



The Welfare to Work
P A R T N E R S H I P

**Written Statement by
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**before the
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“Welfare to work is the perfect example of how two supposedly diametrically opposed goals of business – making money and being socially responsible – can intersect in a meaningful way.”

~ Jonathan Tisch, Chairman and CEO, Loews Hotels and Vice Chairman,
The Welfare to Work Partnership

Good morning, Chairman Baucus, Senator Grassley and honorable members of the Senate Finance Committee. Thank you for inviting me to join you today to share an employer’s perspective on welfare reform. I’m pleased to be here on behalf of The Welfare to Work Partnership and my company, Save-A-Lot, Ltd., to discuss the importance of work and valuable “work supports” for individuals moving from the welfare rolls to self-sufficiency.

My name is Wendy Ardagna, and I am the Director of Government and Community Relations for Save-A-Lot stores, headquartered in St. Louis, Missouri. Save-A-Lot operates nearly 900 stores in 36 states and is the 6th largest U.S. grocery chain under one banner. I am also pleased to be serving as an executive on loan for The Welfare to Work Partnership.

Previous to my employment with Save-A-Lot, I spent more than two decades at CVS/Pharmacy. During my time there, I utilized my position to establish the nation’s first One-stop Career/Corporate learning center in partnership with the District of Columbia Department of Employment Services. The center brought CVS, the number-one drug store in the country, into Southeast DC, a community that had great difficulty attracting corporate investors. The one-stop facility is the nation’s only public-private training, hiring career center that is equally equipped to serve individuals with serious challenges to employment and corporate executives.

Helping people make the transition from welfare to work has become my life’s mission and passion. Working with Save-A-Lot and The Partnership allows me to pursue work in assisting individuals move toward economic independence, as well as aiding businesses to access a new underemployed entry-level workforce.

As one of the nation’s leading grocery retailers, Save-A-Lot recently joined The Welfare to Work Partnership’s Board of Directors. We find ourselves uniquely positioned to both serve and hire those moving from public assistance to self-sufficiency, as the majority of our operations are located in low-income communities. Our company, which was already planning to expand, has experienced an increase in revenue in spite of the economic slowdown – which we attribute to our customers’ need to expand their buying power. The plans for expansion left us with the need to find qualified entry-level workers within the neighborhoods we serve. With the help of The Partnership, we recently began recruiting and

hiring new employees, many of whom were receiving some form of public assistance. With the help of The Partnership and community-based organizations, we have been able to streamline the entry-level hiring process and develop a work supports campaign for new hires, which will improve job retention. These strategies will greatly help us in opening 120 – 150 new stores next year.

The Importance of Work

There is no more noble, more patriotic or American cause than helping to move people from poverty through work. The welfare reform law of 1996 took the first steps towards moving families and individuals into lives of self-sufficiency. A great measure of this progress can be traced back to the businesses that provided an opportunity to work to millions of people.

The American business community applauds the strong emphasis placed on work in the 1996 law, and we hope to see it continue in this round of welfare reauthorization. As employers, we believe that almost any job is a good job to the extent that it promotes good work habits, marketable skills, valuable work experience and self-confidence.

We fully support the continued “work first” philosophy embodied in the main welfare bills already introduced in Congress and in the Administration’s proposal. We’ve seen that with the proper training and support, people with even the most difficult challenges can become dedicated and valuable employees that help a business improve its bottom line, but it takes partnerships and training.

Our goal as employers is to ensure that every American who wishes to work has the opportunity to hold a full-time job that enables him or her to support a family. However, we must be cognizant of the fact that employers across the nation define “full-time” work in different ways. For example, Save-A-Lot considers any employee working between 34-38 hours to be a full-time employee. But at UPS, full-time work is defined as a 40-hour work week, and at TJ Maxx, full-time employees work 36 hours a week. According to the U.S. Bureau of Labor Statistics, full-time work is defined as 35 to 44 hours per week.

From a practical standpoint, I have observed some realistic challenges in defining “full time” work. Many employees hired off public assistance begin on a part-time basis. No business is willing to invest in a person until they have proven themselves over a period of time. Full-time status is awarded as a form of promotion after an employee displays a level of commitment to working. Along with this, employers often offer valuable benefits such as health insurance, 401(k) plans, and other company incentives. Therefore, The Partnership would like to urge Congress and the Administration to afford employers the flexibility to continue to define “full-time” employment in a way that best meets their business needs.

