



5-1999

Forcing welfare recipients into a lose-lose situation : political economy and Families First

Leigh A. Holzberger

Follow this and additional works at: https://trace.tennessee.edu/utk_gradthes

Recommended Citation

Holzberger, Leigh A., "Forcing welfare recipients into a lose-lose situation : political economy and Families First. " Master's Thesis, University of Tennessee, 1999.
https://trace.tennessee.edu/utk_gradthes/9865

This Thesis is brought to you for free and open access by the Graduate School at TRACE: Tennessee Research and Creative Exchange. It has been accepted for inclusion in Masters Theses by an authorized administrator of TRACE: Tennessee Research and Creative Exchange. For more information, please contact trace@utk.edu.

To the Graduate Council:

I am submitting herewith a thesis written by Leigh A. Holzberger entitled "Forcing welfare recipients into a lose-lose situation : political economy and Families First." I have examined the final electronic copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Arts, with a major in Sociology.

Asafa Jalata, Major Professor

We have read this thesis and recommend its acceptance:

Donald W. Hastings, Sherry Cable

Accepted for the Council:

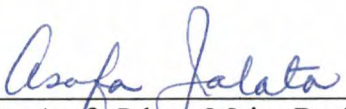
Carolyn R. Hodges

Vice Provost and Dean of the Graduate School

(Original signatures are on file with official student records.)

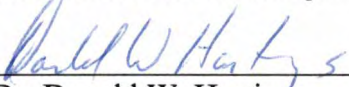
To the Graduate School:

I am submitting herewith a thesis written by Leigh Holzberger entitled "Forcing Welfare Recipients into a Lose-Lose Situation: Political Economy and Families First." I have examined the final copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Arts, with a major in Sociology.

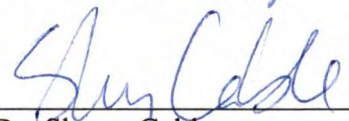


Dr. Asafa Jalata, Major Professor

We have read this thesis
and recommend its acceptance:



Dr. Donald W. Hastings



Dr. Sherry Cable

Accepted for the Council:



Associate Vice Chancellor and
Dean of The Graduate School

**FORCING WELFARE RECIPIENTS INTO A LOSE-LOSE SITUATION:
POLITICAL ECONOMY AND FAMILIES FIRST**

A Thesis
Presented for the
Master of Arts
Degree
The University of Tennessee, Knoxville

Leigh A. Holzberger
May 1999

DEDICATION

This thesis is dedicated to all the welfare recipients interviewed for this project.

Your stories of love, triumphs and failures are its heart and soul.

I would especially like to dedicate this project to Lynne Williams.

She is a mother, activist, volunteer, educator, and welfare recipient.

If we all had your courage, ideals, and convictions,

the world would be a much better place.

ACKNOWLEDGMENTS

I am grateful to many people for their care and support during my graduate experience at the University of Tennessee. My experiences with the faculty and graduate students in the Sociology Department over the past three years have been extremely enlightening. I am particularly grateful to my Thesis Committee, Asafa Jalata, Sherry Cable, and Chip Hastings, for their support and encouragement. Tracy Conner, Tammy Mix, Shirley Rice, and Lollie Holland have also been the most incredible of friends, guiding and motivating me every step of the way.

I am also grateful to my wonderful staff and friends within the Department of University Housing. Sassy Massey is the best place a person could hope to reside and Cole Stanley is the most supportive supervisor in the world. Thank you to everyone for your love and friendship throughout the course of this project.

ABSTRACT

The media have portrayed this new round of welfare reform as innovative and revolutionary. Welfare recipients are finally forced back into the workforce and can no longer rely on the federal government for a lifetime of financial security. The recent wave of media coverage portrays welfare recipients and employment as an independent phenomenon. This thesis delves into these complex issues by studying economic trends in the last half of the twentieth century and their effect on the economy. It also analyzes welfare recipients' ability to find financially sustainable employment in this new economy, appropriately labeled the age of global capitalism. Historical analysis and political economy are used as theoretical foundations for this paper to show how these phenomena are linked.

Manufacturing industries have been the basis of the American economy since its foundation. In the last half of the twentieth century, services industries grew, overtaking manufacturing as the largest employer in the United States. This trend and the introduction of global capitalism produced dramatic changes in the economic structure of the United States. The manufacturing sector of the economy is disappearing. An enlarging dead-end employment branch is rising to absorb the leftover employees of the former middle class employment bracket. A bifurcated economy has risen as in the wake of the collision of all these phenomena. The result is two employment tracks; that of the knowledge-intensive work force, and the uneducated, low paying, minimal stability employees.

The latest phase of welfare reform requires welfare recipients to enter the work force. There are immediate time limits and life time limits to enforce this policy. This thesis was aimed at discovering what economic prospect welfare recipients have now that they are being thrust into employment. Fifteen in-depth interviews were conducted to discover the types of job welfare recipients have held in the past, what training is available to them, and for what kinds of employment they will be eligible in the future.

This study found that welfare recipients are being pushed into the lower employment echelon. The training system for Families First is decentralized and prepares individuals for employment with low pay and stability, usually in the services industries. With the added costs of health care, transportation, childcare, and food, welfare recipients are forced off of welfare and into the working poor population.

PREFACE

I have been interested in the studies of welfare and poverty for several years. At one point, I considered careers in education and social work. During graduate school, some extremely supportive professors offered classes in these areas and encouraged me to further my studies by writing a thesis on the topic. The introduction of Families First was the perfect setting for studying welfare and the economic realities of welfare recipients.

The first chapter provides an introduction to this work. It presents a historical overview to the issues of global capitalism and economic trends in the United States during the last half of the twentieth century. It also reviews some of the literature related to these topics and asks questions that frame the thesis.

Chapter two focuses on the theoretical and methodological approaches in this paper. Historical analysis and political economy are used to analyze past and future economic trends. In-depth interviews with sixteen recipients served as the data for this project. Information from the interviews is compared and contrasted with knowledge gained about the economy.

Chapter three discusses changes in the economy during the second half of the twentieth century and trends going into the next millenium. These changes are analyzed at the national, state, and city level and focus on three things: services versus manufacturing industries, the transition from a core to contingent workforce, and the formation of a bifurcated economy.

Families First is the focus of Chapter four. Requirements of the plan and job training programs are examined. Poverty guidelines and the amount of income needed to leave welfare are discussed. Patterns of employment for welfare recipients are established through past studies and current data.

Analysis of the interviews comprises Chapter five. The interviews concentrate on economic facets of the recipients' past, present, and future. Patterns are drawn, identified, and the economic choices available to these individuals and the choices they make are compared.

Chapter six is a synopsis of the conclusions drawn from this project and recommendations for future change and increased economic opportunities for welfare recipients.

TABLE OF CONTENTS

CHAPTER	PAGE
I.	INTRODUCTION.....1
	Purpose of the Study.....4
	Significance of the Study.....5
	Background.....6
	Welfare and Tennessee.....8
	Evolution from Share to Contingent Economy.....9
	Deindustrialization and Capital Flight.....10
	Bifurcated Economy.....16
	Theoretical Questions.....18
II.	THEORETICAL AND METHODOLOGICAL APPROACHES.....20
	Historical Analysis.....20
	Political Economy.....21
	Methods.....22
III.	GLOBALIZATION AND ITS EFFECTS ON THE U.S. ECONOMY.....26
	The Contingent Economy.....26
	Globalization and Capital Flight.....32
	Shifting from Manufacturing to Services.....34
	Bifurcation within the Services Industry.....38
	The Economy and Welfare Policy.....47
	Conclusions.....50
IV.	WELFARE RECIPIENTS AND THE ECONOMY.....52
	Families First Goals, Time Limits, and Results.....53
	Training and Families First.....55
	Employment and Poverty.....56
	Employment Studies on Welfare Recipients.....58
	Conclusions.....62
V.	FAMILIES FIRST RECIPIENTS.....63
	Past Employment.....63
	Certified Nursing Assistants.....69
	Innovative Employment.....73
	Struggling within the System.....77
	Surviving the System.....79
	Disability and Families First.....82
	Withdrawing from the System.....84
	Conclusions.....86
VI.	CONCLUSIONS, IMPLICATIONS, AND RECOMMENDATIONS.....88

CHAPTER	PAGE
Conclusions.....	89
Implications and Recommendations.....	96
REFERENCES.....	99
APPENDIX.....	106
VITA.....	117

LIST OF TABLES

TABLE	PAGE
1. Employed Contingent and Noncontingent Workers by Occupation and Industry, February, 1997.....	29
2. Employed Contingent Workers by their Preference for Contingent or Noncontingent Work Arrangements, Fenruary, 1997.....	30
3. Tennessee Nonagricultural Employment Estimates by Major Industry, 1972-1996 (in Thousands).....	36
4. Knoxville Nonagricultural Employment Estimates by Major Industry, 1972-1996 (in Thousands).....	37
5. Employment by Major Industry Division, 1986, 1996, and Projected 2006.....	39
6. Industries with Fastest and Slowest Wage and Salary Employment Growth, 1996-2006.....	43
7. Top 10 Industries in Tennessee Ranked by Employment Change.....	45
8. Tennessee Employment by Major Occupational Change.....	46
9. 1996 Poverty Guidelines for the 48 Contiguous States and the District of Columbia.....	58
A-1 NAFTA TAA Certifications for Tennessee.....	107
A-2 United States Employees on Nonfarm Payroll Industry, Annual Averages, 1972-96.....	110
A-3 Families First Knox County Employer Report, September, 1997-September 1998.....	114

Chapter One

Introduction

Families First, Tennessee's refurbished welfare reform plan, was signed into law on July 25, 1996. This law claims to serve as a waiver from the national one, allowing Tennessee to institute state wide welfare reform geared toward lifting its poverty population out of the "welfare cycle" and into the working citizenry.

The creators of Families First believe that Tennessee's expanding economy can absorb all its unemployed and poverty stricken residents. "Economic experts maintain that the state's robust growth should create more than 65,000 jobs each year over the next five years with many of these jobs suitable for welfare recipients. This labor influx could produce up to one-third of these jobs and would boost the state's economic growth since Tennessee is almost at full employment."¹ Due to this optimistic view, the plan requires all adult welfare participants to be employed within eighteen months of enlisting in Families First. At the end of eighteen months, recipients are automatically dropped from Tennessee's welfare rolls, regardless of their employment status or attempts to maintain employment.

¹ Tennessee State. Capital Hill in Review. 26 April 1996. Online. Internet. 31 Dec. 1996. Available <http://www.state.tn.us.gop/house/wr16q.htm>.

