

**Guide to a Win-Win Partnership
for the Public Workforce Investment System
and the Staffing Industry**

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The Department of Labor's (DOL) Employment and Training Administration supports a cooperative working relationship with staffing agencies, as both customers and partners. The public workforce investment system and the staffing industry share the common goals of serving businesses looking for qualified workers, as well as serving job-seekers and workers looking to advance their careers. Both play an integral role in the job development and placement of America's workers. The expertise and resources of these entities contribute to the development of a demand-driven system that better addresses the needs of all customers. By partnering, both systems can meet and exceed business needs through the operation of an integrated public and private workforce investment system that finds self-sustaining jobs for all workers and enhances local economic development. Although many exciting examples of local partnerships already exist, both systems can still learn much from each other.

The Staffing Industry Today

According to the American Staffing Association's (ASA) quarterly staffing survey, America's staffing companies employed 9.7 million people for temporary or contract work in 2003. Of those, approximately 7 million transitioned to permanent jobs, based on previous ASA research that demonstrated nearly three-fourths of temporary employees go on to permanent jobs when they leave the staffing industry. Although many people equate temporary or contract work with part-time work, the Bureau of Labor Statistics (BLS) research shows that 79% of temporary employees and 90% of contract employees work full-time. These figures are comparable to the 83% of workers with traditional employment arrangements who work full-time. In

August of 2003, *The Washington Post* published an article citing the good news about temporary agencies stating, "It's a great way for recent grads to get started or for companies to use temp positions as a way to try out people for permanent jobs...Temp work isn't ideal for most people in the long term, but it can keep you afloat until something stable comes along."¹ Furthermore, an ASA survey found that 40% of assigned employees are looking for their first permanent job or are reentering the job market.

BLS projects that the largest source of employment growth in the economy through 2010 will be the personnel supply services industry, which is expected to add 1.9 million to 5.8 million jobs in 2010, from 3.9 million in 2000. Staffing firms are in the business of supplying employees to handle clients' temporary staffing needs. Staffing services include temporary help (excluding day labor); permanent placement; temporary-to-permanent placement; long-term and contract help; managed services (referred to as "outsourcing"); training; human resources consulting; and professional employer organization arrangements, in which a staffing firm assumes responsibility for payroll, benefits, and other human resource functions.

In 1998, the executive-managerial, professional specialty, and technical occupations composed nearly 15% of staffing services employment. The administrative-clerical, service, and marketing-sales areas accounted for nearly 50% of staff. Operators, fabricators, and laborers made up just over 30%. Within each of these broad areas, staffing firms match millions of temporary employees to more specific jobs at nearly all levels of

¹ "The Temporary Job as a Gateway," *The Washington Post*, August 25, 2003.

responsibility in nearly all business sectors. The corresponding diversity of jobs and sectors in the temporary workforce has contributed to sustained growth in the staffing sector. Staffing services firms assume responsibility for wages, payroll deductions as well as unemployment and workers' compensation in the same manner as any other employer.

According to ASA, the average temporary or contract employee earns more than \$10 per hour. Many staffing agencies offer health insurance as well as vacation and holiday pay, and some offer retirement plans. Other benefits may include effective employee recognition and incentive programs.

The staffing industry provides free training for millions of temporary and contract employees to help meet today's demand for skilled workers. According to BLS, 90% of staffing companies provide free training to their temporary employees. In 1997, 4.8 million temporary employees received skills training worth \$720 million; most important, 70% of temporary employees say they gained new skills through their assignments.

Staffing firm employees are protected under the same laws applicable to traditional workers. For example, courts and government agencies have held that temporary employees are protected under the nondiscrimination provisions of Title VI of the Civil Rights Act of 1964; that businesses must maintain a safe worksite for employees assigned to them; that temporary workers with a sufficient "community of interest" can be included in the worksite employer's collective bargaining unit; and that staffing firms and their customers may be held liable for unfair labor practices directed against staffing-firm employees, and may be held jointly liable under the provisions of the Fair Labor Standards Act.

A resource for additional background information about the staffing industry is the ASA website at <http://www.staffingtoday.net/aboutasa/>

Why Partner?

According to BLS, 2 million people per day are employed by staffing companies. One million new jobs have been created by staffing firms over the past 8 years. While temporary workers are less than 2% of the nation's total employment, 90% of all companies use staffing firms. On August 1, 2003, Washington's NBC News Insider reported, "Today's labor force has become a flexible labor force with the number of temporary workers increasing and approximately 90% of US companies using their services." The W.E. Upjohn Institute for Employment Research states that the primary reason businesses turn to staffing companies is to provide needed assistance during times of unexpected increases in business. In the current global economy, this is a frequent occurrence as two-thirds of employers believe the use of flexible staffing arrangements will continue to increase in the future.² Many employers also use agency temporaries and part-time workers to screen candidates for permanent positions.³

The Hatcher Group and Jobs for the Future studied the role of staffing firms as workforce intermediaries.

