goodwill does have internal goals and benchmarks designed to get transitional employees hired, promoted up, and promoted out into higher paying, unsubsidized community jobs as quickly as possible.

#### IV. Transitional Employment Program Design

Unlike traditional transitional employment programs which are focused on employing individuals for a set period of time and then placing them into unsubsidized, permanent employment, Goodwill takes a more holistic approach to helping individuals attain the best life possible (personally, professionally, and financially). At the core of Goodwill’s Transitional Employment Program is the idea to hire employees with barriers to employment, train them sufficiently to be promoted (with a raise in pay), and then “dream manage” them to help promote them out of Goodwill and into fulfilling, prosperous careers in community employment.

“Hire – Promote Up – Promote Out” has become the new battle cry of Goodwill. At each step in the process, Goodwill provides key services to ensure the greatest likelihood of success in placing individuals with barriers to employment in meaningful, higher paying community jobs. Each time Goodwill places an employee into a higher paying community job that employee’s position has to be replaced within Goodwill. Each time an employee is promoted up to fill an open position in Goodwill, that employee’s job has to be replaced by hiring local individuals with barriers to employment. The cycle is continuous, and when executed properly it enables Goodwill to combat the unemployment/poverty rates of Kern, Tulare, and Kings Counties all while not spending a dime of tax-payer money.

The diagram below demonstrates how Goodwill’s Transitional Employment Program works in theory with the necessary services provided along the way:



## V. Transitional Employment Program Components

Goodwill's Transitional Employment Program consists of ten structured components all designed to help employees' successful transition into higher paying community jobs:

### ➤ Hire:

- 1) **Community Recruitment** – HR actively recruits individuals with barriers to employment both from the general public and local mission-related referral agencies when job openings are applicable to their clientele. This allows Goodwill to maintain a workforce of which 70% of the employees have a declared barrier to employment.
- 2) **Intake/Assessment** – Upon being hired, HR assesses and documents employee's barrier(s) to employment (if any) and current life/work skills.
- 3) **Orientation** – Employees are introduced to Goodwill's history, policies, procedures, requirements, and expectations once they enter the workplace. Employees also gain insight on how the Transitional Employment Program works and how it benefits them.

### ➤ Promote Up:

- 4) **On-the-Job Training** – Work site supervisors help employees learn basic job skills through verbal and written instruction, demonstration and observation, and hands-on practice and imitation all while in an environment of normal working conditions. Employees acquire both general job skills they can transfer from one job to another and specific job skills that are unique to one particular job.
- 5) **Job Development** – Through targeted discussions, job developers focus on identifying both the personal and professional goal(s) of each employee. After these discussions, job developers create an Individual Development Plan for each employee and then assist in the “dream management” of that plan.
- 6) **“Full Range” Supportive Services** – Based on HR Assessment and Individual Development Plan, recommendations are made to each employee to receive necessary support services utilizing community resources (ex.: reading, writing, education, housing, substance abuse treatment, transportation assistance, physical or mental health treatment, child care, finance management, nutrition, etc.).

### ➤ Promote Out:

- 7) **Job Search** – Employees are notified when job openings occur within industry-related companies which possess a strong community reputation. Employees are also encouraged to utilize the Job Development Resource Center to conduct job searches online.

- 8) **Interview Preparation** – Prior to applying for a community job, employees receive assistance in the following areas: filling out an application, resume writing, interviewing techniques, and appearance.
- 9) **Job Placement** – Employees are encouraged to apply for jobs in the community that fit the employees’ abilities, experience, and interests. Job Developers create partnerships with industry-related companies to maximize the likelihood of a community employer hiring a Goodwill employee.
- 10) **Job Retention** – Once community employment has been achieved, Goodwill tracks the former employee’s progress with their new company. Former employees are tracked for approximately 90 days.

**VI. Outcomes Measurement Report**

It should be noted that every Goodwill employee (from the CEO to the minimum wage worker) is a participant in Goodwill’s Transitional Employment Program. Goodwill also works with community service participants and volunteers in the community and will provide the same transitional employment services for these individuals, if requested.