Can Tennessee's economy support all its current and future welfare recipients, as its creators claim? What the authors of *Families First* did not take into account is the changing economy and its effect on the welfare population.

Whereas the 1960's showed warning signs of decreased profit margins, the 1970's proved these warnings true with a dramatic downward slide for corporate America. "GNP grew only by 2.9 % per year. By 1979 the typical family with a \$20,000 annual income had only 7% more real purchasing power than it had a full decade earlier."² The beginnings of global capitalism proved traditional U.S. corporate policies unprofitable. As a result, multi-national corporations began increasing profit margins two ways: by continually relocating and reinvesting capital and forcing an evolution from a share economy³ to a contingent⁴ one. Basically, corporations reorganized by shifting patterns of hiring from core to contingent employees. Core employees traditionally have a lifetime relationship with a corporation; with the exception of extreme economic changes, most are secure in their employment status.⁵ Contingent employees are part-time, temporary, and sub-contracted workers.

² Bluestone, Barry and Bennett Harrison. The Deindustrialization of America. New York: Basic Books, Inc., 1982. 4.

³ Share economy—represented by long-term employer employee relationships that can be adjusted based on norms, standards, or various formulas. (Belous, Richard S. The Contingent Economy: The Growth of the Temporary, Part-Time, and Subcontracted Workforce. Washington D.C.: National Planning Association, 1989. xi).

⁴ Contingent economy—reduces the relative number of core workers and increases the use of contingent workers. (Belous, Richard S. The Contingent Economy: The Growth of the Temporary, Part-Time, and Subcontracted Work Force. Washington D.C.: National Planning Association, 1989. xi).

⁵ Belous, Richard S. The Contingent Economy: the Growth of the Temporary, Part-Time and Subcontracted Workforce. Washington D.C.: National Planning Association, 1989. xi.

Both the capital trends in multinational corporations and the change to a contingent economy have a dramatic effect on welfare recipients' ability to find employment. Due to the investment practices and employee restructuring that are occurring in transnational corporations, employment opportunities that were historically available to welfare recipients are shrinking daily. To increase profits, corporations reallocate factories and other corporate facilities overseas for cheaper land, taxes, and labor. Along with the mass exodus of corporate facilities are employment opportunities for the workers who were once employed in these same facilities. Concomitant with a lack of facilities moving into these deserted industrial areas, no regeneration of employment opportunities occurs. No new jobs replace the disappearing blue-collar positions.

In its place, a bifurcated labor market is developing, offering either high-skilled, high wage employment or low-skilled, low wage jobs. A huge gap occupies the space where the middle class was. As the traditional mill, factory, and plant blue-collar jobs reallocated overseas, the service economy expanded. If former middle income employees are not qualified to enter the expanding high skill employment bracket in positions such as technical recruiting, computer programming and systems installation, the remaining employment opportunities are those in the unstable, lower income service sector.⁶ The employment opportunities that are available in the service sector for former middle class

⁶ Bluestone, Barry and Bennett Harrison. The Deindustrialization of America. New York: Basic Books, Inc. 1982. 97.

employees are typically in retail, food services, and the health industries. These opportunities do not offer employee security, pay, or the benefits necessary to lift a recipient and his/her family out of welfare.

Purpose of the Study

This study examines Tennessee's current welfare reform policy in the context of modern global capitalism and its effects on the welfare population. I explore whether Families First actually improves the quality of the lives of its recipients, or forces them deeper into poverty. Specifically, I study whether the employment opportunities available to welfare recipients offer them the security, benefits, and pay necessary to leave welfare or not.

Legislators are attempting to solve large numbers of welfare rolls by plugging recipients into the workforce. They assume the natural growth of a healthy economy will support the newly employed welfare recipients. This policy does not take into account the structure of the economy; there is an ever increasing gap between the knowledge intensive, high earning tier and the dead-end positions of the bottom tier. The typical welfare recipient has minimal education and employment skills, excluding him/her from the upper employment tier. I study the employment history of welfare recipients, their education, and skills to assess whether they have the ability to become financially self-sufficient. I also investigate other factors that contribute to the recipients' ability to work.

These factors are analyzed in the context of modern globalization and the bifurcated structure of the modern American economy. Without additional training and/or education, are recipients qualified for employment that will allow them to be self-sufficient? Are training and/or educational opportunities available to raise welfare recipients into employment positions that will make them self-sufficient?

Significance of the Study

Welfare is a hotly contested issue in the twentieth century. Doing a qualitative study on Families First is significant for several reasons. First, legislators need documentation of Families First; this plan contains a new approach to welfare reform and needs to be validated or discredited. Second, this study explores the relationship between the employment opportunities available to welfare recipients and their employment needs. The correlation between the modern American economy and job opportunities for welfare recipients is studied. Third, society in general pays for welfare through taxes. Knowledge of the effect of welfare on the quality of its recipients' lives can serve as input to the support or denial of Families First. Finally, this study may serve as an aid to future policymakers by defining which economic factors contribute to a recipients' ability to work, on a macro and micro scale.

Background

Prior to the great crash of 1929, Calvin Coolidge, Herbert Hoover, and Edmund Burke ran laissez faire administrations under the theory “that government which governs least governs best.”⁷ This conservative political economic policy boosted the American economy through the first two decades of the twentieth century and created public confidence in the government’s laissez faire economic policy. The 1929 stock market crash changed the American perception of the role of government in business. The intensity of the depression caused the public to lose faith in businesses’ ability to fuel the economy. Within 100 days of Roosevelt’s administration, drastic changes swept through the political economic policy; business and government were fundamentally realigned.

Roosevelt’s changes remained in place until the 1980’s. Unlike the economic crisis of the 1930’s, stagflation was blamed on *too much* government intervention in the economy. Like Roosevelt, Reagan’s administration dismantled the last 50 years of political economic policy in his first 100 days; he eliminated large portions of the social welfare system. “Reducing the scope and power of government-in effect reversing a half century of social policy-is Reagan’s formula for recreating the conditions necessary for rapid economic growth.”⁸

⁷ Bluestone, Barry and Bennett Harrison. The Deindustrialization of America. New York: Basic Books, Inc., 1982. 194.

⁸ Bluestone, Barry and Bennett Harrison. The Deindustrialization of America. New York: Basic Books, Inc., 1982. 195.

Enter the Clinton administration. One of President Clinton's campaign promises was to "end welfare as we know it." On August 22, 1996, he signed the Personal Responsibility and Work Opportunity Reconciliation Act into law. This law once again changed the realignment of the public and private sector by granting autonomy to the states.⁹ Aid for Families with Dependent Children (AFDC) was replaced by Temporary Assistance for Needy Families (TANF). TANF is distributed to the states in the form of block grants. These grants are subject to the following guidelines: work requirements serve as a condition for cash benefit and food stamps; five year per family life time limit; eligibility criteria for Supplemental Security Income (SSI) narrowed; enforcement of child support; current and future legal aliens ineligible for SSI; and reduction of overall food stamp funding.¹⁰ Due to the work requirement, this plan forces the states to take more responsibility for their individual economic climate; by 2002, 50 % of a states' TANF caseload must be actively employed by the state.¹¹ Any states that do not satisfy their participation quotas will be financially penalized.¹²

⁹ Breen, Lauren and Peter Pitegoff. "Child Care Policy and the Welfare Reform Act." Journal of Affordable Housing & Community Development Law. 6 (Winter 1997) : 113-130.

¹⁰ Breen, Lauren and Peter Pitegoff. "Child Care Policy and the Welfare Reform Act." Journal of Affordable Housing & Community Development Law. 6 (Winter 1997) : 113-130.

¹¹ Breen, Lauren and Peter Pitegoff. "Child Care Policy and the Welfare Reform Act." Journal of Affordable Housing & Community Development Law. 6 (Winter 1997) : 113-130.

¹² Abramovitz, Mimi. "A Not so Hidden Agenda." The Women's Review of Books. Vol. XIV, 5 (February 1997) 16-17.

Welfare and Tennessee

Tennessee received permission from the federal government to implement Families First through a waiver process. Under Families First guidelines, recipients are required to become financially self-sufficient within eighteen months of enlisting in the program. At the end of this time, recipients are automatically dropped from the welfare rolls, regardless of their employment status or attempts to maintain employment. Politicians who created the law declared this requirement feasible due to the economic growth of Tennessee. They assumed that Tennessee's prospering economy would produce adequate employment opportunities for the welfare recipients suddenly dumped into it.¹³

Does the expected economic growth produce enough employment, with the necessary benefits, to support the 250,000 welfare recipients suddenly required to enter the work force? What the authors of Families First did not take into account is the changing economy and its effects on the welfare population. Corporations are evolving globally; labor markets are shifting from rigid to flexible as a result of increased competitive corporate pressure.¹⁴ "The main reason behind this increase in labor market flexibility has been the shift to compensation systems that are more flexible in responding to economic conditions, and the shift to employment systems that are more contingent on economic factors."¹⁵ Historically, corporations have relied on a share economy

¹³ Tennessee State. Capital Hill in Review. 26 April 1996. Online. Internet. 31 Dec. 1996. Available <http://www.state.tn.us/gop/house/wr16q.htm>.

¹⁴ Belous, Richard S. The Contingent Economy: the Growth of the Temporary, Part-Time and Subcontracted Workforce. Washington D.C.: National Planning Association, 1989. 86.

¹⁵ Belous, Richard S. The Contingent Economy: the Growth of the Temporary, Part-Time and Subcontracted Workforce. Washington D.C. : National Planning Association, 1989. 86.

symbolized by long-term employer employee relations based on standards and various formulas.¹⁶ A key characteristic of the share economy is the core employee. Core employees typically have a long-term contract with a corporation; they are a part of the corporate family. Therefore, the relationship between employer and employee connotes a commitment. With the exception of extreme economic changes, employees were virtually guaranteed continuing employment.¹⁷ The growth of international competition in the 1970's rendered the share economy unprofitable.

Evolution from Share to Contingent Economy

To increase profit margins, corporations must raise prices of commodities and lower costs of production. With increased international competition, raising prices was not a viable option. To lower costs, corporations concentrated on reducing risks and employment costs. One response to the need to cut employee costs was increasing the use of the contingent economy: part-time, temporary, and sub-contracted workers.¹⁸

Contingent workers are typically much cheaper than core workers because: they are paid "roughly three-fourths the level of full-time blue-collar workers";¹⁹ they have a much lower chance of receiving employee benefits; there is no pension plan available; and little

¹⁶ Belous, Richard S. The Contingent Economy: the Growth of the Temporary, Part-Time, and Subcontracted Workforce. Washington D.C. : National Planning Association, 1989. xi.