"[They found that] the staffing industry is rapidly growing and responding to labor market trends toward non-standard work arrangements. While the fastest growth in

²*"Why Employers Use Flexible Staffing Arrangements: Evidence from an Establishment Survey," Houseman, Susan N.; Industrial and Labor Relations Review, v55n1; October 2001.*

³Houseman; October 2001.

jobs being assigned is occurring in professional and technical occupations, jobs are available in virtually all occupations. Staffing firms have been expanding in niches at both the high end of the labor market (professional and technical workers) and the low end (former welfare recipients and low-skill workers). Kelley Services, for example, has partnered with Michigan Works, the state workforce system, to train and place workers in jobs that offer the promise of financial stability. Manpower, Inc. has contractual relationships with a number of community colleges and community-based organizations to help create credentialed career pathways for disadvantaged individuals trying to enter and advance in targeted industries. The most aggressive of these firms, which have traditionally focused on job matching in particular industry and occupational niches, are adding self-paced training in popular software and are marketing their assessment and customer service approaches to public sector workforce agencies.”⁴

In an analysis of data on low-wage workers and their employers from 1996 to 2001, the Brookings Institution found that private temporary agencies provide workers with access to high-wage jobs that they would have difficulty gaining on their own.

“Critics have often claimed that temporary jobs are associated with low wages and benefits. In contrast to these criticisms, our research provides evidence that low earners who start by working for ‘temp’ agencies enjoy greater labor market success over the long term than other groups of low earners. The results show that persistently low earners who worked for temp agencies in 1996-1998 enjoyed about 8 percent higher earnings in the

⁴“*Workforce Intermediaries in the 21st Century*,” The Hatcher Group and Jobs for the Future, <http://www.opportunitiesatwork.org/examples.htm#temporary>. 2002.

subsequent period than other job-changers who were initially low earners. Furthermore, we find that all of this gain is attributable to the fact that the temp agencies help low earners get more jobs with medium- and high-wage firms, especially in manufacturing.”⁵

In summary, temporary agencies play a positive role in improving the access of low earners to better jobs at better firms. Through public-private partnerships, the public workforce investment system and the staffing industry can improve the process by which workers are matched to jobs that result in a reduction of the costs of recruitment and turnover to employers. These savings can help business generate more “good jobs” overall and thereby contribute to increased local economic development.

Benefits of Partnership

Consistent with the public workforce investment system, staffing firms seek to expand economic opportunity for workers and jobseekers as well as enhance the competitiveness of firms and local areas by identifying the needs of a variety of stakeholders. In fact, staffing firms have been working closely with the public workforce investment system for a very long time. There are multiple public-private partnership models, including non-monetary partnerships. However, some partnerships take advantage of the staffing industry’s experience of charging fees for services to employers. For example, the City of Oakland contracted with a local staffing agency to run its business services function, including an arrangement to share in a portion of the fees earned by

⁵“*Worker Advancement in the Low-Wage Labor Market: The Importance of ‘Good Jobs’*”, Andersson, Fredrik; Holzer, Harry J.; and Lane, Julia I., The Brookings Institution Survey Series, October 2003.

the staffing agency.⁶ To better link with the employer community, several Workforce Investment Boards (WIBs) have contracted with staffing companies to operate or co-locate in the One-Stop Career Centers. Other WIBs have purchased assessment tools, training curricula, and state of the art human resource materials from staffing firms.

A public/private partnership can offer additional benefits to individuals and the community such as:

- Increasing the rate of referrals for both the staffing agencies and the public workforce investment system, including cross-referrals – where workers are referred to jobs that match their interests and skills without the cost of job developers, job search workshops and other expenses associated with measurement;
- Increasing the referral rate of jobseekers to staffing firms, resulting in quicker placements, thereby shortening the period of unemployment for jobseekers;
- Enrolling individuals with barriers to employment and lacking marketable skills in intensive training and mentoring programs which lead to certifications and jobs;
- Encouraging local employers to hire graduates from community-based programs as their interns;
- Creating opportunities for additional training for workers;
- Sharing workforce information between staffing agencies and the public workforce investment system;

- Expanding the number of job opportunities for One-Stop Career Center customers through staffing firm referrals;
- Creating capacity building opportunities for both staffing firms and One-Stop Career Center staff when staffing firm human resources experts are invited to the One-Stop Career Center “for a day” and vice versa;
- One-Stop Career Center staff and staffing firms sharing training and marketing techniques with each other;
- Targeting joint workforce development projects to reduce welfare dependency;
- Revitalizing communities through effective cross-sectoral partnerships for workforce and economic development; and
- Helping to place employees with disabilities.

