Low-Pay Jobs May Take the Gain From GAIN

By Ramon G. McLeod

California welfare recipients who are being weaned off the dole under a new state program may face a future of low-wage jobs that pay even less than welfare.

In a handful of counties where the new Greater Avenues to Independence program is already in operation, welfare recipients have jumped at the chance for state-subsidized job training, education, child care and transportation to help them move toward economic independence, welfare administrators say.

But some observers say that even the most eager workers could end up back on welfare in a few years because the pay for most entry-level jobs cannot match even the bare-minimum standard of living on welfare. And competition for this low-paying work — often in service and clerical jobs — is already keen, especially in urban areas such as San Francisco and Oakland.

Despite the concerns, the state is expected to spend $210 million in the next 12 months for the 2-year-old program. GAIN, as the program is called, eventually is supposed to help about 36,000 people in the Bay Area and 200,000 statewide — 70 percent of whom are single mothers.

Gloria's Case

Gloria is one of those who finds herself caught between the desire to work and the need to feed herself and her teenage son.

In the past, the Napa County mother had relied on the Aid to Families with Dependent Children welfare program for income, and on Medi-Cal for medical care.

Under GAIN, she is working as a clerk in an auto repair shop as her welfare benefits are gradually reduced.

"Before GAIN, when I got the whole AFDC (grant), I was getting $498 a month," she said. "Now I'm bringing in $550 a month," about $6,600 a year.

"This is real close to the same I was getting on welfare but it costs more to live when you have to get out and work," she said.

"I enjoy what I'm doing, but once they take (welfare checks) away from me and the Medi-Cal goes and all the other benefits, I am going to be in worse shape than I was on welfare."

Kevin Aslanian of the California Coalition for Welfare Rights said Gloria's concerns go directly to the heart of GAIN's flaws.

"People are being trained to be clerks and bus boys," he said. "You can't live on those jobs. The jobs out there pay so badly that people won't be able to feed their children.

"That's why we call this workfare program PAIN — that stands for Painful Avenues to Nowhere."

Compromise Program

GAIN was enacted by the state Legislature in 1985 as a compromise program to encourage people who could work to get off the welfare rolls.

All welfare recipients who are not sick, elderly, handicapped or the parents of preschool children must participate. As they work, or seek work, they get up to two years of training and education, free child care and transportation.

Most importantly, they continue to get reduced state welfare benefits during the training period.

Those who refuse to participate or do not complete the program can have their benefits cut off.

Thirteen counties, including Napa, San Mateo and Santa Clara, are operating GAIN programs now. All 58 California counties must have the the program operating by the end of 1988.

It is expected that by 1990 the program will save about $114 million annually in a state where welfare costs top $4 billion.

Well Received

Where it has gotten off the ground, the program has been well-received among welfare recipients. Volunteers — those who are not required to participate — are expected to account for about half of the 35,000 people expected to be in Bay Area GAIN programs.

"The question is no longer that people on welfare are lazy and don't want to work," said Assemblyman Art Agnos, D-San Francisco, who was the key negotiator of the 1985 law that created GAIN.

"The number of volunteers in GAIN has already proved that false.

"The debate now is that we have people trained and ready for employment, but can the economy actually handle them?" Agnos said.

Increasingly, there is evidence that the economy cannot provide jobs that are more lucrative than the bare-bones income provided by welfare. For a single mother, it is significantly more expensive to go to work.

Here's why:

According to an Alameda County study, the typical welfare mother with two school-age children gets $716 monthly — about $8,600 a year — to pay for the family's living expenses, not including medical care.

Break-Even Needs

After she gets a job, the mother needs almost twice as much just to break even. She needs an average of $384 a month for after-school and summer child care for two children. It costs $75 a month for work clothes and transportation.

In total, she needs $1,175 per month, or $14,100 a year.

To have that net pay, the typical client needs to gross $1,480 a month — about $9.25 per hour, $17,760 a year — because of taxes and standard paycheck deductions.

For a typical mother of one, child care costs and taxes are lower. She needs an hourly wage of $6.44 an hour, or about $12,360 a year, to match her welfare standard of living.

But fewer than than one in three experienced clerical workers in the Bay Area make more than $8.25 an hour and about 20 percent make less than $6.50 an hour, according to the U.S. Bureau of Labor Statistics.

Current Job Market

John Ritter of the Solano County Welfare Department believes the current job market makes it "unrealistic to think we are going to get any more than 15 or 20 percent of our clients permanently off welfare."

"Most jobs are coming in at $5.05 per hour, and there is a big disparity between that and $6.50 or $7.50 hour," Ritter said. "We could have a very big problem resolving this."

In Napa County, where the GAIN program got under way last summer, officials say there is an unmeasureable incentive to stay off welfare even if a new job does not pay very well.

The key to GAIN, Napa officials say, is to train people for jobs that have a long-term opportunity for advancement and to show people they can become independent even though they start working at poverty-level wages.

"There is a self-esteem factor involved in having a job that you can't discount," said Lynne Vaughn, director of Napa County's GAIN program.