¹⁷ Belous, Richard S. The Contingent Economy: the Growth of the Temporary, Part-Time and Subcontracted Workforce. Washington D.C. : National Planning Association, 1989. 5.

¹⁸ Belous, Richard S. The Contingent Economy: the Growth of the Temporary, Part-Time and Subcontracted Workforce. Washington D.C. : National Planning Association, 1989. ix.

¹⁹ Belous, Richard S. The Contingent Economy: the Growth of the Temporary, Part-time and Subcontracted Workforce. Washington D.C. : National Planning Association, 1989. ix.

chance of advancement. Contingent workers have less stake in the corporation. With fewer benefits, lower pay, and little relationship with the corporation, they are easier to lay-off in times of economic downswing. Contingent labor is the fastest growing work force in America.²⁰ Corporate benefits of a contingent work force include: significant reduction in labor costs; increased management flexibility to respond to shifts in market conditions; and increased freedom for millions of workers to be paid employees while remaining active in other areas such as family and education. Costs are greater employee insecurity with a higher risk of job and benefit loss potential for underinvestment in human capital; higher unemployment rates in periods of economic recession; potential reduction in the chances that equal unemployment opportunity goals will be met in a bifurcated system; and more difficult environment for unions.²¹

Deindustrialization and Capital Flight

Most corporations found that cutting labor costs did not raise profit margins enough. In addition to changing themselves into a contingent economy, corporations began reallocating capital. In the corporate race for profit, capital was converted in the United States from productive to investment. Instead of investing in new plants and equipment, corporations began moving capital by: reallocating profits to new facilities or

²⁰ Belous, Richard S. The Contingent Economy: the Growth of the Temporary, Part-Time and Subcontracted Workforce. Washington D.C. : National Planning Association, 1989. Viii.

²¹ Belous, Richard S. The Contingent Economy: the Growth of the Temporary, Part-Time and Subcontracted Workforce. Washington D.C.: National Planning Association, 1989. Ix.

products; relocating some equipment between facilities; or shutting down a plant.²² In its pure form, this disinvestment is supposed to create more efficiency by freeing labor and capital from relatively less productive uses to put them to work in more productive areas.²³ Global capitalism demands the constant improvement and advancement of technology and facilities. Capital will not gain more profit unless it is constantly reallocating where it is most profitable. A dynamic Capitalist system is constantly creating new opportunities for capital accumulators. An efficient pattern of allocation today may be too expensive tomorrow as new options emerge. Resource mobility is required to be successful in global capitalism.²⁴ As corporations have shut down and relocated capital to other areas of the country or the world, the results were an increase in profits and also the displacement of millions of workers around the country. This process is deindustrialization.

Deindustrialization results in the deterioration of communities, employment bases, and the United States' productive ability. According to Bluestone, deindustrialization is:

widespread, systematic disinvestment in the nation's basic productive capacity... The essential problem with the U.S. economy can be traced to the way capital-in the forms of financial resources and of real plant and equipment- has been diverted from productive investment in our basic

²² Bluestone, Barry and Bennett Harrison. The Deindustrialization of America. New York: Basic Books, Inc. 1982. 7.

²³ Bluestone, Barry and Bennett Harrison. The Deindustrialization of America. New York: Basic Books, Inc. 1982. 10.

²⁴ McKensie, Richard B. Fugitive Industry: The Economics and Politics of Deindustrialization. Cambridge, Massachusetts: Ballinger Publishing Company. 1984. xxii.

national industries into unproductive speculation, mergers and acquisitions, and foreign investment. Left behind are shuttered factories, displaced workers, and a newly emerging group of ghost towns.²⁵

Proponents of deindustrialization assert that it is a natural and healthy part of capitalism; less efficient facilities are closed to create faster, smoother running corporations. Many chief executives and some economists view the process as creating efficiency out of inefficiency. The sacrifice of workers is seen as necessary to stay competitive in a global economy.²⁶

Others go even further, arguing that downsizing, and the resulting lay-offs are a necessary part of capitalism; without them, the economy will become stagnant.

Many executives and economists, as some historians as well, agree that while the results may seem Darwinian, layoffs are a necessary part of the bargain in an economy that continues to generate wealth and new jobs, even as old ones fall away. Their argument is that unless companies are free to shrink-or die altogether- the American economy will come to resemble those of European nations, where the social prohibition against layoffs has made many companies reluctant to expand or test new businesses. The result, they point out, is both inefficiency and high

²⁵ Bluestone, Barry and Bennett Harrison. The Deindustrialization of America. New York: Basic Books, Inc. 1982. 6.

²⁶ Kleinfeld, N.R. and Louis Uchitell. "The Price of Jobs Lost" The Downsizing of America. New York: Time Books. 1996. 19.

unemployment, in some cases twice as high as the rate in the United States.²⁷

In the past, sociologists like Joseph Schumpeter supported arguments such as these by theorizing that healthy economies were reincarnating themselves. New industry or technology offset a closed plant or downsizing in a community. New jobs would replace any new unemployment. The new game of global capitalism has changed all the old rules. Where once there were new and expanding factories, now are shrinking economic bases. The global economy is changing Schumpeter's theory. Corporations are shutting down plants and rebuilding overseas or in other regions of the country.²⁸ As capital is reallocated around the world, there is no reinvestment occurring in newly deserted manufacturing facilities. Individuals who were historically employed in factories, mills, and plants find themselves unemployed with no new factories or comparable employment available. "Labor department statistics show that more than 36 million jobs were eliminated between 1979 and 1993."²⁹ If other corporations were investing in America with similar technology and facilities, as Schumpeter's theory assumes, those unemployed would have no difficulty finding new occupations. This replacement is not the case. Research shows that three-fifths of employees who are unemployed because of capital reallocation experience a decline in occupational status and up to eighteen percent

²⁷ Lohr, Steve and David E. Stranger. "Searching for Answers." The Downsizing of America. New York: Time Books. 1996.197.

²⁸ Bluestone, Barry and Bennett Harrison. The Deindustrialization of America. New York: Basic Books, Inc., 1982. 37.

²⁹ Kleinfeld, N.R. and Louis Uchitell. "The Price of Jobs Lost." The Downsizing of America. New York: Time Books. 1996. 18.

do not recover their salaries after six years.³⁰ Presumably, comparable employment is not available.

Note that closing down plants affects not only employees, but also the entire community. Layoffs not only cost the city and state in taxes, but they also add the burden of providing food stamps and welfare for employees when lateral employment is unavailable.³¹ Revenue that affects firemen, schools, parks, and the police force is also depleted when laid-off employees can no longer pay taxes. In addition, lack of leisure revenue that former employees once pumped into the community cripples other businesses. In areas of plant closings, it is common to find a sharp decline in the standard of living, much downward mobility, unemployment, underemployment, and increased use of public assistance.³² All these effects create a chain reaction in a community, simultaneously draining and crippling its resources.

The entire social cohesion of the community is affected when a corporation vacates the area. No longer do individuals have high expectations of security, stability, and a shared civic life. Their banks, schools, religious groups, and cultural institutions have all been dramatically altered.³³ Downsizing affects more than just the employees of a community; the community itself is being discarded.

³⁰ Bluestone, Barry and Bennett Harrison. The Deindustrialization of America. New York: Basic Books, Inc. 1982. 56.

³¹ Bluestone, Barry and Bennett Harrison. The Deindustrialization of America. New York: Basic Books, Inc. 1982. 77.

³² Zippay, Allison. From Middle Income to Poor: Downward Mobility Among Displaced Steelworkers. New York: Praeger Publishing. 1991. 2.

³³ Rimer, Sara. "The Fraying of Community" The Downsizing of America. New York: Time Books. 1996. 113.

These closings have become more devastating because there is no industrial renewal occurring simultaneously. With entire occupations and industries disappearing, there is little hope of enticing new jobs to an area after a corporate facility leaves. Therefore, current conditions serve to increase the number of plant closings and increase the severity of the impact on the community.³⁴

Individuals who had once been able to earn a living in blue-collar positions are finding that these jobs are drying up. "Whereas 25 years ago the vast majority of the people who were laid off found jobs that paid as well as their old ones, labor department numbers show that now only about 35% of laid-off, full-time workers end up in equally remunerative or better paid jobs."³⁵ Clerical, sales, and custodial employment are dominating the opportunities that were once available for individuals who previously worked in corporate facilities such as factories. Individuals are no longer able to change factories and/or find comparable employment when they are discarded from a factory. Now, employees are thrown away for new ones that come cheaper.³⁶

³⁴ Ansley, Fran. "Standing Rusty and Rolling Empty: Law, Poverty, and America's Eroding Industrial Base." The Georgetown Law Journal 81 (1993) : 1757-1896.

³⁵ Kleinfield, N.R. and Louis Uchitell. "The Price of Jobs Lost" The Downsizing of America. New York: Time Books. 1996. 6.

³⁶ Bluestone, Barry and Bennett Harrison. The Deindustrialization of America. New York: Basic Books, Inc. 1982. 12.

Bifurcated Economy

Corporations continue to “specialize” by creating increasingly technical facilities. Individuals who were employed in plants and factories then laid-off find the traditional blue-collar work is disappearing.

On the one hand, high-tech developments are creating some relatively high-wage jobs (many of which are taken by well-educated immigrants to the area.) On the other, a large number of low-wage jobs are being generated in the retail and service sectors of the economy. Moreover, the impact of technological and organizational changes in both manufacturing and services seems to have tended to eliminate (or downgrade) those jobs that fall in the middle of the skill (and wage) spectrum.³⁷

As employment positions are requiring more technical knowledge and skills, there is the evolution of an increasing low wage sector for the low skilled and a high wage sector for those with extensive training and education. Positions in computer programming, systems installation, and technical consulting are a portion of the expanding, high skilled service industries. At the bottom of the wage scale is an expanding service economy with positions in retail, food services, and the health industries. What were once the middle ground, factory-based jobs, are disappearing.³⁸ The result of this evolution is a two-tiered

³⁷ Bluestone, Barry and Bennett Harrison. The Deindustrialization of America. New York: Basic Books, Inc. 1982. 95.