A 1998 study by Peter David Blanck, *The Emerging Role of the Staffing Industry in the Employment of Persons with Disabilities: A Case Report on Manpower, Inc.*, found that staffing firms are playing an emerging role in expanding employment opportunities for persons with disabilities. This study examined Manpower’s effort to assist people with disabilities to secure and maintain competitive employment.

“Ninety percent of the individuals [with disabilities] studied in the report were at work within ten days of applying to Manpower. Sixty percent of the individuals studied in this report moved from no employment to permanent employment with Manpower providing the bridge. Ninety percent of the individuals studied remained in the workforce from the time of their first job assignment, earning above the minimum wage, either through a series of temporary job assignments or permanent employment. The researchers found that the staffing agency is a prime

⁶ “*The Value of Developing Relationships with Staffing Agencies: Part I,*” Human Resource Marketing Services Inc., *NetAssets*, vIIIIn28, October 7, 2003.

example of how the public sector can leverage non-traditional organizations, particularly large companies, to employ more people with disabilities.”⁷

Staffing agencies and the public workforce investment system have both benefited from public-private partnerships. Staffing firms have strengthened their knowledge of performance measures and continue to learn about funding opportunities that involve public-private-nonprofit collaborative efforts to meet the needs of hard-to-serve populations. The public workforce investment system has access to results-oriented, demand-driven workforce development projects (see National Models section) that leverage a host of available community, public and private resources for a stronger local workforce.

Roles and Responsibilities in the Context of Partnership

Many workforce investment professionals have voiced their concern that the staffing industry seeks to replace the public workforce investment system’s role, or duplicates the public function. Experience tells us that there are important roles for both to play. The public workforce investment system has been finding jobs and employers for workers since 1933. In program year 2001 alone, over 19 million individuals received quality labor exchange services from the public workforce investment system. Staffing organizations complement the public system by expanding its reach through new partnerships and adding depth in industry sectors.

⁷*“The Emerging Role of the Staffing Industry in the Employment of Persons with Disabilities: A Case Report on Manpower Inc.”, Blanck, Peter David, Iowa City, Iowa, 1998.*

Patty DeDominic, Chief Executive Officer of PDQ Personnel Services, a large, regional staffing firm headquartered in Los Angeles, serves on the City of Los Angeles Workforce Investment Board. In December 2003, Ms. DeDominic summarized the benefits of this public-private partnership for HRMS *NetAssets*:

“I do not believe that one stops and staffing [firms] compete with each other. I see them as complementary...each offering a different service, although to some it may appear that there is competition. I think there is room for all types of employment services, private and public...government and corporate, and university funded. People need access to fast, informed help...one stops can provide that...then they can refer to employers or to education and training. Job developers and others at the One Stop are an important part of our job network and community, they often know what is happening before it hits the news. Everyone who is serious about business success can use some more informed professionals in their network.

Thank goodness for the fine service providers, the trainers, and the partners who make up the Workforce Investment Board partnerships. The board members are also a real blessing to our community as they unselfishly give many hours of their time to help make more resources available to people who really need them now.”

Policy and Program

There are policy limitations on State Workforce Agency relationships with private employment agencies which do not employ jobseekers but rather match jobseekers with employers for the purpose of permanent employment, with a fee generally charged to either the employee or the employer. The permissible relationship with these job matching agencies is clarified in Section 13(b)(1) of the Wagner-Peyser Act which permits “the referral of any applicant to private agencies as long as the applicant is not charged a fee.” Federal law does not mandate that the One-Stop system coordinate only with public or private non-profit entities. Accordingly, staffing agencies and the One-Stop system are permitted, and should be encouraged, to develop a public-private partnership.

Some states have issued policy addressing state agency

relationships with staffing agencies. For example, in **Massachusetts**, a staffing firm must register its name and address with the Massachusetts Employment Agency section of the state Labor and Industries Department.⁸



In **New Jersey**, a firm must register its name and address, as well as the names and addresses of its officers, with the Employment and Personnel Services Division of the New Jersey Division of Consumer Affairs.⁹

⁸ Massachusetts General Laws Annotated §140-46B, “Employment Agencies.”

⁹ New Jersey Status Annotated §56:8-1.1, “Consumer Fraud Act.”

Rhode Island requires a firm to provide a temporary employee with the opportunity to see and to have a copy of a written notice that includes a job description with classification requirements, estimated longevity of the assignment, information concerning any job hazards, anticipated pay rate, benefits and work schedules.¹⁰ Therefore, in establishing partnerships with staffing firms (or any other employer), states, local WIBs, and One-Stop Career Centers are encouraged to develop processes to assure that those collaborative arrangements to where referrals are made and from which job orders are accepted are in full compliance with applicable federal and state laws and regulations.



