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"Welfare to Work" Does Work

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Undoubtedly you know about Goodwill Industries . . . the closet is too full, you finally clean it out and drop off the bags stuffed full of slightly out-of-style clothes. But did you know that Goodwill Industries pioneered the concept of “welfare to work” long before it was a political buzzword or an official government program? This article highlights how Goodwill Industries, in partnership with financial institutions, is making “welfare to work” work for our communities.

Founded in 1902 by a Methodist minister in Boston, Goodwill Industries employed poverty-stricken immigrants who worked for goods donated by Dr. Edgar J. Helm’s affluent parishioners. Soon, there were more clothes and household items than the immigrants needed and the first Goodwill Industries store opened. It was here in Boston that Dr. Helm launched the very first “welfare to work” program by employing the impoverished immigrants at the Goodwill Industries store. Today, almost a century later, nearly 1,500 Goodwill Industries retail stores operate in the United States and Canada. These stores generate employment opportunities and revenue which funds other Goodwill Industries’ skills training programs. Goodwill Industries has earned a strong reputation for providing employment and training to people with disabilities and other barriers to employment.
In 1997, Goodwill Industries’ retail sales were an astounding $598.7 million, total revenue exceeded $1.2 billion, and 204,235 people received employment and training services. Goodwill Industries has shown that “welfare to work” programs can work. Last year, over 32,000 people became employed, becoming taxpayers not tax users.

In 1996, “welfare to work” programs like Goodwill Industries gained national attention as Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (welfare reform) that required adults who receive public assistance to find jobs in two years or lose their benefits. To transition from welfare to work, people need employment and training programs like those Goodwill Industries offers.

Currently, Goodwill Industries holds 70 welfare-to-work contracts in the U.S. mostly with state or local governments. More than 20,000 “workfare” participants have already been served through partnerships with government and private industries.

Unfortunately, while Goodwill Industries is largely self-funded through its retail sales, the demand for employment and its ancillary services is far greater than resources, physical space and money available. Private funds to build training centers, retail stores, equipment training rooms and ancillary support systems are crucial to the success of Goodwill Industries’ “welfare-to-work” programs.

Many financial institutions choose to work with Goodwill Industries because it is considered a well-run organization that understands the business community. These transactions can also mean potential Community Reinvestment Act (CRA)-related opportunities for a bank. For example, Exchange Bank recently financed a new Goodwill Industries plant in Santa Rosa. According to Patrick Kilkenny, president and CEO of the National Bank of the Redwoods, who serves on the finance committee for Goodwill Indus-
tries in Santa Rosa, “Goodwill Industries will leverage this money to expand employment and training programs. It was the first time Exchange Bank had made a loan to a nonprofit. They were very comfortable with Goodwill Industries’ ability to generate cash flow.”

When making this type of loan, financial institutions help people transition from welfare to work and at the same time, may also earn lending consideration under the CRA. In addition, bankers like Kilkenny who choose to serve on Goodwill Industries’ board of directors may receive credit under the CRA’s service test. The benefits to banks of partnering with Goodwill Industries, however, do not stop there.

By working with Goodwill Industries, banks help develop and gain access to a well-trained workforce. For example, challenged by a dwindling workforce intensified by a 3% unemployment rate, Seafirst Bank, a division of Bank of America, NT&SA, approached the Seattle Goodwill Industries in search of skilled and trained workers. According to Goodwill Industries’ Director of Training and Employment Janetta Narte, the visit gave rise to a four-week proof operator training program.

Seafirst provided five on-site proof machines, supplies and 25 ten-key calculators. Its staff provided input into the training curriculum and assisted with classroom instruction. The pilot program, launched in February, consisted of 15 participants. Since then 14 people have been hired into Seafirst’s proof and ATM department. Based on positive results from the pilot program, the Seattle Goodwill Industries now offers two classes, one for proof operators and one for ATM processors. The second class, which began in June, had 50 applicants for its 15 seats.

According to Resa Peay-Wainwright, Bank of America Global Learning Services, and board member of the San Francisco Goodwill Industries, “It
certainly makes sense to work with Goodwill Industries for the opportunity to increase our pool of viable job candidates and to help our own communities at the same time.”

As welfare reform takes hold in our communities, financial institutions can play a significant role in making “welfare to work” work for everyone involved. Banks can support programs like Goodwill Industries which have made “welfare to work” a reality for thousands of people since 1902. At the same time, banks earn CRA consideration and tap into a pool of skilled workers who help them improve services and their bottom line.

Further information about local programs and opportunities is available by calling 1-800-741-0186, your local Goodwill Industries, or visiting Goodwill Industries’ Web site at www.goodwill.org.

About the Author

Ardis D. Jerome is senior director of marketing and planning at Goodwill Industries of San Francisco, San Mateo and Marin Counties, Inc. She began her Goodwill career in Spokane, Washington in 1977, where she was a forerunner in upgrading Goodwill’s retail image.

Since 1985, Ms. Jerome has served in many capacities with the San Francisco operation, earning marketing awards, developing a new corporate
identity and serving as project manager in the rebuilding of the Agency following the Loma Prieta earthquake. She fully believes “When you’ve given people the dignity of work, you have given them everything.”

Previously, Mr. Cassidy served as vice president of mortgage credit policy from February 1990 to 1996. Prior to joining Freddie Mac, he was director of the General Research Division at Federal Home Loan Bank Board from 1971-1984. Mr. Cassidy holds a Ph.D. in Economics and a M.A. in Mathematical Statistics from the University of Illinois, and a B.S. from Carroll College in economics and mathematics.

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