³⁸ Bluestone, Barry and Bennett Harrison. The Deindustrialization of America. New York: Basic Books,

system where the gap between high wage and low wage labor is increasing as fast as deindustrialization. "In the churning of businesses opened, downsized and taken over, thousands of jobs have disappeared; many, many more have been created. But this is only part of the story. Most of the new jobs, or at least the ones that do not require a college education, have been in lower-paying retail and service work."³⁹

Some researchers argue that the shift in the national economy from manufacturing to services is creating a dichotomous employment and earnings structure in the United States, with high concentration of high-wage, professional and managerial jobs as well as low-wage, unstable sales, clerical, and service.⁴⁰ What service industries are not replacing are well-paid semiskilled and unskilled jobs being lost in manufacturing industries. The result is a bifurcated employment and earnings structure with a reduction in middle-income jobs.⁴¹

As the middle ground disappears, the employment opportunities available are those in the retail and service sectors of the economy. Replacing blue-collar jobs with lower paying service sector employment is a direct result of the loss of the economy's manufacturing base, declining productivity, and increased international competition.⁴²

Inc. 1982. 97.

³⁹ Rimer, Sara. "The Fraying of Community" The Downsizing of America. New York: Time Books. 1996. 121.

⁴⁰ Nord, Stephen, Phelps, John J. and Robert G. Sheets. The Impact of Service Industries on Underemployment in Metropolitan Economies. Lexington: D.C. Heath & Company, 1987. 2.

⁴¹ Nord, Stephen, Phelps, John J., and Robert G. Sheets. The Impact of Service Industries on Underemployment in Metropolitan Economies. Lexington: D.C. Heath & Company. 1987. 2.

⁴² Salomon, Amy, Bassuk, Shari, and Margaret G. Brooks. "Patterns of Welfare Use Among Poor and Homeless Women" American Journal of Orthopsychiatry 66.4 (Oct 1996): 510-525.

Since World War II, the largest portion of employment in the US has moved from manufacturing to services.⁴³ Between 1970 and 1980, service industries grew about twice as fast as manufacturing industries.⁴⁴

Theoretical Questions

Global capitalism has created this shift from a manufacturing to service economy and has shaken up all the pieces in a giant puzzle. We will see where the pieces fall. With the disappearance of blue-collar employment, the expanding service sector of the economy appears to be a giant net to catch all those who can not make it to the high wage level. How will welfare recipients fit into this new puzzle? In the past, factories, mills, and plants have been "a way out" for welfare recipients. Blue-collar employment paid well, offered benefits, and was stable. In the age of global capitalism, this employment avenue is disappearing.

In its place is a growing service economy, offering low paying, and contingent job opportunities. Typically, these jobs pay an average wage of \$5.82 an hour, according to a Tennessee news release, and they do not offer benefits such as day care, medical, and family sick leave. Many of these jobs in the service economy are in small companies that offer few benefits and low wages, and still more are part-time with no benefits.⁴⁵ Are these

⁴³ Nord, Stephen, Phelps, John, and Robert G. Sheets. The Impact of Service Industries on Underemployment in Metropolitan Economies. Lexington: D.C. Heath & Company, 1987. 1.

⁴⁴ Nord, Stephan, Phelps, John, and Robert G. Sheets. The Impact of Service Industries on Underemployment in Metropolitan Economies. Lexington: D.C. Heath & Company, 1987. 23.

⁴⁵ Kleinfield, N.R. and Louis Uchitell. "The Price of Jobs Lost." The Downsizing of America. New York: Time Books. 1996.18.

the types of jobs welfare recipients are getting? Other studies show that much service and retail employment increases low wage and part-time underemployment.⁴⁶ Does strong economic growth guarantee increased earning opportunities for low-wage workers, especially welfare recipients?

Recipients are expected immediately to enter the workforce and maintain financial independence, but are they qualified for employment opportunities that allow them to do that? What kind of training opportunities does Families First offer? Global Capitalism and the resulting disappearance of the manufacturing economy cut off an avenue of economic advancement. Can recipients succeed financially in the service and retail employment sectors of the economy? Do the remaining employment opportunities offer the pay, benefits, or hours needed for recipients to pull themselves and their families out of Families First or will Families First recipients continue to rely upon state welfare to survive and be released from the welfare rolls when their time limit is expired?

⁴⁶ Nord, Stephen, Phelps, John, and Robert G. Sheets. The Impact of Service Industries on Underemployment in Metropolitan Economies. Lexington: D.C. Heath & Company. 1987. 136.

Chapter Two

Theoretical and Methodological Approaches

This paper uses several approaches as its foundation. Historical Analysis and Political Economy reveal the economic backdrop for the current plight of welfare recipients.

Historical Analysis

Historical analysis is the foundation of this project. It is important to historically understand that welfare recipients' ability to sustain financial independence is not an independent phenomenon; it is a result of a worldwide economic movement of the twentieth century. To view the plight of recipients and their search for employment as an isolated occurrence is not recognizing that the economy is no longer segmented. Global capitalism has connected the entire economic world. Historical Analysis allows researchers to see trends and patterns in a society.⁴⁷

As with all methods, this one has cautions. Records, interviews, and other archival documents are biased. It is important to recognize the source of information. A welfare recipient is going to see the situation much differently than a legislator who created

⁴⁷ Babbie, Earl. *The Practice of Social Research*. 8th ed. Belmont, CA: Wadsworth Publishing Company, 1998. 329.

Families First. The state of Tennessee may present statistics to make Families First appear successful. One way to avoid getting an inaccurate picture or only part of the story is the corroboration of facts. The replication of facts from several data sources serves to increase the validity of information. In this paper, government statistics, newspapers, books, and in-depth interviews have been used to verify and corroborate data.

Political Economy

Political Economy is concerned with viewing political and economic phenomena through a historical lens. It takes a step back from the present to question structures' origins, evolutions, and factors that influence those evolutions.⁴⁸ Because Historical Analysis is the basis of Political Economy, it is impossible to divorce the two concepts. Political Economy allows the study of both the macro and micro levels of global capitalism. Macro levels include the transitions from the core to contingent economy and the emphasis of the manufacturing to service industries. Micro is the analysis of Tennessee welfare recipients and the employment and training opportunities available to them. Political Economy aids in our ability to understand the causes of global capitalization (i.e., a need for increased corporate profit margins) and the mechanisms that facilitated this economic evolution (e.g., a change from productive to speculative capital and cheap international land, labor, and taxes). These precursors explain the reason

⁴⁸ Hettne, Bjorn, ed. International Political Economy: Understanding Global Disorder. Atlantic Highlands, New Jersey: Zed Books, 1995.

corporations are moving capital all over the world, shrinking the blue-collar employment base in the United States and expanding the service industries. Through the Political Economy perspective, it becomes clear that the employment tribulations of welfare recipients are one result of a series of economic events that are now titled Global Capitalism.

Methods

Data for this study is taken from prior research and in-depth interviews. Prior research documents, which include newspapers, studies, the Internet and texts provide a foundation for the project. Articles from *the Knoxville News-Sentinel*, *The Nashville Tennessean*, and *The New York Times* are used in this thesis. Magazines include *The Journal of Affordable Housing and Community Development Law*, *The Georgetown Law Journal*, and *The Monthly Labor Review*. This research provides a basis and setting for the interviews.

But underlying all the statistics and research is the question, will the new welfare laws improve the quality of life for its recipients? One way to discover the answer is to interview recipients; to know his/her past, present, and what s/he thinks about his/her future. Only the recipients themselves can assess and compare portions of their life as well as recommend ways to change their future. In-depth interviews give the researcher the opportunity and latitude to explore a recipient's history, present, and future in all the

directions it may go. Topics covered in the interviews focus on the recipients' employment history and factors that contribute to his/her ability to work.

Subjects are 16 adult welfare recipients in the greater Knoxville area. They were interviewed between July 9, 1998 and October 7, 1998 at a mutually determined location. Because a majority of participants are single mothers, women were primarily targeted; however, men were not excluded from the study. Subjects were located through the snowball sampling method. To use this procedure, data were collected on several members of the target population the researcher was able to locate. These members of the population were then asked to supply the researcher with information about other members of the target population. Subjects identified other possible subjects for the researcher.⁴⁹ Interviewees were taken from a pool of candidates created through the snowball method. The first subject was located through contacts at local non-profit organizations: the Microloan program, Montgomery Village Tenants Association, and Volunteers of America. The only subject prerequisite was participation in Families First, at any time of its existence. Each interview lasted between one and three hours. Interviews were audio taped and transcribed.

An attempt was also made to locate former recipients who had been released from Families First. Russ Overby, an attorney with the Tennessee Justice Center, deals with previously released participants. Mr. Overby was contacted, he reported there is no way

⁴⁹ Babbie, Earl. The Practice of Social Research. 8th ed. Belmont, CA: Wadsworth Publishing Company, 1998. 196.

to keep track of recipients after they were released. One former recipient of Families First was interviewed. She is a resident of Montgomery Village and decided she didn't want to "fool with the system anymore."

Data were gathered through in-depth interviews. The focus of the interviews was the recipients' employment history, views on welfare, and Families First. The interviews were loosely structured to allow the interviewer to explore topics and for interviewees to reveal personal stories. An in-depth interview typically has an interviewer with a general plan of inquiry, but not necessarily a standard set of questions to be asked in a predetermined order.⁵⁰ It allows for a variety of personal experiences to be revealed through the study.

Data for this study were analyzed according to standard qualitative procedures. Sources of information included transcripts. Transcripts were examined for errors and read several times for content. Then they were coded for common themes concerning employment history, education, training, and current and future job opportunities. Analysis was conducted as an activity simultaneously with data collection, data interpretation, and narrative report writing. Data from the interviews were compared to research documentation.

Written documentation and in-depth interviews allow for the ability to check facts and stories, therefore strengthening the study and reducing bias. The interviews of the

⁵⁰ Babbie, Earl. The Practice of Social Research. 8th ed. Belmont, CA :Wadsworth Publishing Company, 1998. 290.

welfare recipients provide additional information to government statistics, newspaper articles, prior research, and texts.

Several limitations were found in the use of these methods. The first was the difficulty in locating and arranging a time to interview subjects. Many of the recipients I talked with were juggling several roles at once: mother, spouse, employee, welfare recipient, and friend. There were two or three interviews I was unable to conduct because we were not able to find the available time. As already discussed, I was unable to locate any recipients released by the state. A second limitation of the study was the decreased generalizability through the use of the snowball method. The interviews were concentrated in three main locations around Knoxville: two housing projects and one homeless shelter. These findings are also limited to the state of Tennessee because Families First is the exclusive welfare plan of Tennessee. The biases of the interviewees are a third limitation of this project. Many wanted me to know certain stories or something that had happened to a friend. Others were extremely concerned that the Department of Human Services would be able to link the interviews to them, and were therefore reluctant to talk. Personal agendas increased error as some interviews may have viewed this project as a way to air their grievances against Tennessee's welfare system.