It is important to note that staffing firms are subject to federal and state unemployment insurance laws as well. In response to the increase in temporary work, the Unemployment Insurance Service of the Department of Labor issued Unemployment Insurance Program Letter (UIPL) No. 41-98, Change 1 to UIPL No. 41-98, and Unemployment Compensation Program Letter No. 130. All three documents provide information and guidance concerning the requirements of the prevailing conditions of work provisions of the Federal Unemployment Tax Act (FUTA) as it applies, among others, to temporary workers. For instance, Change 1 to UIPL No. 41-98 answers the question of whether an offer of another assignment at the completion of one assignment is considered “new work” for determining unemployment compensation eligibility. In working with the staffing industry, we recommend that you revisit these documents to become knowledgeable of unemployment compensation-related topics of interest to temporary workers.

¹⁰ General Laws of Rhode Island Annotated §28-6.10-1 to 28-6.10-4, “Temporary Employee Protection Act”—Job description notice requirements law.

Models of Partnership

Below are several current examples of partnerships that highlight the workforce intermediary role staffing companies can play in connecting employers and workers who need workforce services through the public workforce investment system:

State and Local Models

- In **Long Beach, California**, the Apple One temporary agency has a branch office in the city-operated Career Transition Center.
- In **Fort Lauderdale, Florida**, One-Stop Career Centers partnered with Manpower, Inc. to recruit, assess, train and retain 200 contact center workers for a local employer. The partners achieved 57% decrease in turnover and high customer satisfaction.
- In **Oregon**, 27 local staffing agencies formed the Mid-Willamette Staffing Association that partnered with the Mid-Willamette Workforce Network Enterprise Board. The two entities entered into a non-financial agreement that incorporates their principles of working together including that of cross-training on each other's services. The staffing association conducts the marketing for the WIB and the One-Stop Career Centers are responsible for the job placements. Together the partners offer "full" business solutions. Their collaboration has yielded the "Guide for Dislocated Workers: How to Survive a Lay Off." Also, when the Mid-Willamette Staffing Association had a problem finding welders during the summer of 2002, the WIB brokered a partnership with the community college for a three and a half month welding course.
- In **Medina, Ohio**, the local One-Stop Career Centers have had an on-going relationship with Manpower, Inc. for the past four years. After the Maypower events, the partnership expanded and Manpower is now a State-approved eligible training provider.
- In **Philadelphia, Pennsylvania**, ARAMARK Corporation is collocated at the CareerLink One-Stop Career Center. In addition, ARAMARK operates its own "Staffing Centers" to supply internal business divisions with temporary and full time workers in four major metropolitan labor market areas – Atlanta, Baltimore, and New

York. ARAMARK sources candidates directly from the One-Stop Career Center.

National Models

- **Adecco**, in partnership with the Department of the Navy, sponsors an innovative program called Career Accelerator, which provides job placements and training, supplements the services of on-base employment assistance programs, such as career counseling, preparing for interviews, resume writing, and work/life skills building. Adecco has a presence at many domestic U.S. bases to better serve military spouses and family members who may not be aware of One-Stop Career Centers. An added value is that Adecco's Career Accelerator is a built-in support system that military family members take with them wherever they go and that tracks their career progress as they move from base to base.
- **Manpower's TechReach initiative** is an employer-driven, entry-level technical skill training, certification, and job placement program targeted at unemployed and underemployed candidates. WIBs lead workforce investment activities in their areas and support many of the currently active projects. One-Stop Career Centers can play a vital role in the recruiting, pre-screening and providing case management to candidates, whereas Manpower can further assess candidates' skills and recommend training curricula. There are currently more than 45 TechReach projects in the country.

The models listed above are just a fraction of the many partnerships that the public workforce investment system and the staffing industry have built.

At ETA, we look forward to learning about other models and sharing that information so that every business, worker and job seeker has the opportunity to choose from the expansive array of quality workforce services produced by public-private collaboration.

Moving Forward

Developing a business partnership with a staffing firm requires a process of getting to know each other and exploring the type of partnership that makes sense for the local area and/or individual One-Stop Career Center. There are a wide range of partnership opportunities that may include:



- **Inviting the staffing firm to place job orders with the One-Stop Career Center;**
- **Referring One-Stop Career Center customers to the staffing firm for assessment, training, and/or placement;**
- **Co-locating the staffing firm as an on-site One-Stop Career Center partner;**
- **Selecting the staffing firm as a One-Stop Career Center operator (with selection pursuant to Workforce Investment Act requirements);**
- **Using the staffing firm as a service provider for assessment services, training services, intensive services, follow-up services, or other services provided by the One-Stop Career Center;**
- **Partnering with the staffing firm as a trainer for One-Stop Career Center staff;**
- **Conducting joint projects with the staffing firm for purposes such as working with targeted populations.**

This is not an exhaustive list. The possibilities for partnership are many.