Work Related Training and Education

As employers, we know better than anyone that our new workers will need to constantly improve their skills if they are to thrive and advance in the workplace. Education and training will continue to play a significant role, especially for new entry-level workers and those remaining on the nation’s welfare rolls.

Employers do not generally expect their entry-level job applicants to arrive for their first day of work with all the needed technical skills. But employers *do* see the value of investing in post-employment education and training to develop new workers and give them the tools needed to succeed on the job. Save-A-Lot as well as other companies like UPS and Marriott encourage ongoing education and training for their welfare to work hires, and the payoff is striking. A Wirthlin Worldwide survey of businesses offering ongoing training to their welfare hires found that 80 percent see improved work performance, 68 percent experience improved morale and 60 percent see higher job retention.

As employers, we hope Congress will recognize the importance of letting each business define work-related training as it sees fit. The training may be job-specific and include much-needed skills or certification for advancement. At Save-A-Lot, for example, in order to qualify for food safety handling, an employee must be certified based on our test and skill requirements. An employee who meets these requirements gains greater responsibility, increased earnings, and advancement within the company.

At my company, we see a greater need than before for training in remedial skills as well. We can streamline the process of providing this training by making it accessible on the job site, but not during working hours. For example, having personal computers available in a break room may enable workers to further their education or receive other necessary training during lunch or before or after their shifts. Such a system also makes it easier for employees to deal with transportation and child care issues – the two biggest challenges to job retention.

Work Supports

I am very gratified to know that there is strong, bipartisan consensus around the vital importance of supporting those who are struggling to leave the welfare rolls for good. Work supports such as the earned income tax credit, food stamps, the children's health insurance program (CHIP), and child care subsidies are absolutely crucial for those seeking self-sufficiency. I have seen time and again that these benefits must be accessed for an entry-level employee to have the best chance of succeeding.

The business community is willing and able to do more to hire and advance those leaving the welfare rolls but cannot shoulder the burden alone. Programs that provide child care, transportation or other income supports, such as EITC, are vital to our workers. These programs keep them on the job and help as they work toward advancing up the career ladder.

While these supports are pivotal to new workers, they also benefit employers by providing one more resource to retain and advance new workers. Small companies and those who only offer part-time work will especially benefit, as they tend to be the least able to offer employer-sponsored supports. While there is no substitute for a well-paid job with comprehensive benefits, where that is not possible, public programs such as these can make the difference between success and failure for fragile families.

So from an employer's perspective, the payoff is clear: These work supports will lead to better job retention and lower turnover costs for us. However, they must become more accessible to both employers and employees. Currently the way they are pieced together is difficult and time-consuming for employers to administer, and those seeking to transition off welfare spend a great deal of time chasing after work supports, which can interfere with their job performance.

Businesses are already finding ways to combat some of the bureaucratic obstacles imposed by the old system. One innovative solution uses an on-site kiosk – where eligible employees and even customers can register for benefits, talk to their case manager and be connected immediately to discuss work supports for which they qualify. The Partnership would welcome the opportunity to provide company-tested solutions to the members of the committee.

Conclusion

A few years ago, welfare to work was little more than an idea. Today it is a reality across America. I believe companies have proven that welfare to work is as good for their business as it is for the community. And, welfare recipients have proven that when employers give them a chance and they have the range of work supports discussed above, they can make the successful transition from welfare to work. **Together, we have proven that welfare to work is a smart solution for business.**

We need to expand job-training programs that have a connection to real jobs and not train individuals just for the sake of training. We need to make education and training available for entry-level employees engaged in work to increase their skills. Our goal to move people from welfare and lift them from poverty can only be reached through the combination of all these efforts.

I am encouraged that businesses will remain engaged in the welfare to work effort. Having experienced success first hand, we will be working harder than ever to build on the progress to date.

I look forward to working toward the goals we set forth and further implementing them in the next phase of welfare reform. Thank you for the opportunity to address you today.

For more information on The Welfare to Work Partnership, visit www.welfaretowork.org or contact Rob Keast, Director of Policy, at 202/955-3005 ext. 325 or rkeast@welfaretowork.org