Chapter Three

Globalization and its Effects on the U.S. Economy

In the last quarter of this century, it seems as if almost daily there are reports of factories closing⁵¹ or the announcement of layoffs or employees terminated to create room for contract employees.⁵² All these events are a result of the intensification of globalization.⁵³ In the 1960's, profit by itself was not enough anymore. The question became, is the corporation profiting enough? Corporations basically followed two paths to remain competitive during the intensification of globalization: restructure employment from core to contingent and reallocate capital. As a result of this process, the United States' traditional manufacturing base has disappeared and the service sector economy has expanded. A bifurcated economy has risen in its wake, creating a huge gap in employment tracks.

The Contingent Economy

The Bureau of Labor Statistics defines contingent work as "any job in which an individual does not have an explicit or implicit contract for long-term employment."⁵⁴ In

⁵¹ Hinds, Michael. "Workers Say U.S. Program Took Their Jobs" New York Times. October 19, 1992. A8.

⁵² Ansberry, Clare. "Workers are Forced to Take More Jobs With Few Benefits" New York Times. March 11, 1993. A9.

⁵³ For this study, globalization will be defined as the process where corporations transverse the globe reallocate capital, resources, facilities, and restructure employer-employee relations in order to raise profit margins and market share.

⁵⁴ Polivka, Anne E. "Contingent and Alternative Work Arrangements, Defined." Monthly Labor Review

essence, a contingent worker is defined as anyone who is in a job currently structured to be of limited duration.⁵⁵ Temporary, contract, and part-time workers now make up about 25 % of the workforce.⁵⁶ Examples of contingent workers are temporary and part-time employees, consultants, leased employees, hired business services, subcontracts and life-of-project employees.⁵⁷ There are approximately 5.6 million contingent workers in the United States today.⁵⁸ Much research has been done in this area. Some researchers believe the growth of the contingent work force is due to a need to meet fluctuations in demand for the company's product, to fill in employees when staff are absent, and to lower labor costs. Other studies cite increased competition and profit maximization.⁵⁹

Contingent workers earn less than their non-contingent counterparts. Median weekly earnings were \$285, compared with \$416 for non-contingent workers. Contingent workers earn about 80% of noncontingents.⁶⁰ In addition, contingent workers are also less likely to receive health insurance and pension benefits than noncontingents.⁶¹ Several factors contribute to the low earnings of contingent workers. Through a study done from

119 (October 1996): 3-9.

⁵⁵ Polivka, Anne E. "Contingent and Alternative Work Arrangements, Defined." Monthly Labor Review 119 (October 1996): 3-9.

⁵⁶ Ansberry, Clare. "Workers are Forced to Take More Jobs With Few Benefits." New York Times March 11, 1992. A9.

⁵⁷ Belous, Richard S. The Contingent Economy: The Growth of the Temporary, Part-Time and Subcontracted Workforce. Washington D.C: National Planning Association, 1989. 12.

⁵⁸ Bureau of Labor Statistics. Online. Internet. 2 Dec. 1997. Available <http://stats.bls.gov/newsrels.htm>.

⁵⁹ Clinton, Angela. "Flexible Labor: Restructuring the American Work Force." Monthly Labor Review 120 (August 1997) 3-16.

⁶⁰ Hipple, Steven and Jay Stewart. "Earnings and Benefits of Contingent and Noncontingent Workers." Monthly Labor Review 119 (October 1996): 22-30.

⁶¹ Hipple, Steven and Jay Stewart. "Earnings and Benefits of Contingent and Noncontingent Workers." Monthly Labor Review 119 (October 1996): 22-30.

the February 1995 Current Population Survey (CPS), a profile of contingent workers was compiled. Contingent workers are more likely to be black, female, young, enrolled in school, and employed in the services and construction industries.⁶² “Among those not enrolled in school, a larger proportion of contingent than noncontingent workers did not have a high school diploma.”⁶³ In addition, part-time employment accounts for almost one-fifth of all employed,⁶⁴ and part-time employees generally earn less than full-timers.⁶⁵

Contingents were most likely to be working in the administrative support and service occupations. Positions in administrative support include secretaries, stenographers, typists, and other clerical occupations.⁶⁶ More than half of all contingent workers are employed in the services industry.⁶⁷ In the service occupations, the subcategory with the highest rate of contingency was food service occupations, which includes servers, cooks, and bartenders. Other subcategories with high rates of contingency were attendants at amusement and recreational facilities, childcare workers in private households, janitors, and cleaners.⁶⁸ Table 1 further supports this data.

⁶² Polivka, Anne E. “A Profile of Contingent Workers.” Monthly Labor Review 119 (October 1996): 10-21.

⁶³ Polivka, Anne E. “A Profile of Contingent Workers.” Monthly Labor Review 119 (October 1996): 10-21.

⁶⁴ Cohany, Sharon R. “Employment Options.” Monthly Labor Review 120 (September 1997): 49-50.

⁶⁵ Hipple, Steven, Jay Stewart. “Earnings and Benefits of Contingent and Noncontingent Workers.” Monthly Labor Review 119 (October 1996): 22-30.

⁶⁶ Polivka, Anne E. “A Profile of Contingent Workers.” Monthly Labor Review 119 (October 1996): 10-21.

⁶⁷ Hipple, Steven and Jay Stewart. “Earnings and Benefits of Contingent and Noncontingent Workers.” Monthly Labor Review 119 (October 1996): 22-30.

⁶⁸ Polivka, Anne E. “A Profile of Contingent Workers.” Monthly Labor Review 119 (October 1996): 10-21.

Table 1
Employed Contingent and Noncontingent Workers by Occupation and Industry,
February 1997

Characteristic	Contingent Workers
<i>Occupation</i>	
Total, 16 years and over (thousands)	2,385
Percent	100.0
Executive, administrative, and managerial	5.2
Professional specialty	16.2
Technicians and related support	3.2
Sales occupations	7.0
Administrative support, including clerical	23.0
Services	15.9
Precision production, craft, and repair	10.6
Operators, fabricators, and laborers	16.3
Farming, forestry, and fishing	
<i>Industry</i>	
Total, 16 years and over (thousands)	2,385
Percent	100.0
Agriculture	1.9
Mining	0.3
Construction	12.3
Manufacturing	7.4
Transportation and Public Utilities	2.5
Wholesale Trade	1.7
Retail Trade	13.1
Finance, Insurance, and Real Estate	3.6
Services	54.2
Public Administration	2.8

*Noncontingent workers are those who do fall into the estimate of contingent workers.
 Source: Bureau of Labor Statistics. Online. Internet. 1 Nov. 1998. Available
<http://www.bls.gov/news.release/conemp.t04.htm>.

An ongoing debate rises about the nature of contingent employment: is it a stepping stone into the labor market or simply a dead-end economic avenue, with little economic security or room for advancement?⁶⁹ Do employees take contingent positions because they are trying to advance or are these jobs the only types of employment available? Once again taking figures from the 1995 CPS, researchers found that a majority of those surveyed would rather have been in a noncontingent position, and fewer than one third of all contingent workers showed preference for their arrangement.⁷⁰ This phenomenon of involuntary contingent work escalated in the 1970's, leveled off in the mid 80's and began climbing again in the 90's.⁷¹ Table 2 shows that in February, 1997, only

Table 2
Employed Contingent Workers by their Preference for Contingent or
Noncontingent Work Arrangements, February, 1997

Preference	Contingent Work
Total, 16 years and over (thousands)	2,385
Percent	100.0
Prefer noncontingent employment	60.2
Prefer contingent employment	34.1
It depends	4.9
Not available	0.9

*Noncontingent workers are those who do not fall into any estimate of workers.
Source: Bureau of Labor Statistics. Online. Internet. 1 Nov. 1998. Available
<http://www.bls.gov/news.release.conemp.t10.htm>.

⁶⁹ Polivka, Anne E. "Into Contingent and Alternative Employment: By Choice?" Monthly Labor Review 119 (October 1996): 55-74.

⁷⁰ Polivka, Anne E. "Into Contingent and Alternative Employment: By Choice?" Monthly Labor Review 119 (October 1996): 55-74.

⁷¹ Kilborn, Peter T. "Part-Time Hirings Bring Deep Changes in U.S. Workplaces." New York Times June 17, 1991. D1.

34.1 % of contingent workers prefer their employment status. About 60.2 % prefer non-contingent employment. The use of contingent employees allows an employer more flexibility and reduction in labor costs.⁷² By outsourcing employees, companies do not have to deal with the costs of injuries, drug screening, workers compensation, and unemployment claims.⁷³ It is no coincidence that these changes began occurring in the 1970's, when globalization forced corporations to streamline their expenses and raise the "bottom line." Increased global competition is urging corporations to create a "just-in-time, bare-bones and cheaper workforce."⁷⁴ Between 29.9 and 36.6 million contingent employees exist in the United States today.⁷⁵ Temporary employment grew 10 times faster than overall employment between 1982 and 1990.⁷⁶ One example of the magnitude of the contingent workforce is Manpower, Inc., the largest contingent employer in the world, and the largest employer in the country.⁷⁷ This population may continue to grow into the twenty-first Century.⁷⁸

⁷² Belous, Richard S. The Contingent Economy: The Growth of the Temporary, Part-Time, and Subcontracted Workforce Washington D.C.: National Planning Association, 1989. ix.

⁷³ Ansberry, Clare. "Workers are Forced to Take More Jobs with Few Benefits." New York Times March 11, 1993. A9.

⁷⁴ Ansberry, Clare. "Workers are Forced to Take More Jobs with Few Benefits." New York Times March 11, 1993. A9.

⁷⁵ Belous, Richard S. The Contingent Economy: The Growth of the Temporary, Part-Time, and Subcontracted Workforce Washington D.C.: National Planning Association, 1989. Viii.

⁷⁶ Ansberry, Clare. "Workers are Forced to Take More Jobs with Few Benefits." New York Times March 11, 1993. A9.

⁷⁷ Manpower, Inc. Online. Internet. 11 Dec. 1998. Available <http://www.manpowersouth.com/why.htm>.

⁷⁸ Belous, Richard S. The Contingent Economy: The Growth of the Temporary, Part-Time, and Subcontracted Workforce Washington D.C.: National Planning Association, 1989. Viii.

Globalization and Capital Flight

Historically, the United States has regarded the production of goods-in factories, farms, and mines-as the source of its economic strength. Even Adam Smith, in *The Wealth of Nations*, praises manufacturing and espouses services⁷⁹ as “unproductive.”⁸⁰ At the end of World War II, manufacturing accounted for 38 % of nonfarm employment and service industry 10 %.⁸¹ In the 1970’s, in the context of globalization, corporations began shifting capital around the world, invoking deindustrialization. Deindustrialization denotes a change in the use of capital; there is currently a reduction of productive investment and the use of capital for speculation and foreign investment.⁸² The result is the disappearance of the factories, mills, and corporate facilities that once served as the employment base for blue-collar America⁸³ and the creation of a two-tiered employment system.

