San Francisco Chronicle
NORTHERN CALIFORNIA'S LARGEST NEWSPAPER
Tuesday, July 2, 2002

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Welfare Proposals Bad for Business - Training Recipients will get the job done

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If it passes, the U.S. House of Representatives' welfare plan would negatively affect local businesses -- by reducing the quality of the labor supply.

The 1996 federal welfare reform received mixed reviews here in the Bay Area. On the positive side, it pushed our local welfare system toward a greater emphasis on work. Over 4,000 San Francisco families have made the transition from welfare to employment since 1998. But the law's "one size fits all" approach makes it more challenging to meet the needs of San Francisco's diverse low-income population.

Thankfully, San Francisco's public, private and nonprofit sectors used what flexibility was allowed by the 1996 law to swim against Washington's "work first" mandate. As a result, the city has become a model for getting welfare recipients into skilled jobs that support San Francisco's leading role in the "new economy." The average hourly wage of individuals leaving welfare in San Francisco is $10.15 -- suggesting that most are employed in jobs with significantly higher skill levels than those leaving welfare nationwide, whose earnings average just $7.15 an hour.

But the programs most effective at meeting the needs of San Francisco's businesses would wither under the new legislation. The House has passed a bill in which recipients must work more hours to qualify for welfare benefits, while restricting their participation in education and training programs that teach the skills required by employers. If the Senate passes the House version, welfare recipients could be in full-time vocational training for only four months, rather than the 12 months allowed by current law.

Why is this proposal bad for business? Employers want to hire welfare recipients who are prepared to go to work and have the skills to stay and succeed on the job. Employers lose money and confidence if they hire someone off the welfare rolls who does not possess the necessary job skills. If the public and nonprofit systems are no longer able to provide welfare recipients with basic education or skills training, employers will cease to tap into this important labor pool.

Further, employers who want skilled workers want them quickly. Employers will not wait for a welfare recipient who takes over a year to complete a part- time training program that someone else training full-time can complete in six months. That is precisely what would happen if the House bill were to pass.

Particularly frustrating about the House bill is that it threatens the kind of successful, employer-led efforts developed in San Francisco over the past five years. In 1997, the San Francisco Chamber of Commerce, in partnership with the Committee on Jobs and the United Way, established SFWorks to serve as a bridge between industry, public agencies, and community-based training providers.

The resulting partnerships meet the needs of both employers and welfare recipients simultaneously. SFWorks and its partnering agencies spearheaded connections between the local welfare system and area employers such as Bank of America, UCSF Hospital and AT&T. The House welfare plan would jeopardize the flexibility and options for training that made these innovative partnerships possible.

Fortunately, the U.S. Senate may be charting a different course. The Senate Finance Committee just drafted a bill that would increase the flexibility of states to enroll welfare recipients in vocational education and would reward states for placing participants in jobs with a future.

San Francisco's employers need welfare reform that builds upon our successes and prepares people for the jobs of tomorrow.

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