The success of Goodwill’s Transitional Employment Program will be reported through an annual Outcomes Measurement Report utilizing, at a minimum, the following key metrics for each of the ten Transitional Employment Program components:

**1) Community Recruitment Key Metric(s):**

Referral Agency	Number Hired
Walk-In	
KRC	
DOR	
ETR	
Cole Vocational	
PathPoint	
BARC	
Ticket-to-Work	
Turning Point	
Volunteer Center	
MAOF	
<b>Total Hired</b>	

Avg. Wage	
Avg. Hours	

**2) Intake/Assessment Key Metric(s):**

Percent of Employees Hired with a Documented Barrier to Employment	
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Disability	Number Hired	Vocational Disadvantage	Number Hired
Developmental		Welfare Recipient	
Learning		Unemployed/Dislocated Worker	
Psychiatric		Offenders/Ex Offenders	
Physical		At-Risk Youth	
Neurological		Older Worker	
Visually Impaired		Non-English Speaking	
Hearing Impaired		Lack of Literacy	
Other		Other	
<b>Total</b>		<b>Total</b>	

**3) Orientation Key Metric(s):**

Number of Orientations	
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**4) On-the-Job Training Key Metric(s):**

Number of Promotions	
Avg. Wage Increase (\$)	
Avg. Wage Increase (%)	
Avg. Length of Time before Promotion	

**5) Job Development Key Metric(s):**

Number of IDPs created	
Avg. Hours of Job Development per Employee	

**6) "Full Range" Supportive Services Key Metric(s):**

Support Service	Number Referred
BAS	
Housing Authority	
Substance Abuse	
Transportation	
Mental Health	
Child Care	
Nutrition	
<b>Total Referred</b>	

**7) Job Search Key Metric(s):**

Number of Community Job Postings	
Number of Sign-Ins at Career Resource Center	
Number of Hours at Career Resource Center	

**8) Interview Preparation Key Metric(s):**

Number of Interview Preparation Hours	
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**9) Job Placement Key Metric(s):**

Number of Community Placements	
Avg. Wage Increase (\$)	
Avg. Wage Increase (%)	
Avg. Hours	
Avg. Length of Time before Placement	

**10) Job Retention Key Metric(s):**

90 Day Retention (%)	
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**VII. Commission on Accreditation of Rehabilitation Facilities (CARF)**

On March 5, 2010, Goodwill was awarded a Three-Year CARF Accreditation in the following programs/services (*Governance Standards Applied*):

- Employment Services: Community Employment Services: Job Development
- Employment Services: Community Employment Services: Job Supports
- Employment Services: Community Employment Services: Job-Site Training
- Employment Services: Employment Planning Services
- Employment Services: Employment Skills Training Services
- Employment Services: Self-Employment Services

This Three-Year Accreditation expires in April 2013. From March 2010 thru June 2011 Goodwill provided the same programs/services as accredited. From June 2011 thru March 2013 Goodwill will continue to provide ‘Employment Services: Community Employment Services: Job Development’ utilizing its Transitional Employment Program and therefore will maintain its CARF Accreditation throughout this time period.

In April 2013 Goodwill will attempt to become CARF Accredited under the ‘Affirmative Business Enterprise’ model (*Governance Standards Applied*). Affirmative Business Enterprises are designed to provide significant economic benefits to their employees in a businesslike setting

with wages at or above minimum wage. Quality results desired by Goodwill while utilizing the Affirmative Business Enterprise model are as follows: Employment, Earnings and Benefits, Increased skills, Career Development, Employment in an Integrated Environment, Meaningful Work, and Opportunities to feel Valued.

In striving for a Three-Year CARF Accreditation under the Affirmative Business Enterprise model in April 2013, Goodwill will develop a business plan that addresses the following applicable standards:

- a. The proposed service or product
- b. A customer-needs analysis
- c. Assessment of the organization's capabilities to deliver the services or product
- d. Establishment of a distinct business identity or brand
- e. A mission statement
- f. A description of the market area to be served
- g. A customer profile
- h. Identification of competitors
- i. Marketing plan
- j. Potential impacts of changes and trends in the business environment
- k. Break-even analysis
- l. Business goals and objectives
- m. An operating budget
- n. Potential networking opportunities

## **VIII. Community Advisory Council (CAC)**

Beginning January 1, 2012, Goodwill will put together a diverse group of HR and managerial individuals currently employed in industry-related companies to serve on a Community Advisory Council. The CAC will meet bi-annually and will assist Goodwill in improving and enhancing Goodwill's Transitional Employment Program by:

- Advising Goodwill on current/changing workplace needs
- Advising Goodwill on current/changing required employability skills
- Advising Goodwill on current/changing industry-related standards
- Assisting Goodwill in disseminating information on behalf of Goodwill to expand Goodwill's community partnerships
- Sharing information and resources regarding any changes to applicable HR laws, policies, and/or procedures