Due to the nature of deindustrialization, it is difficult to obtain facts and figures verifying the loss of manufacturing facilities. For example, Company A may shut down a factory in Dayton, Ohio and build three others in Tokyo, Japan, and Brazil to manufacture

⁷⁹ Service-producing industries, as defined by the Monthly Labor Review, include: transportation and public utilities; wholesale trade; retail trade; finance, insurance, and real estate; and services. “The services industry includes a broad variety of activities, such as health care, advertising, computer and data processing services, personnel supply, private education, social services, legal services, management and public relations, engineering and architectural services, accounting, recreation, and government positions.”(Meisenheimer II, Joseph R. “The Services Industry in the ‘Good’ Versus ‘Bad’ Jobs Debate.” *Monthly Labor Review* February 1998: 22-47.)

⁸⁰Meisenheimer II, Joseph R. “The Services Industry in the ‘Good’ Versus ‘Bad’ Jobs Debate.” *Monthly Labor Review* February 1998: 22-47.

⁸¹ Meisenheimer II, Joseph R. “The Services Industry in the ‘Good’ Versus ‘Bad’ Jobs Debate.” *Monthly Labor Review* February 1998: 22-47.

⁸² Bluestone, Barry and Bennett Harrison. *The Deindustrialization of America*. New York: Basic Books, Inc. 1989. 6.

⁸³ Bluestone, Barry and Bennett Harrison. *The Deindustrialization of America*. New York: Basic Books, Inc. 1989. 37.

the same parts. Company A may also lease a previously deserted facility in Kingston, Tennessee to have these parts, now manufactured around the world, assembled and distributed. This company has shifted its manufacturing capabilities around the world as well as obscured the number of employees officially enrolled in its workforce. If Company A leased employees through an employment agency to work in the Kingston factory, officially, no one works for Company A in the United States.

The creation and implementation of the North American Free Trade Agreement (NAFTA) provides data to support recent evacuation of manufacturing employment in the context of globalization. Beginning in January, 1994, NAFTA's corporate proponents and political allies promised to create 200,000 new NAFTA jobs, higher wages, increased social and economic stability in Mexico, and improved environmental and health conditions in the U.S.-Mexico border region.⁸⁴ Not only has NAFTA failed to live up to its promises of increased jobs, but data indicate that the United States lost at least 400,000 jobs due to trade with NAFTA countries since 1993.⁸⁵ It is estimated that the state of Tennessee has lost more than 7,500 jobs in the same period of time.⁸⁶ Under the NAFTA Trade Adjustment Assistance (TAA) regulations, 5,363 workers have been certified as losing their jobs due to NAFTA. Another 228 Tennessee workers were denied TAA

⁸⁴ Public Citizen's Global Trade Watch. Online. Internet. 21 Dec. 1998. Available <http://www.citizen.org/pctrade/nafta/reports/TNF.htm>.

⁸⁵ Public Citizen's Global Trade Watch. Online. Internet. 21 Dec. 1998. Available <http://www.citizen.org/pctrade/nafta/reports/TNF.htm>.

⁸⁶ Public Citizen's Global Trade Watch. Online. Internet. 21 Dec. 1998. Available <http://www.citizen.org/pctrade/nafta/reports/TNF.htm>.

status because they could not "produce an article," i.e., were service workers.⁸⁷ Table A-1 is a listing of all NAFTA TAA certifications for Tennessee, the number of employees laid off, reason for closure, and products sold. In all 45 companies have left the state of Tennessee as a result of one facet of globalization since 1993.

Shifting from Manufacturing to Services

Service industries grew since World War II and have filled the gap created by the declining manufacturing base. In 1982, services finally surpassed manufacturing as the largest employer among major industry groups. (See Figure 1). Table A-2 shows, in detail, the change in nonfarm payrolls, by industry, from 1972-1996. Since 1972, all

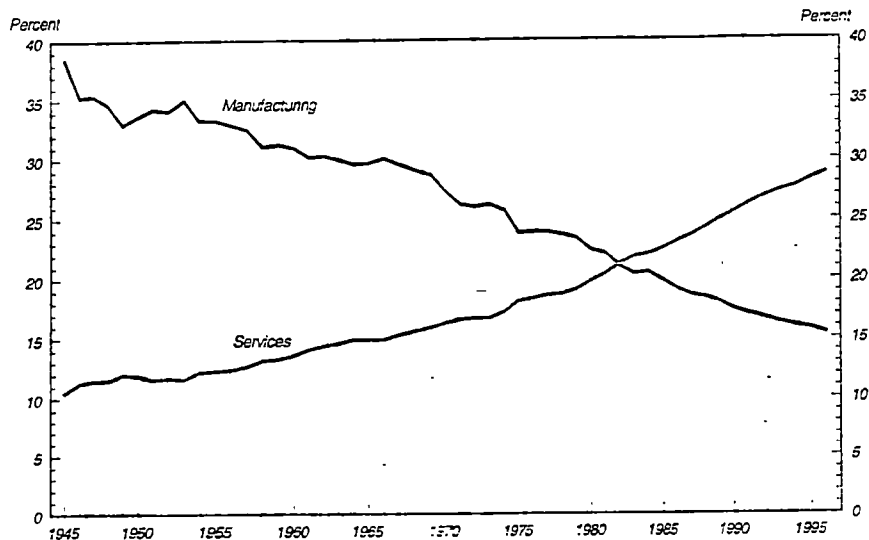


Figure 1 United States share of Nonfarm Employment in Manufacturing and Services industries, Annual Averages, 1945-96

Source: Meisenheimer II, Joseph R. "The Services Industry in the 'Good' Versus 'Bad' Jobs Debate." *Monthly Labor Review*, (February 1998): 22-47.

⁸⁷ Public Citizen's Global Trade Watch. Online. Internet. 21 Dec. 1998. Available <http://www.citizen.org/pctrade/nafta/reports/TNF.htm>.

service industry payrolls have increased. All the manufacturing categories: mining, manufacturing, durable goods and nondurable goods decreased by at least 40 % during this time.

Tennessee also reports similar findings. Table 3 presents Nonagricultural Employment Estimates by Major Industry. Service Industries increased by 115 % from 1972 to 1996, during the same time period as Table 1 shows. At the same time, manufacturing employment estimates remained almost stagnant, increasing by only 5 % in the twenty-five years span. The total employment estimate for the state during this time was a 75 % increase. These figures indicate while there was growth throughout all industries, service industries grew over 20 times faster than manufacturing, creating the majority of employment opportunities through out the state.

Figures from Table 4, from the city of Knoxville are almost identical to the rate of growth of the state of Tennessee from 1972-1996. Employment estimates for the service industries grew 141 % and manufacturing grew only 3 %. The total employment growth was 96 %, revealing once again that service industries grew almost 50 times faster than manufacturing, creating the majority of employment opportunities throughout Knoxville.

Recent figures for the state of Tennessee indicate the same findings. From November, 1997 to November, 1998, the majority of employment growth took place in the service producing areas. General decline occurred in the goods producing industries

Table 3
 Tennessee Nonagricultural Employment Estimates by Major Industry,
 1972-1996 (in Thousands)

Year	Total	Mining	Const.	Mfg.	T.P.U.	Trade	F.I.R.E.	Services	Gov't.
1972	1450.1	7.1	78.6	489.2	69.3	294.3	61.2	209.8	240.6
1973	1531.1	7.0	86.1	519.4	72.4	312.0	66.1	221.9	246.2
1974	1558.2	8.3	87.8	513.3	74.3	321.0	69.5	227.6	256.4
1975	1505.7	9.5	76.0	459.0	70.8	320.8	68.9	229.4	271.3
1976	1575.4	9.4	73.8	486.1	73.7	339.5	69.3	240.5	283.1
1977	1648.1	9.9	78.4	507.5	78.3	357.7	71.1	254.5	291.2
1978	1737.0	10.8	87.3	526.0	83.2	379.1	74.3	270.7	305.6
1979	1777.3	10.5	89.2	524.7	87.3	388.7	77.6	285.4	313.9
1980	1746.6	10.1	81.2	502.1	86.6	379.7	78.7	291.0	317.2
1981	1775.4	10.0	76.2	506.9	86.7	379.9	79.6	304.4	311.7
1982	1703.0	9.2	72.2	466.7	84.0	380.5	79.9	313.1	297.5
1983	1719.0	7.9	69.6	468.6	83.6	389.9	81.9	323.4	294.1
1984	1812.0	8.0	78.3	497.1	89.1	413.3	85.9	344.3	296.1
1985	1867.8	7.7	85.6	492.4	93.0	435.3	89.4	360.2	304.2
1986	1929.8	7.2	90.0	490.5	97.6	452.1	95.4	384.7	312.4
1987	2011.6	6.8	95.2	497.4	103.4	477.2	101.4	408.9	321.2
1988	2092.1	6.6	96.7	511.9	109.2	495.6	103.2	440.3	328.4
1989	2167.2	6.3	97.2	524.5	115.8	508.4	103.4	467.2	344.3
1990	2193.2	6.2	92.4	520.3	116.4	517.2	103.1	486.3	351.4
1991	2183.6	5.5	86.5	502.7	117.4	511.6	101.6	505.2	353.2
1992	2245.0	5.0	88.3	514.5	120.6	517.7	101.0	541.1	356.9
1993	2328.5	4.7	94.3	528.4	126.8	535.9	104.1	572.4	362.0
1994	2423.0	4.6	101.0	538.9	133.6	562.1	108.3	603.8	370.7
1995	2499.0	4.6	108.9	538.9	138.6	585.5	111.6	638.0	373.1
1996	2533.4	4.6	113.1	519.2	145.2	594.4	116.4	658.7	381.6

Source: Tennessee Department of Employment Security, Research and Statistics Division, CES Unit. 16 Sept. 1998.

