

Central Arizona Shelter Services Temporary Employment Services (CASS-TES)

Phoenix, Arizona

Organizational Background

Central Arizona Shelter Services Temporary Employment Services (CASS-TES) is a nonprofit employment agency established in 2001 to provide construction and other industries in metropolitan Phoenix, Ariz. with temporary, project-oriented (short and long term) and temp-to-perm employees. The agency was created by Central Arizona Shelter Services (CASS), the largest shelter and service center for homeless people in Arizona, serving 6,000 men, women, and children annually. CASS estimates that there are as many as 14,000 homeless men, women and children in Maricopa County, where Phoenix sits. On any given day, there are an estimated 700-1,000 homeless individuals on the streets in downtown Phoenix. The long-term goal of CASS-TES is to assist homeless individuals to enter full-time employment and achieve self-sufficiency.

Distinguishing features

- Services tailored to meet needs of homeless adults
- Nonprofit alternative staffing business provides transitional employment intended to lead to self-sufficiency
- Business strategy as means for modeling good labor practices and affecting change in industry practice
- Partnership with groups that seek to achieve industry change through advocacy and education

Industry

- Temporary labor (manufacturing, warehousing, clerical and construction)

For years, CASS worked to place homeless residents of the shelter on a road to self-sufficiency through job readiness training, counseling and employment placement services. It had some initial success placing clients in temporary jobs, mostly in the “day-labor” industry; but repeatedly, workers returned to their counselors to report abusive employment practices. As an alternative to working with unscrupulous hiring halls, CASS established CASS Temporary Employment Services, a non-profit staffing company where workers would be treated with fairness and dignity, and business clients could benefit from the superior performance of well-supported and trained laborers. By working in temporary jobs, CASS-TES workers gain the work skills and self-esteem necessary to acquire permanent employment. Ultimately, the agency’s strategy is to act as a vehicle for change in the temporary employment industry, exemplifying high standards of good business practice.

Strategy and Services

To become a CASS-TES employee, a client must be referred by a CASS case manager who conducts orientation, screening and assessment. Each client receives help to develop an employment and stabilization plan and is required to attend regular job-readiness classes that include job safety.

When ready for temporary employment, individuals continue to receive ongoing support. By contrast to commonly unscrupulous hiring halls that charge unjust fees for use of work equipment and transportation to and from the job site, CASS-TES provides workers with breakfast and bag lunches, transportation to work and proper equipment at no charge. About half of CASS-TES workers are also residents of CASS’ shelter.

Financial education is an important element of the program. As a part of a strategy to help people achieve self-sufficiency and transition out of the shelter, CASS-TES requires that all workers participate in a savings plan. Workers are paid on a weekly (rather than daily) basis to encourage them to save.

Workers are able to access supportive services at CASS, including: referrals to educational programs, free legal assistance, food stamps, medical and counseling aid, weekly support groups, clothing and personal hygiene assistance, phone, mail and fax services and individual voice mail boxes. In addition to TES, CASS has a Job Development Services department that arranges direct hire/placement into permanent jobs.

In November 2005, Maricopa County opened the Human Service Campus – a one-stop service center for the homeless, on the lot behind CASS’ offices. Operated as a collaborative effort between CASS, Society of St. Vincent de Paul, St. Joseph the Worker and NOVA Safe Haven, the campus provides coordinated delivery of health care, dental care, job training and temporary housing.

Other Important Activities Related to the Industry

By serving as an example of an ethical business, CASS-TES aims to have a larger impact on the day-labor industry as a whole – ultimately, leading to changes in standard industry hiring practice. CASS-TES gained critically important business knowledge by hiring a staff with former experience working for a private-sector temporary employment agency. This gave the organization insider knowledge about how to run a staffing agency, from creating effective business plans and marketing strategies, to managing volume and pricing. And, by bringing in an insider’s view of just how unfair the industry can be toward workers, CASS-TESS found that staff had a high level of passion for leading broad change in the way staffing agencies operate in Arizona.

Staff report that CASS-TES’ clients value the agency’s services because of the reliability of its workers and the quality of the work they perform. And what makes CASS-TES workers better than many of the workers placed by the agency’s competitors, is the support and training they receive from the organization. CASS-TES workers are trained in basic work skills and work safety practices, and this translates into better safety records, more efficient work, and fewer incidences of people walking off a job. If there is a problem at the work site, CASS is able to intervene and problem solve on behalf of the worker and the employer. “Most companies know exactly how much it will cost them to get a job done and need to meet a tight schedule,” explained former CASS-TES director Ann Marie MacNeil. “Employers must absorb significant additional costs if workers who are expected don’t show up or leave early. We tell employers that we can provide them with a well rested, well fed, pre-screened employee. We have had only one person walk off a job in two years.”

The package of service that CASS-TES markets to employer clients includes: payroll and time-card accounting, workers' compensation, transportation of workers to and from the work site, employee pre-screening, safety training, safety equipment, and drug testing. Employers are encouraged to consider hiring clients full time. Unlike typical for-profit employment agencies, CASS-TES has no minimum contractual obligation and/or buy out fees.

