

Panel C: Dealing with the Disadvantaged: Creating New Opportunities for Participation

"America Works, U.S.A."

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Who were the disadvantaged in this case?

The disadvantaged in the United States — single mothers, young people in foster care, people living with HIV and AIDS, and many others — may be eligible to receive public assistance from the government. However, long-term welfare recipients often have no means to find employment that will improve their standards of living over what they manage with state assistance. There is sometimes little impetus for recipients to stop accepting welfare, creating huge financial burdens for the state and sustaining institutionalized poverty.

Federal and state authorities have acknowledged the need to encourage people on welfare to find jobs and break their dependence on public assistance, but have been deadlocked on how to improve access to jobs for long-term welfare recipients. We founded America Works, a for-profit organization that targets employment as the goal of social provision, to provide an innovative solution to stagnating welfare assistance. Now, America Works is active around the country, in areas including California, New York, Maryland, Michigan, and numerous cities.

What was the innovation, and how did it improve access?

The America Works approach to access to employment is three-fold. First, our philosophy is "work first." In the early 1980s, we identified a new way to approach public assistance. At the time, the prevailing belief was that all social services, such as housing assistance, job training, and health provision, should be in place before welfare recipients could begin searching for jobs. In reality, however, waiting for these social services to come into play often left welfare recipients in a state of permanent suspension, unable to find jobs while still dependent on public assistance. We took a different approach by helping welfare recipients to find work first and then supporting them to solve their remaining needs after they have found steady employment.

Second, we contract our services on a performance basis only. Traditionally, in the social service sectors, reformers have been paid to run classrooms for the needy or to make budgets for programming. America Works is only paid according to outcome: we place needy individuals in jobs that they must keep for six months before we will accept payment, so the government and tax payers are only financially responsible for the finished product — an employed and productive individual. When we began America Works, this was an absolutely new innovation in the social welfare field.

Most job placement programs end when a needy person finds employment, but America Works intensifies its activities when its beneficiaries are hired. We follow up with employers and make sure there are resources in place (such as housing or daycare) necessary to consolidate job performance in that crucial first few months of work.

America Works' final strategy is that we do not only run activities for people, but we also affect public policy. We have taken the data gathered from our program to state governors, Congress, and the President to advocate for finding more employment, for example, for former prisoners. For a very small investment, the government can sponsor livelihood assistance to employ people returning from prison and, in turn, decrease recidivism. America Works consulted with former President Clinton's advisory committee on welfare reform, which in turn implemented one of the most sweeping reform programs in the United States in the last hundred years. America Works does not only run a service; we also learn from these services to develop public policy based on our experiences.

What were the obstacles you encountered?

When we established America Works, welfare case workers were telling beneficiaries not to bother getting jobs because having another child might be more profitable in terms of the public assistance they could receive. We have found similar institutional inertia in the criminal justice system: parole officers had no vested interest in the livelihoods of the former prisoners they monitor.

While welfare rolls have decreased by 60% since the implementation of President Clinton's welfare reforms, America Works has found a growing need for job placement for returning prisoners, who often suffer from legal restrictions on job eligibility. As prison populations grow by leaps and bounds in the U.S., authorities continue to believe that we can only have law and order by keeping former prisoners off the streets. Thus, there is often a subtle advantage to politicians and justice department authorities to encourage recidivism by making it difficult for prisoners to support themselves once they have entered the criminal justice system. We are serving increasing numbers of men returning from prison who need jobs but receive little support in finding them.

What were the results of the innovation?

When we began developing our "work first" model in the 1970s, we could never have guessed that our organization would place over 100,000 former welfare recipients and returning prisoners in steady employment. We have also been able to influence policy at both the state and federal levels. Perhaps most importantly, America Works has provided a model for for-profit enterprises to invest in social services. In the early 1980s, we were encouraged not to start this business because it seemed almost sacrilegious for those involved in social services to try to help people and make money at the same time. We have broken this taboo, thereby encouraging investors to place their capital in socially conscious, for-profit endeavors.

Lee Bowes is Chief Executive Officer at America Works, a post she has filled since 1987. While a graduate student at Columbia University's School of Social Work, she formulated her theory that work should be the central social policy. Rather than emphasizing income support and social services, policy should be directed toward providing employment. In 1978, Dr. Bowes joined the non-profit Transitional Employment Enterprises (TEE). The Ford Foundation and MDRC founded TEE to operate the national supported work demonstration. It was here that she designed the private sector model that is the foundation of America Works.

Currently, Dr. Bowes directs all activities of America Works' \$7 million business. Dr. Bowes also serves as an Adjunct Professor at Columbia University's School of International and Public Affairs, where she lectures on human resource management, social policy, and innovative management techniques. She has recently completed a book on human resource management under contract with *Harpers*, and is widely published in journals such as *The New Democrat*, *The Entrepreneurial Economy*, and *Social Policy Research*. Dr. Bowes is a frequent guest and speaker at associations on welfare to work. Most recently, she has appeared at the Public Welfare Association, the Democratic Leadership Council, the Renaissance Weekend, and the Association of Community Development Corporations, to name a few. She holds a doctorate in Sociology from Boston University.

Peter Cove, social activist and businessman, is one of the nation's leading advocates for private solutions to welfare dependency. During his 28-year career, he has been at the forefront of innovative demonstration projects designed to mitigate poverty by promoting jobs as a solution to welfare dependency. After holding key posts in New York City municipal government, Mr. Cove became Director of the Manhattan Project for Wildcat Service Corp., a program geared to the hard-core unemployable. From 1976 to 1983, he was President of Transitional Employment Enterprises, Inc, a private corporation that specialized in placing welfare recipients and the mentally and physically disabled in jobs. In experimenting with alternate approaches to training, he created millions of dollars' worth of private-sector investment for what would otherwise have been a fully government-funded endeavor.

As the founder of America Works in 1984, Mr. Cove has worked to link private-sector investment and employment with welfare reform. In a unique arrangement with states and cities, America Works is paid only if it delivers a person from welfare into employment. It is the only private company in the country doing this today, and has removed thousands from welfare rolls. In 1995, the Entrepreneur of the Year Institute gave Mr. Cove its distinguished Socially Responsible Entrepreneur of the Year award for his achievements with America Works.