

(see interview, below), makes clear that the jobs which the majority of welfare recipients are getting are simply not the “real jobs” that welfare reform proponents claim.

The 16th Annual Survey on “Hunger and Homelessness in America’s Cities,” released on Dec. 14 by the U.S. Conference of Mayors, found the largest demand for emergency shelter in a decade, in its survey of 25 cities. Requests for emergency shelter increased by 15% in 2000, compared to the year before, the survey found; 76% of the cities reported that demand for emergency shelter had increased. This, despite the fact that 25% of the nation’s homeless people are employed.

The Mayors’ survey also found that requests for emergency food assistance grew in 2000 by an average of 17%, with 83% of the cities registering an increase. This 17% rise is the second-highest rate of increase since 1992. Requests for food assistance by families with children climbed by an average of 16%—the highest rate of increase since 1991. Requests for emergency food assistance by elderly persons rose by an average of 9%, with 75% of the cities reporting an increase. A full 62% of the people requesting emergency food assistance were family members—children and their parents—and 32% of the adults requesting food assistance were employed at the time they made the requests.

The Washington, D.C.-based Children’s Defense Fund also released its report on Dec. 14, titled “Families Struggling To Make It in the Workforce: A Post-Welfare Report.” CDF asked about 180 local service providers nationwide to survey their clients, with more than 5,200 families and individuals interviewed in 1999.

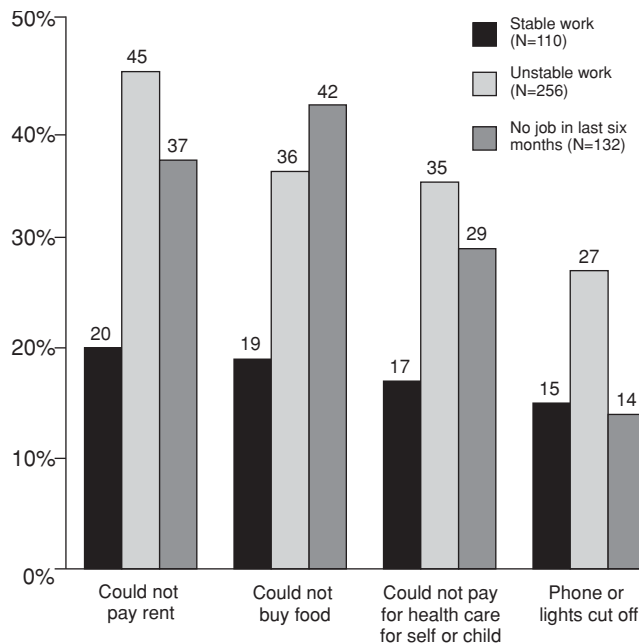
CDF found that 58% of those among former welfare recipients who were working, had family earnings below the poverty line. More than half of *employed* parents were unable to pay the rent, buy food, afford needed medical care, or maintain their telephones or electricity. And this is *before* energy prices skyrocketed this year. Despite low earnings, approximately half of the families surveyed were not receiving the Federal food stamps for which they were eligible.

The third report, Catholic Charities U.S.A.’s 1999 National Survey of Services to Families and Communities, also issued last December, reported even more drastic findings than the other two. Catholic Charities agencies make up the nation’s largest private network of social service organizations, serving more than 9.5 million people in almost every state.

It is notable that an official at Catholic Charities warned parishes against Bush’s plans, according to the Jan. 31 *Washington Post*. Sharon M. Daly, vice president for social policy, said, “Our agencies always lose money on contracts with the government, so it could mean the parish subsidizing government.”

Catholic Charities reports that the total number of people receiving emergency food services in 1999 “rose by a dramatic 32%” over 1998. Soup kitchen usage increased 13%, food banks and pantry use rose 15%, and 10% of the 150

FIGURE 1
Percent of Former Welfare Recipients Reporting Hardships in the Last Six Months, by Stability of Employment



Source: Children’s Defense Fund.

agencies in their analysis saw an increase of 40% or more in people receiving emergency food services between 1998 and 1999. In addition, local Catholic Charities agencies distributed 29% more emergency cash assistance in 1999, to help people pay for rent, utilities, medicine, transportation, and other essentials.