"Look at these women right here in front of us," Vaughn said, gesturing to waitresses scurrying about a Napa restaurant. "They work for less than $6 an hour, like a lot of people do, because over the long haul they know something better is ahead of them."

'Better Off Not Working'

Two years ago, Kim Medeiros did not see anything better ahead. So in September 1986, she quit a job in a day-care center in Napa County and went on welfare.

"I was making $4 an hour, and it was impossible — you just cannot live on that kind of money," said the 31-year-old mother of one son. "I

WHAT IT WILL TAKE TO PUT WELFARE RECIPIENTS TO WORK

As these typical Alameda County cases show, welfare recipients in the state's new workfare program will need to earn more than $6.44 an hour to do as well financially as they did on public subsidies. These estimates are similar in other Bay Area counties.

ONE ADULT, ONE CHILD

Monthly welfare benefits	
☐ Maximum welfare grant	$498
☐ Maximum food stamps	$71
Total income for basic necessities	$569
Extra income needed to pay for work costs	
☐ Child care	$192.00
☐ Transportation, miscellany	$75.00
☐ Taxes, paycheck deductions	$196.28
Total extra income needed while working	$463.28
Total needed while employed	$1,032/month $6.44/hour

ONE ADULT, TWO CHILDREN

Monthly welfare benefits	
☐ Maximum welfare grant	$617
☐ Maximum food stamps	$99
Total income for basic necessities	$716
Extra income needed to pay for work costs	
☐ Child care	$384.00
☐ Transportation, miscellany	$75.00
☐ Taxes, paycheck deductions	$304.88
Total extra income needed while working	$763.88
Total needed while employed	$1,480/month $9.25/hour

Source: Alameda County Social Services Agency

was better off not working and getting AFDC.

"This might be a rural county, but I would think the average person in Napa would need $10 to $12 an hour to live and there are just no jobs like that available."

Because her son is 10 and in school, Medeiros entered the GAIN program and is now working at the Napa Chamber of Commerce, where she makes $5 per hour, or $10,400 a year.

That is not much more than she earned in her last job, and far from enough to put her on easy street. Now, though, her outlook is very different.

"For a lot of people, it would be easier to get back on AFDC, but I know for me I won't ever do it again because I don't want someone else taking care of me," she said.

"Besides, from what I've learned on this job I think I can get something a lot better."

Typical Change

Vaughan said attitude changes such as Medeiros has had are typical of GAIN clients.

"People on welfare will work and want to, but they need support and they need to get into jobs that offer real opportunities," she said. "When they see there is a long-term chance to make it, they can get very enthusiastic."

Napa's Sherylynn Gil is one who found help in the program.

"(GAIN) helped show me that as a mother I had clerical and time management skills already," she said. "What I didn't have was the self-confidence that I could go out and get a real job."

Diane Hargis, a 28-year-old single mother, said, "They taught you how to use the phone to find the jobs that aren't advertised. That and learning how to put together a good resume were really helpful."

According to Agnos and state welfare officials, Napa County has proved the program can work. In its first year of operation, 560 people have participated in Napa's GAIN program, half of them volunteers.

Only two who had to go through the program have failed to complete it, so they are still on welfare and the county is managing their finances for them.

But Napa has some advantages over a place such as San Francisco or Oakland.

San Francisco, for example, has 12 times as many welfare cases as Napa County. There are more hard-core unemployed people in the city. More than two-thirds of those who will be in the city program have not worked in more than two years, compared with a little over half in Napa.

About one-third of the San Francisco clients need training in English, compared with less than 1 percent in Napa County.

Competition

And there is another problem: competition for jobs.

"Right now there is tremendous competition for entry-level jobs without GAIN," said Judy Schutzman, director of Administrative Services for the San Francisco Department of Social Services.

Napa County welfare official Pat Carlomagno sympathizes with Schutzman.

"We are a small county with a small welfare caseload that allows us a lot of flexibility and direct interaction with clients. Urban counties don't have that luxury," said Carlomagno.

Still, she is only cautiously optimistic about the future of the Napa program.

"We are seeing a very limited recidivism back to welfare now, but it's still early in this program," she said.

"The great unknown is what will happen with our GAIN people a year or two from now. Will we see them back here (in the welfare office)? No one really knows."

PROFILE OF WELFARE RECIPIENTS

Large percentages of the adult welfare population in Bay Area counties have low education levels or have been out of work more than two years. The new GAIN program seeks to cut welfare rolls by putting people to work, providing remedial education and training if necessary.

	Total Welfare cases (estimates)	Percent unemployed 2 years or more	Percent without high school diploma
Alameda	25,500	46%	33%
Contra Costa	10,800	48	N/A
Marin	1,000	33	31
Napa	1,000	54	39
San Francisco	12,100	68	44
San Mateo	3,600	41	46
Santa Clara	18,000	48	63
Solano	5,000	N/A	50
Sonoma	5,000	37	39

Source: County welfare departments