

Welfare to Work

WHAT HAPPENS WHEN RECIPIENT MEETS EMPLOYER?

BY AARON STEELMAN

IN 1996, CONGRESS CONVERTED FOUR FEDERAL welfare entitlements into Temporary Assistance for Needy Families, a program that will limit recipients to a lifetime eligibility of five years. The significance of this change has been widely debated.

While the Left calls the reform cruel and inhumane, critics on the right maintain it is but a Band-Aid on a hemorrhaging wound. For example, the new rules allow states to excuse up to 20 percent of their recipients from the five-year limit. Michael Tanner, director of health and welfare studies at the Cato Institute, argues that “by allowing states to exempt a fifth of their welfare population from the five-year lifetime limit, the act may actually motivate relatively few welfare recipients to go to work. After all, most welfare recipients already leave the program in less than five years. The group the one-fifth exemption is likeliest to shelter is the minority who are long-term recipients—precisely the people Americans are most unhappy to see on welfare.”

Nevertheless, Tanner concedes that because it ends the federal entitlement to aid, “the act represents an important first step on the road to welfare reform.” And if states decide *not* to exempt substantial numbers of recipients from the lifetime limit, then whole generations of people who have never worked will be forced to find jobs.

Preparing for that possibility, the Clinton White House has set up the Welfare to Work Partnership, an organization that tries to persuade companies to hire welfare recipients. So far, more than 2,100 companies have joined the Partnership and vowed to start hiring former recipients. Citing a Coopers and Lybrand survey, Partnership director Eli Segal claims that more than one-quarter of the country’s 400 fastest-growing firms have hired workers from the welfare rolls, and that another 4 percent plan to do so soon.

The evidence, however, suggests that most companies aren’t interested in welfare-to-work programs. According to

the Associated Press, only eight of the country’s 100 largest corporations have welfare-to-work programs at present. A poll by Wirthlin Worldwide found that just one percent of senior executives are “extremely interested” in such undertakings, and that 57 percent fear most former welfare recipients will be poor employees.

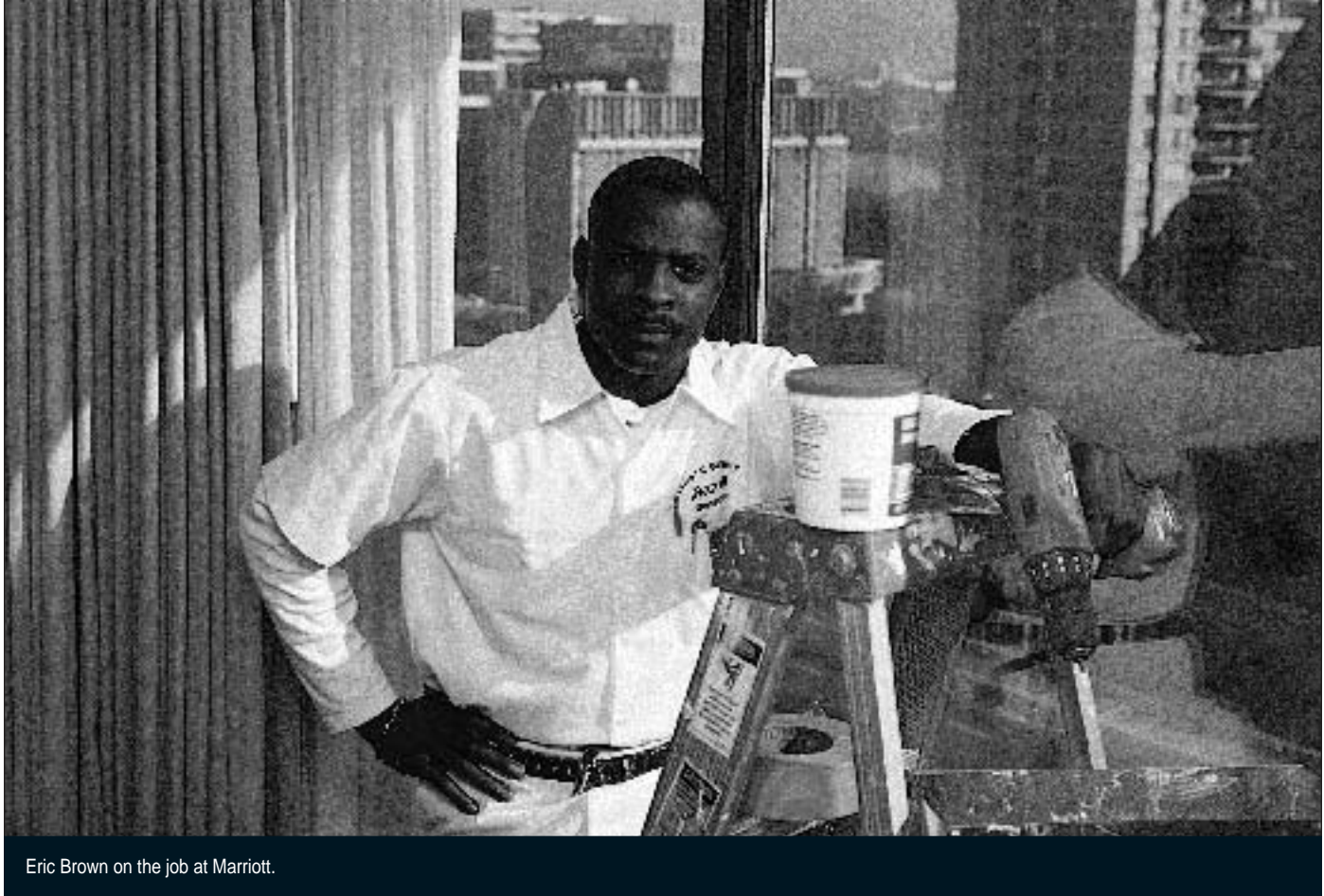
If welfare rolls are to be scaled down, individuals now getting checks must become productive workers. To find out how this can happen, *The American Enterprise* recently spoke with managers at several companies that have hired former welfare dependents, and asked them how success can be had in this undertaking.