Table 4
 Knoxville Nonagricultural Employment Estimates by Major Industry,
 1972-1996 (in Thousands)

Year	Total	Mining	Const.	Mfg.	T.P.U	Trade	F.I.R.E.	Services	Gov't.
1972	159.9	1.2	8.7	48.1	7.3	33.1	5.7	22.3	33.5
1973	166.2	1.4	10.1	50.0	7.4	34.0	6.0	22.7	34.6
1974	171.4	1.9	10.9	49.6	7.6	35.5	6.4	23.7	35.8
1975	171.7	1.9	9.9	46.4	7.2	36.6	6.5	25.1	38.1
1976	177.8	1.7	9.7	49.4	7.3	37.6	6.7	26.1	39.3
1977	185.	1.6	11.1	51.7	7.3	38.7	7.1	27.5	40.0
1978	194.3	1.6	12.2	53.2	7.6	40.9	7.7	29.3	41.8
1979	197.9	1.5	11.8	54.0	8.0	41.9	8.0	30.8	41.9
1980	195.3	1.6	9.5	52.4	8.2	41.5	8.2	32.4	41.5
1981	205.1	1.6	9.7	51.5	8.5	44.0	8.8	34.3	46.7
1982	207.8	1.6	9.0	49.0	8.6	47.7	8.9	38.5	44.5
1983	224.1	1.9	9.8	48.2	7.9	51.7	9.6	47.7	47.3
1984	232.6	2.0	10.9	50.9	8.5	54.7	9.0	49.8	46.7
1985	235.0	1.8	11.1	50.9	8.8	57.5	8.8	48.8	47.2
1986	242.0	1.8	11.9	51.0	9.0	60.7	9.0	50.1	48.4
1987	251.9	1.9	12.4	50.6	9.8	63.6	9.5	53.4	50.8
1988	256.1	1.2	13.7	50.8	10.1	65.4	10.0	54.5	50.4
1989	262.0	1.2	15.0	50.0	10.8	68.7	10.2	56.2	50.0
1990	266.1	0.8	13.0	49.2	10.7	71.1	9.9	60.5	50.8
1991	271.0	0.7	11.6	48.9	10.1	71.9	9.9	66.7	51.3
1992	285.3	0.6	12.4	49.7	10.3	73.4	10.6	74.9	53.5
1993	296.7	0.5	13.7	50.6	11.2	75.0	11.0	79.9	54.7
1994	304.1	0.5	15.0	50.1	12.2	78.1	11.4	81.4	55.6
1995	313.8	0.5	17.9	49.3	13.4	81.4	12.0	84.2	55.1
1996	314.2	0.5	16.7	48.2	14.0	82.3	13.0	84.2	55.0

Source: Tennessee Department of Employment Security, Research and Statistics Division, CES Unit. 21 Oct. 1998.

with manufacturing taking a loss of 11,500 jobs and approximately 7,200 in apparel. Services rose by 14,200, with major growth in government and business services.⁸⁸

The trends shown here were part of a larger trend. Table 5 cites predictions of United States employment by major industry division for the years 1986, 1996, and 2006. "Manufacturing is expected to decline by 350,000 jobs, from 18.5 million in 1996 to 18.2 million in 2006. The decline for manufacturing is about 30 % less than the reduction of 493,000 jobs recorded over the previous 10-year period."⁸⁹ Service industries are at the opposite end of the spectrum, expected to account for 64 % of all nonfarm wage and salary job growth over the projection period. This expected growth rate is even larger than in the 1986-96 period, when services accounted for 56 % of employment growth.

Annual projected growth is 2.9 %, more than twice the expected rate of nonfarm employment figures. From 1986 to 1996, services division jobs increased "as a share of total nonfarm wage and salary employment from 22.6 % to 28.3 %."⁹⁰ This share is projected to increase to 32.9 % by 2006.

Bifurcation within the Services Industry

Just as the entire economy is segmenting itself, so is the services industry. On the upper end of the services scale is the knowledge intensive occupations: finance, health and

⁸⁸ Department of Employment Security. 22 Dec. 1998. Online. Internet. 5 Jan. 1999. Available <http://www.state.tn.us/empsec/news/figures.htm>.

⁸⁹ Franklin, James C. "Industry Output and Employment Projections to 2006." Monthly Labor Review (November 1997): 39-57.

⁹⁰ Franklin, James C. "Industry Output and Employment Projections to 2006." Monthly Labor Review (November 1997): 39-57.

Table 5
Employment by Major Industry Division, 1986, 1996, and Projected 2006

Industry	Thousands of Jobs			Change		Percent Distribution			Average Annual Rate of Change	
	1986	1996	2006	1986-96	1996-2006	1986	1996	2006	1986-96	1996-2006
Total	111,374	132,352	150,927	20,978	18,575	100.0	100.0	100.0	1.7	1.3
<i>Nonfarm wage and salary</i>	98,727	118,731	136,318	20,004	17,587	88.6	89.7	90.3	1.9	1.4
Goods producing	24,538	24,431	24,451	-107	20	22.0	18.5	16.2	.0	.0
Mining	778	574	443	-204	-131	.7	.4	.3	-3.0	-2.5
Construction	4,810	5,400	5,900	590	500	4.3	4.1	3.9	1.2	.9
Manufacturing	18,951	18,457	18,108	-493	-350	17.0	13.9	12.0	-3	-2
Durable	11,200	10,766	10,514	-433	-252	10.1	8.1	7.0	-4	-2
Nondurable	7,751	7,691	7,593	-60	98	7.0	5.8	5.0	-1	-1
<i>Service Producing</i>	74,189	94,300	111,867	20,111	17,567	66.6	71.2	74.1	2.4	1.7
Transportation, Communications, Utilities	5,247	6,260	7,111	1,014	851	4.7	4.7	4.7	1.8	1.3
Wholesale trade	5,751	6,483	7,228	732	745	5.2	4.9	4.8	1.2	1.1
Retail Trade	17,878	21,625	23,875	3,747	2,250	16.1	16.3	15.8	1.9	1.0
Finance, Insurance, Real Estate	6,275	6,899	7,651	625	752	5.6	5.2	5.1	1.0	1.0
Services	22,346	33,586	44,852	11,240	11,266	20.1	25.4	29.7	4.2	2.9
Federal Government	2,899	2,757	2,670	-142	-87	2.6	2.1	1.8	-5	-3

Table 5 (continued)

	Thousands of Jobs			Change		Percent Distribution			Average Annual Rate of Change	
	1986	1996	2006	1986-96	1996-2006	1986	1996	2006	1986-96	1996-2006
Industry										
State and local Government	13,794	16,690	18,480	2,896	1,790	12.4	12.6	12.2	1.9	1.0
<i>Agriculture</i>										
Private household wage and salary	3,327	3,642	3,618	314	-24	3.0	2.8	2.4	.9	-1
Nonagricultural self-employed and unpaid family workers	1,235	928	775	-307	-153	1.1	.7	.5	-2.8	-1.8
	8,085	9,051	10,216	966	1,165	7.3	6.8	6.8	1.1	1.2

Source: Franklin, James C. "Industry Output and Employment Projections to 2006." Monthly Labor Review. (November 1997): 39-57.

legal services, colleges and universities, engineering firms, accounting, advertising, and data processing.⁹¹ Assembly workers, clerical, and service workers comprise the lower end of the service spectrum.⁹² This segmentation of employment within the services industry is similar to the rest of the economy with two tracks: well-paid, rewarding, and prestigious employment or poorly paid, unrewarding jobs with little pay and few benefits.⁹³

The reasons for this segmentation are linked to globalization and the greater segmentation of the economy, but are also specific to the services industry. Technology created a demand for a healthier and more educated workforce.⁹⁴ This shift to white collar work and increased emphasis on technical knowledge has served to destroy much of the internal job ladders that previously existed.⁹⁵ In the past, it was possible to enter a company in one of these lower income positions and advance through the internal labor market. Many of these pathways to the upper employment echelon disappeared, creating a bifurcation of the services industry and keeping many individuals in poorly paid, and minimal job security positions with little hope of advancement.

⁹¹ Kasarda, John D. Readings on Social Problems. Ed. William Fieglman. Fort Worth: Holt, Rhinehart and Winston, Inc, 1990. 223-231.

⁹² Noyelle, Thierry J. and Thomas N. Stanback, Jr. Cities in Transition: Changing Job Structures in Atlanta, Denver, Buffalo, Phoenix, Columbus (Ohio), Nashville, Charlotte. New Jersey: Allanheld, Osmun & Co, 1982.

⁹³ Ginzberg, Eli. Introduction. Services: The New Economy. By Peter J. Bearse, Robert A. Karasek, Thierry J. Noyelle, and Thomas Stanback Jr. Totowa, New Jersey: Allanheld, Osmun & Co. Publishers, 1981. xv.

⁹⁴ Bearse, Peter J., Robert A. Karasek, Thierry J. Noyelle, and Thomas Stanback Jr. Services: The New Economy. Totowa, New Jersey: Allanheld, Osmun & Co. Publishers, 1981.

⁹⁵ Noyelle, Thierry J. and Thomas Stanback Jr. Cities in Transition: Changing Job Structures in Atlanta, Denver, Buffalo, Phoenix, Columbus, Nashville, and Charlotte. New Jersey: Allanheld, Osmun & Co. Publishers, 1982.

Table 6 shows projected United States industries with the fastest and slowest wage and salary employment growth from 1996 to 2006. All of the 20 fastest growing industries in the next decade are under the heading of the service industries. The top five categories are: computer and data processing services; health services, management and public relations, miscellaneous transportation services; residential care and personnel supply services. All of these positions are in the "good" job service occupations. Three fourths of the most rapidly declining industries are in the manufacturing industries. Table 7 validates these findings with similar predictions for the state of Tennessee. All top ten industries expected to have employment change through 2005 are in the service industries and expect at a minimum, a 34.6 % employment change. These include a mixture of positions from both ends of the service bifurcation: executive, managerial, administrative; health services; business services; educational services; eating and drinking places; and social services.

By 2005, the state of Tennessee is predicting the services industry to be the largest industry employer in the state. (See Table 8). Both the knowledge intensive and lower income positions are expected to have large amounts of growth through the next several years.⁹⁶ This evidence shows that the Services Industry is the leading employer in the nation, state of Tennessee and city of Knoxville and this trend is expected to increase going into the twenty-first Century. It also indicates the bifurcated system that has been

⁹⁶ Bearse, Peter J., Robert A. Karasek, Thierry J. Noyelle, and Thomas M. Stanback Jr., Services: The New Economy. Totowa, New Jersey: Allanheld, Osmun & Co. Publishers, 1981.