Advocacy/Industry-Related Policy Change

As a part of its broader vision for change, CASS also fights for the decriminalization of homelessness, particularly with regard to measures that could diminish people's access to, pursuit of, or eligibility for work, and supports the legalization of undocumented workers and the protection of their basic rights. Furthermore, CASS-TES wants to play a role in reforming the whole temporary labor system, but running a business with a small operating staff leaves limited time and resources for the type of advocacy necessary. In order to address policy issues that impact the industry, CASS-TES partners with other advocacy and legal groups.

Critical Partners

One of CASS-TES' key partners is the Southwest Center for Economic Integrity (SCEI). SCEI is a regional nonprofit intermediary dedicated to research, education and advocacy to promote ethical business practices in Arizona, New Mexico and Nevada. It works to address exploitative and unfair practices in the day-labor and predatory-lending sectors by mobilizing and protecting marginalized people, holding corporations and industries accountable to communities and cultivating support for good business practices. The center has identified five business practices in the day-labor industry that negatively impact the working poor: "1) paying minimum or sub-minimum wages; 2) expecting pre-dawn reporting with long unpaid waiting periods before dispatch; 3) providing only sporadic assignments; 4) hiring for work with high injury rates, though rarely claiming workers' compensation; and 5) imposing charges for gloves, safety gear, transportation and check cashing."¹

In an effort to change temporary employment industry practice, SCEI and CASS partner with the office of the Arizona State Attorney General, the Arizona Coalition to End Homelessness, Community Legal Services and other organizations in the region, to monitor and advocate for the enforcement of existing laws and regulations; develop and support alternative hiring halls and worker education programs, and raise the general public's awareness of problem practices in the day-labor industry. Also, SCEI provides CASS with valuable research on the industry, and helps coordinate a regional approach to the issues by creating opportunities for CASS to network with similar nonprofit temporary employers in the Southwest.

One of SCEI's great successes came after the group worked with the Arizona Attorney General's office on a lawsuit filed against Labor Ready, a nationwide day-labor temporary employment agency. In the suit, Labor Ready was accused of wrongfully charging its workers unlawful check-cashing fees. Labor Ready workers were paid an

¹ <http://www.economicintegrity.org/labor06.htm>

average of \$5.98 an hour. In one case cited in the suit, a worker paid \$1.31 to cash her paycheck of \$34.31, meaning the fee reduced her take-home pay by nearly 4%. In a settlement, Labor Ready agreed to refund \$300,000 in wrongful deductions to workers, collected since enactment of Arizona's legislation prohibiting such fees. The funds were distributed to workers, and unclaimed funds went to nonprofits assisting homeless day laborers (including CASS). This generated national press on day-labor practices and as a result, Labor Ready has been screened out of socially conscious investment portfolios. SCEI believes that the Labor Ready case has led other day-labor companies to take the state's legislation seriously and come into compliance.

Through similar tactics, SCEI has forced other companies to refund illegal deductions to workers and has convinced at least one egregious violator to shut down completely. This advocacy has led to new laws in Arizona that prohibit day-labor agencies from charging fees that reduce hourly pay rates to levels below the minimum wage or from prohibiting their client companies from offering dispatched workers permanent jobs. In Arizona, it is now illegal for day-labor brokers to interfere in this or any other way with potential offers of permanent employment. SCEI worked to get a similar law protecting day laborers passed in New Mexico in 2005.

Relationship with Business

Initially, CASS-TES' business clients were almost entirely construction companies seeking low-skilled day labor. Due to a tight labor market and the growing reputation of the agency, CASS-TES has been able to penetrate other industries with superior job quality. It now has more than 85 customers in its database, including manufacturing, warehousing, clerical and construction employers. In the temporary employment industry, business performance is dependent on volume. From 2004 to 2005, CASS-TES' customer base increased by 133 percent and the number of hours worked grew by 58 percent. CASS-TES charges an average fee of \$11.38 per hour for labor. But it won't take just any job; staff screens employers and turns down jobs that fail to comply with governmental health and safety regulations or companies that demonstrate unjust or discriminatory labor practices. The goal is to make CASS-TES the region's temporary employment service of choice for both employers and workers, thereby driving low-road competitors out of the market.

Outcomes

On average, CASS-TES places 32 people in jobs per day. In the first 10 months of Fiscal Year 2005-06, 21 of CASS-TES' temporary workers transitioned from temporary to permanent hire. In addition, more than 186 moved from TES into permanent jobs with the aid of CASS' traditional job development program. Staff believes the transitional work provided through CASS-TES has been a critical source of self-esteem and financial support necessary to support this transition to full-time work. On average, workers earn \$7.94 through work at CASS-TES and are placed into permanent employment at an average wage of \$8.71

Financing

For traditional temporary agencies, overhead costs are fixed, and so, volume of work translates into profit. But, because CASS-TES provides extensive support services to

each employee served (including transportation, shelter, dental, case management, family services, etc.), more volume for TES translates into greater costs. The additional services also make CASS-TES more vulnerable to external cost pressures. For example, the rising price of gasoline (used to support CASS-TES' practice of transporting workers to and from job sites) has had a significant impact on the bottom line.

And so, despite growth in business volume, CASS-TES has had to continue to rely on private donations, grants and public sector funding to the shelter to supplement its business income in order to continue to provide services that other for-profit staffing businesses do not offer to their employees. The shelter's support of the business equals approximately \$13,000 per month to pay for rent, basic overhead and personnel. CASS has come to understand that this model will never be a profit center for the shelter and that it will rely indefinitely on subsidies from CASS (public and private funds) to supplement revenues.