PHILADELPHIA-BASED ARAMARK is one of the world’s largest service companies. The firm’s employees distribute magazines and books, serve food, supply uniforms, provide child care, and clean buildings for hundreds of companies, schools, and government agencies. More than 350 colleges and universities have contracted with ARAMARK to run their cafeterias and concession stands, as have major league teams like the Boston Red Sox, Philadelphia Flyers, and New York Mets. Perhaps more than any other U.S. company, ARAMARK has benefited from and contributed to the recent trend toward corporate outsourcing.

ARAMARK’s chairman and CEO, Joseph Neubauer, joined the company in 1979. The business skills that previously helped him to become the youngest treasurer of a *Fortune* 500 company (PepsiCo), and the senior vice president of Wilson Sporting Goods, also helped him in his quick rise to the top position at ARAMARK. And for Neubauer, playing a role in the welfare-to-work movement is very much a business decision, not charity.

“We come at this from a perspective of what I like to call ‘enlight-





Eric Brown on the job at Marriott.

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ened self-interest,” Neubauer states. “We can’t afford to let our partners down. We have to deliver on our commitments. And most of our commitments involve people-intensive jobs. Companies like ARAMARK that provide services are constantly looking for people.”

ARAMARK’s total employment has been growing at eight to ten percent a year in a tight labor market, and some of the company’s recent hires have been people just off of welfare. But according to vice president of human resources Brian Mulvaney, ARAMARK will continue to absorb welfare recipients even if the economy slumps. “In previous economic downturns, while they have affected the growth rates of some of our businesses, we continue to grow. I think the corporate outsourcing phenomenon is so powerful and makes so much economic sense that it is going to continue if we hit an economic downturn. ARAMARK is still going to have a need for entry-level employees.”

In order to turn welfare recipients into service workers, Neubauer observes, you sometimes have to go the extra mile—at least in the beginning. “The soft skills in life are very important if you want to be successful with your job. And a lot of these people don’t come to us with the soft skills that you and I learn as a child,” he notes. “Many of them don’t understand that

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if you’re in line, for example, you wait your turn—you simply can’t push your way to the front. In the environment in which many welfare recipients grow up, standing in line is not an accepted skill—pushing, or whatever it takes to get in front, is. That said, once you teach them the soft skills and reward them for practicing them, you see that they respond positively.”

Indeed, if they can get past the first 90 days on the job, Neubauer thinks that welfare recipients frequently make better—or at least more enthusiastic—ARAMARK employees than the typical hire off the street. People who have held steady jobs before can become complacent, but for welfare recipients, “having a full-time job, belonging to an established group, being recognized as a team member, and receiving recognition and praise are enormously important and gratifying.”

Other employers make this same point. Jack Donohue, who supervises Borg-Warner security guards in New York, New Jersey, and Connecticut, says that while he “didn’t hold out much hope in the beginning,” he has found that former welfare recipients often become very reliable employees. “When times weren’t very good a couple of years ago, I saw lots of people interviewing here with master’s degrees and very good work experience,” says Donohue. “They did a good job but their attitude was, ‘As soon as I find another job, I’m outta here. I’ve had enough with working security at all hours

of the night.' The people that we've gotten off welfare, however, generally look at it much more as a career opportunity. Their expectation, their immediate horizon, is a little lower, and so they are much more apt to look at this as a big step. And you find that they stay with it and therefore begin getting supervisory jobs."