Case Study: New York

Building Trades Defeat Welfare-to-Work Program

by Marianna Wertz

After a protest by the New York State Building and Construction Trades Council, the State of New York recently cancelled a \$790,000 welfare-to-work training contract with Construction Force Services, a New York-based temporary employment agency. The state welfare-to-work program, entitled

“Individual Vocational Education and Skills Training” (INVEST), is supposed to help low-income people, especially welfare recipients, move to permanent, full-time jobs.

However, as New York State Building and Construction Trades President Edward J. Malloy wrote, in a Dec. 5 letter to Gov. George Pataki, “this firm provides temporary labor. By definition, it does not provide access to sustained employment.” Construction Force Services pays “wage and benefit levels far below prevailing industry standards,” according to Malloy. Malloy also cited the fact that the New York Department of Labor does not recognize the training classifications of “carpenter’s assistant” and “electrician’s assistant,” for which Construction Force Services sought to receive funding. Finally, Malloy wrote, Construction Force Services was cited by the National Labor Relations Board for violating the law. The company has had liens and judgments levied against it. In fact, in December 1999, Construction Force Services, Inc. was dissolved by proclamation of the New York State Department of State, for failure to comply with New York State Law. Such a company, Malloy wrote, “should not be receiving public funds.”

Interview: Will Collette

Will Collette is a spokesman for the Building and Construction Trades Department of the AFL-CIO in Washington, D.C. He spoke with Marianna Wertz on Jan. 29.

EIR: I read about your victory against “corporate welfare” in New York. Do you know if this kind of thing is going on in other places? Is it a widespread problem, or is it just this one situation?

Collette: We don’t know. We’ve actually asked groups like Good Jobs First and the National Alliance for Fair Employment to look closer at whether this is a widespread phenomenon.

EIR: Is this the first place that you’ve found this kind of thing going on?

Collette: This is the first time we’ve been able to nail it down. We think that it’s a widespread phenomenon, largely because there are companies who serve as brokers to get their clients signed up for these programs. One of the problems with a lot of the corporate welfare programs, especially those aimed at creating jobs for former welfare recipients and folks that the states are trying to move off of welfare programs, is that the states now are the ones who do the action of administering the program—it’s all devolved to the states.

EIR: And will be even more so with Tommy Thompson as head of the Department of Health and Human Services.

Collette: Yes. We checked in states like Washington, Flor-

ida, and Ohio, where some of the major temp agencies are headquartered. The U.S. Labor Department suggested that that would be the only place to turn to, to try to find out whether or not these program were certified as eligible to participate, and the states wouldn’t disclose the information. Their line was, “We don’t have to tell you, so we’re not.”

They hinted that they believe that some of the temp agencies were indeed receiving corporate welfare benefits, like, for instance, work opportunity tax credits, but that they were doing so through the broker agencies.

EIR: How does a broker agency work?

Collette: For example, there’s a company called Net Profit, that is a member of the American Staffing Association [ASA], and does workshops and national conferences at the ASA to teach executives from temp agencies how to take full advantage of corporate welfare. What they will do is, let’s say you’re Kelly [a temporary staffing agency], and you want to maximize the amount of use of corporate welfare programs, particularly tax credit and other kinds of direct-subsidy programs. You start a contract with Net Profit.

Net Profit will check in every state where you do business, to see what programs are being offered in that state, and will actually do the paperwork to get you signed up, will supply your office staff with the forms that have to get filled out at the office level, like the form that an eligible worker would have to sign, so that the temp agency can collect on their behalf, and the broker processes the forms and the temp agency gets the money, minus the 20% broker commission.

The ASA’s website also gives you some links to articles they’ve published for ASA members only, on the “golden opportunities” in welfare reform for temp companies.

EIR: So, a lot of companies are making a lot of money off welfare reform?

Collette: What you’ve got is a cottage industry that’s cropped up to serve as the intermediary between the end-user, i.e., the employer, in this case, the temp agency, and the government agencies.

EIR: I had a specific question on the New York case. You said that the New York Department of Labor does not recognize training classifications of “carpenter’s assistant” and “electrician’s assistant.” Does that mean that they would not be recognized if they were trained in that program?

Collette: They’re not certified under the State of New York’s prevailing wage program and apprenticeship and training program.

EIR: So, even though they got the training through the temp agency, it wouldn’t be worth anything?

Collette: A non-union employer would probably hire them, but they wouldn’t be able to work on a prevailing wage job, for example.