At ARAMARK, the key to successfully training and keeping employees in entry-level jobs has been decentralization. "What works in Baton Rouge won't necessarily work in Boston," says Neubauer. With more than 6,000 different "profit-centers" around the country, ARAMARK has hundreds of front-line managers who act, in effect, as the CEOs of their units. For example, while ARAMARK has no company-wide transportation subsidy program, units in areas with low unemployment rates have set up their own, as a way of attracting new employees.

Each new ARAMARK employee becomes part of a small, tight-knit group, where everyone depends on each other and where a slip-up can be very costly to everybody. In such a setting, co-workers have an incentive to make sure that new employees are properly trained and ready for the job, and newly hired welfare recipients, seeking the approval and praise that is so crucial to boosting their self-images, have an incentive to be responsible workers.

Alan Leo, 41, has taken advantage of ARAMARK's "if you do, you get" management approach. He began working for ARAMARK as a chef at age 17, having gained experience at his immigrant father's Chinese restaurant, and now heads the company's food services branch at Boston University. He says that "ARAMARK really allows us—the front-line managers—to run our businesses and make decisions about what's best at our locations. So we are able to respond to our employees. And there are lots of people on the management staff like me who have been here for several years and know what it's like to start at the bottom."

Leo says that whether a welfare recipient will be successful is largely dependent on the training he gets before coming to ARAMARK. "We work with a lot of agencies—particularly, a lot of private, ethnic groups and community groups—who work with people who are marginally employable. We don't ask them to do the technical training of running a cash register and things of that sort—we do that ourselves—but we do ask them to weed out those people who aren't ready for customer service and who are going to fail. They really do our pre-screening."

And when Leo finds an agency that can deliver suitable employees, he sticks with it. About ten years ago, one agency sent him "twenty Chinese women who were displaced garment workers. The agency trained them for about a month. And even though none of them could speak much English, I had worked with this organization before and I knew I could trust them. At least a dozen of those folks are still with us."

WHEN THE NATIONAL auto parts chain Pep Boys decided to hire welfare recipients to staff a distribution center in Indiana, reports manager Lori Milburn, it also looked for an outside agency to help screen candidates. The company eventually turned to Goodwill Industries. Of the 27 people Pep Boys hired last May (starting them at \$8 an hour), 15 are still with the

company, a ratio Milburn is quite happy with. "Our overall annual turnover rate is near 80 percent," she notes, and "the people who have stayed have proven to be very good employees." When hiring in Southern California, Pep Boys used the National Urban League to perform similar screenings for hiring ex-welfare recipients.

The Marriott Corporation has likewise relied on private and public agencies to screen welfare recipients. Janet Tully, director of Pathways to Independence, Marriott's welfare-to-work program, says that about 25 percent of applicants are accepted into the Pathways program. Frequently, she says, welfare recipients come to Marriott with the wrong attitude. "Many of the people entering the program have a victim mentality—it's always someone else's fault. We start off right away by telling them that they are the ones who need to be in control of the situation."

Marriott's program has had moderate success. About 90 percent of the people who enter the Pathways program—which provides 60 hours of classroom training and 120 hours of on-the-job training—eventually graduate. And 78 percent of Pathways graduates are still with Marriott after two years, compared to approximately 50 percent of Marriott employees as a whole. The program still is not profitable, however, because Marriott spends more than \$5,000 training each Pathways graduate. "Let's not use the word 'profitable,'" says Tully. "'Possible' is the word. Our big dream is to get to be revenue neutral and offset our training costs. And if we didn't share the costs of training with other groups, this wouldn't even be possible at all, even though our retention rates are high."

So why does Marriott continue the Pathways to Independence program? Because, Tully says, "We think it has value. You have to realize we started this program eight years before welfare-to-work was popular. We are committed to it and that commitment comes from the top down. Mr. Marriott himself is strongly in favor of this program."

Among the biggest rewards of working with Pathways graduates, says Tully, is seeing how they progress professionally and personally: "After our six-week training session we have a graduation ceremony. In many cases, these are people who, when they first come into the program, you can't even get eye contact out of them—they're practically under the tables hiding. Six weeks later, they are up on a stage, behind a podium and microphone, some of them singing and praying. To me, the things they say are so eloquent in their simplicity. I still get goose bumps when I think of this one woman who came up and said, 'I'm so happy. My daughter went to school today and told her friends that her mommy went to work today. That makes me so proud. Christmas is coming, and I'm going to buy her presents with money I made myself.' There is never a dry eye in the house after one of those graduation ceremonies. And that's when we see the tremendous impact that our program is having."

ERIC BROWN, 33, GRADUATED from the Pathways program in April and is now a painter's helper at an Arlington, Virginia, Marriott. He had been receiving food stamps for about four months before entering the program and was living at a government-run homeless shelter in Washington, D.C., where he was in treatment for drug abuse. He now lives in a recovery house

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with seven other former addicts and says he has gotten his life on the right track for the first time in many years.

“To be honest, the money was important to me, but not as important as the self-esteem,” says Brown. “I had been doing drugs for a long period of time, and I really needed to establish some things and get some accomplishments under my belt. I needed to feel like I was part of society again. Now, I have a lot of plans running around in my head about what I would like to do with my life and what my long-term goals should be. Before, I had no long-term goals and actually very few short-term goals.”

Although he kicked his drug habit before coming to Marriott, Brown argues that “the work atmosphere helped me to stay clean. It reinforced the type of things I learned in treatment.”

All 12 students in Eric Brown’s class graduated, and 11 are still with Marriott—including Katrina Glover, a mother of two who had been on public assistance for two years before being admitted to the Pathways program. Glover now works in a Marriott kitchen. When asked how long she intends to stay at Marriott, she responds, “Oh, until about retirement time. I work with the chefs in the kitchen, and I tell them to watch out because I’m looking to take their jobs.” Glover says that child care was a serious concern for her when she started the Pathways program, but she has worked out a suitable arrangement with a cousin.

Glover has relatives who are still on welfare. “I tell my sister that getting a job is something that you need to do for yourself and your children. Because I’ve seen the way that working has changed my children’s opinions about me and themselves. My sister’s told me that there are no jobs out there. But there are—you just have to want to do it. You have to want to do something and take control of your life. There’s nothing free in this world.”

Boscart Construction, located in Washington, D.C., began hiring welfare recipients for two reasons, says owner Barbara Turner. She needed unskilled workers. And, “as an African-American woman in a non-traditional industry, and as someone who was poor growing up, I’ve always felt that there’s a real need for all of us to give back and help others.” Five of Boscart’s 22 employees are former welfare recipients, including her superintendent.

But Turner has also encountered some problems recently. “We’re finding that a lot of people are not ready for the workforce. It’s almost like the people who came to us early on were really the cream of the crop. And I think now we’re reaching into that bottom two-thirds and Lord knows what we’re going to find when we reach the very bottom. The bottom two-thirds realize that they’re going to have to work, but I’m not sure that they understand what it really means to work.” Turner says that earlier this fall her company interviewed a father of two who had been on welfare and was excited about the prospects of returning to the workplace. She hired him. “But the day before he was supposed to start, he paged my foreman and said that he couldn’t make it for his first day of work. So my foreman told him, ‘Well, I don’t think you need to bother showing up any other day either.’”

Turner’s sentiment is echoed by others. Janet Tully of Marriott argues that “the top 25 percent are employable, have been in and out of the system before, and will find jobs. Then there’s the next 25 percent who have more difficulties. With effort, they can be employed. But, no question, there’s that bottom 50 percent, and I don’t know what’s going to happen to them. They scare me. They are people who, under no circumstances, is any employer going to work with. You couldn’t pay me enough to make me deal with those people.” Several observers suggest that eventually there will have to be a second stage of welfare reform that deals with recipients with extreme problems.

One of the most important long-term solutions will be to change people’s attitudes about being on the dole. Shirley Riley, who along with her husband and several of her children owns and runs the Nursery Hut, a day-care center in Washington, D.C., recalls that her mother received welfare payments for a short time after her father developed a drinking problem. But “she didn’t stay on it for long. I respected what my mom was able to do, and I learned a lot from it. I never wanted my life to be run by the government. Even after my first husband was stabbed to death I never thought about going on public assistance.”

“Helping people to find jobs is not going to be good enough,” Riley argues. “We’re going to have to change the attitudes of people, particularly young people. Because you have to understand that a lot of young people—kids 15 or 16 years old—who are getting ready to enter the workplace have never really been around people who have worked. A lot of times they haven’t been around their fathers—or don’t even know who they are—and their mothers have always been on welfare.”

Riley has hired several former welfare recipients, provides free day care to people who are trying to leave the welfare rolls, and has set up her own non-profit group to run adult literacy and job-training classes and provide counseling to teenage parents and victims of child abuse. She has also recruited more than 50 Washington-area businesses into the Welfare to Work Partnership. “I have dreams for bigger and better things. You know, when you get to be almost 60, you start having dreams. I’m committed. I believe in this cause.”

IF THE WELFARE-TO-WORK movement is successful, it will be due largely to the work of companies like ARAMARK, who have gotten involved because of tight labor markets and “enlightened self-interest.” But it will also take the efforts of people like Shirley Riley—who want to work against the destruction the welfare state has wreaked on America’s inner cities. “We need to teach people that life’s possibilities are endless,” says Riley, “that they need to do things for themselves. And they will be happier if they do.”