Table 6
Industries with Fastest and Slowest Wage and Salary Employment Growth,
1996-2006

Industry Description	Thousands of Jobs		Change	Avg. Annual rate of change
	1996	2006	1996-2006	1996-2006
<i>Fastest Growing</i>				
Computer and data processing services	1,207.9	2,509.1	1,301.2	7.6
Health Services	1,171.9	1,968.3	796.4	5.3
Management and Public Relations	873.2	1,400.0	526.8	4.8
Miscellaneous transportation services	204.3	327.4	123.1	4.8
Residential care	672.1	1,069.8	397.7	4.8
Personnel supply services	2,646.0	4,039.3	1,393.3	4.3
Water and sanitation	230.9	349.1	118.2	4.2
Individual and miscellaneous social services	846.3	1,265.9	419.6	4.1
Offices of health practitioners	2,751.4	4,045.9	1,294.5	3.9
Amusement and recreation services	1,108.6	1,565.3	456.7	3.5
Automobile parking, repair, and services	890.3	1,236.2	345.9	3.3
Nursing and personal care facilities	1,732.2	2,377.0	644.8	3.2
Producers, orchestras, and entertainers	151.7	204.6	52.9	3.0
Miscellaneous equipment rental and leasing	237.8	320.2	82.4	3.0
Security and commodity brokers	551.4	740.4	189.0	3.0
Passenger transportation arrangement	212.9	277.2	64.3	2.7
Child day care services	569.3	733.5	164.2	2.6
Miscellaneous business services	2,022.8	2,599.3	576.5	2.5
Museums, botanical, zoological gardens	84.7	108.8	24.1	2.5
Nondepository; holding and investment offices	725.6	928.2	202.6	2.5
<i>Most Rapidly Declining</i>				
Coal mining	96.4	52.0	-44.4	-6.0
Watches, clocks, and parts	7.7	5.1	-2.6	-4.0
Footwear, except rubber and plastic	46.5	30.8	-15.7	-4.0
Search and navigation equipment	160.7	109.5	-51.2	-3.8
Crude petroleum, natural gas and gas liquids	148.2	101.5	-46.7	-3.7
Luggage, handbags, and leather products	49.4	34.3	-15.0	-3.6
Tobacco products	41.4	30.3	-11.1	-3.1
Metal cans and shipping containers	39.0	28.6	-10.4	-3.1

Table 6 (continued)

Industry Description	Thousands of Jobs		Change	Avg. Annual Rate of Change
	1996	2006	1996-2006	1996-2006
Tires and inner tubes	79.5	59.3	-20.2	-2.9
Photographic equipment and supplies	84.9	65.1	-19.8	-2.6
Electrical industrial apparatus	156.0	122.4	-33.6	-2.4
Petroleum refining	100.2	79.5	-20.7	-2.3
Blast furnaces and basic steel products	240.3	196.7	-43.6	-2.0
State and local government enterprises	598.2	490.2	-108.0	-2.0
Electric distribution equipment	81.7	67.5	-14.2	-1.9
Private households	928.0	775.2	-152.8	-1.8
Beverages	178.5	149.3	-29.2	-1.8
Metal mining	53.8	45.0	-8.8	-1.8
Apparel	642.9	475.1	-167.8	-3.0

Source: Franklin, James C. "Industry Output and Employment Projections to 2006."
Monthly Labor Review, (November 1997):39-57.

Table 7
Top 10 Industries in Tennessee Ranked by Employment Change

Industry Title	1994		2005		Change	
	Estimated Employment	Percent Employed	Projected Employed	Percent Employed	Employed	Percent
Total, all industries	2,610,750	100.0	3,285,000	100	674,250	25.8
Health services	211,550	8.1	317,705	9.7	106,160	50.2
Business Services	132,710	5.1	220,960	6.7	88,255	66.5
Educational Services	183,670	7.0	247,470	7.5	63,800	34.7
Eating and drinking places	150,070	5.8	207,495	6.3	57,420	38.3
Social Services	32,950	1.3	69,640	2.1	36,690	111.4
Engineering and Management services	49,740	1.9	79,665	2.4	29,930	60.2
Local government	94,690	3.6	116,695	3.6	22,010	23.2
General merchandise stores	59,590	2.3	80,205	2.4	20,615	34.6
Special trade contractors	58,460	2.2	77,040	2.4	18,590	31.8
Trucking and warehouse	55,830	2.1	74,100	2.3	18,275	32.7

*Local Government category excludes education and hospitals.

Source: Tennessee Department of Employment Security, Research and Statistics Division.

Online. Internet. 30 June 1998. Available

<http://www.state.tn.us/empsec/news/top10.htm>.

Table 8
Tennessee Employment by Major Occupational Change

Occupational Title	1994	2005					
	Estimated Employed	Projected Employed	Employed Change	Percent Change	Annual Openings		
					Growth	Replace	Total
Total, all occupations	2,610,610	3,185,020	674,410	25.8	61,315	57,930	119,245
Executive, managerial, administrative	181,180	235,930	54,750	30.2	4,980	3,885	8,865
Professional, paraprofessional, technical	465,395	642,825	177,430	38.1	16,125	9,170	25,295
Marketing and sales	304,390	383,930	79,440	26.1	7,220	8,545	15,765
Clerical and administrative support	417,640	481,270	63,630	15.2	5,785	8,080	13,865
Service	382,325	530,270	147,945	38.7	13,455	9,465	22,920
Agriculture, Forestry, and Fishing	28,005	32,500	4,495	16.1	410	560	970
Precision production and maintenance	299,770	356,465	56,695	18.9	5,155	6,355	11,510
Operators, Fabricators, and Laborers	531,805	621,830	90,025	16.9	8,185	11,870	20,055

Source: Tennessee Department of Employment Security, Research and Statistics Division.
Online. Internet. 30 June 1998. Available
<http://www.state.tn.us/empsec/news/tenemp.htm>.

put into place with the growth of the services industries and the general economy will continue to dominate employment patterns into the future.

The Economy and Welfare Policy

There is an obvious connection between the economy and United States welfare policy; AFDC was created as a reaction to the great depression of the 1930s. The New Deal laid the foundation of modern welfare. It was an attempt to pacify the political instability caused by mass unemployment.⁹⁷ Roosevelt's administration instituted a social welfare policy based on the notion that increased levels of federal government spending as a counter cyclical device will help to ensure 'full' employment.⁹⁸

Growth, technology, and World War II brought economic and poverty stability to the United States through the 1940s and 1950s. Two decades after the depression, unemployment resulting from modernization and migration produced mass disorder and the rise of welfare rolls in the early 1960s.⁹⁹ In reaction to this poverty boom, the Great Society Era was born. The philosophies behind this social policy were in effect from 1960 to 1975.

⁹⁷ Tomaskovic-Devey, Donald. "Poverty and Social Welfare in the US." Poverty and Social Welfare in the US. Ed. Donald Tomaskovic-Devey. Boulder, Colorado: Westview Press, 1988.

⁹⁸ Ginsburg, Norman. Divisions of Welfare: A Critical Introduction to Comparative Social Policy. London: Sage Publications, 1992.

⁹⁹ Cloward, Richard A. and Frances Fox Piven. Regulating the Poor: The Functions of Public Welfare. New York: Pantheon Books, 1971.

Factors such as the civil rights and women's movement pushed forth the liberalism ideals of this era,¹⁰⁰ but more evident was the fact that rising welfare rolls proved economic growth would not eradicate all poverty. A "War on Poverty" was instituted to reduce the poverty ranks. Also of concern to Johnson's administration was the threat that government surpluses were permanent and a potential threat to the long-term health of the economy. Strong economic growth provided the government with funds to initiate the "War on Poverty."¹⁰¹

The policies of the Great Society Era stressed the "fine-tuning of fiscal and monetary adjustments within relatively limited parameters of government action and domestic social spending."¹⁰² Depth, range, coverage, and expenditures for social welfare all increased. Social welfare clients and consumers, not just professionals, private altruists, and public administrators were all involved in the policy making.¹⁰³ The amount of money spent on income transfers increased. Aid to Defendant Children (ADC) was changed to Aid to Families with Dependent Children (AFDC), connoting a change in emphasis from aiding children to helping the entire impoverished family. Funding for the Medicaid, Medicare, housing subsidies, and food stamps programs was enhanced.¹⁰⁴

¹⁰⁰ Ginsburg, Norman. Divisions of Welfare: A Critical Introduction to Comparative Social Policy. London: Sage Publications, 1992.

¹⁰¹ Tomaskovic-Devey, Donald. "Poverty and Social Welfare in the US." Poverty and Social Welfare in the US. Ed. Donald Tomaskovic-Devey. Boulder, Colorado: Westview Press, 1988.

¹⁰² Ginsburg, Norman. Divisions of Welfare: A Critical Introduction to Comparative Social Policy. London: Sage Publications, 1992.

¹⁰³ Kahn, Alfred J. and Sheila B. Jamerman Family Change and Family Policies in Great Britain, Canada, New Zealand, and the United States. New York: Clarendon Press, 1997.

¹⁰⁴ Ginsburg, Norman. Divisions of Welfare: A Critical Introduction to Comparative Social Policy. London: Sage Publications, 1992.

During the mid-1970s and early 1980s, registered unemployment continued to grow.¹⁰⁵ Reagan's administration responded in 1981 with a series of tax cuts that resulted in a substantial upward redistribution of income, benefitting the top ten percent in particular.¹⁰⁶ The Omnibus Budget Reconciliation Act, a number of laws prescribing welfare eligibility and benefits cuts was also instituted in 1981. These were the first steps toward the establishment of Reagan administration's "trickle-down theory."

The prevailing social welfare policy of the 1980s was that a strong economy was the best way to reduce poverty; a healthy economy will provide jobs and increased wages.¹⁰⁷ As a result of this philosophy, federal involvement in welfare programs was decreased during the 1980s.¹⁰⁸ Anti-poverty programs were retrenched while programs which benefitted the majority, particularly the elderly, were maintained.¹⁰⁹ It was assumed that businesses with profits would make greater investments to benefit the entire society. Government regulation of business was reduced and tax policies were directed at reducing corporate taxes. The recession of the late 1980s and early 1990s decreased work opportunities and constricted state budgets, causing the welfare population to explode.¹¹⁰

¹⁰⁵ Ginsburg, Norman. Divisions of Welfare: A Critical Introduction to Comparative Social Policy. London: Sage Publications, 1992.

¹⁰⁶ Ginsburg, Norman. Divisions of Welfare: A Critical Introduction to Comparative Social Policy. London: Sage Publications, 1992.

¹⁰⁷ Gotsch-Thomson, Susan. "Ideology and Welfare Reform Under the Reagan Administration." Poverty and Social Welfare in the US. Ed. Donald Tomaskovic-Devey. Boulder, CO: Westview Press, 1988.

¹⁰⁸ Gotsch-Thomson, Susan. "Ideology and Welfare Reform Under the Reagan Administration." Poverty and Social Welfare in the US. Ed. Donald Tomaskovic-Devey. Boulder, CO: Westview Press, 1988.

¹⁰⁹ Ginsburg, Norman. Divisions of Welfare: A Critical Introduction to Comparative Social Policy. London: Sage Publications, 1992.

¹¹⁰ Kahn, Alfred J. and Sheila B. Jamerman Family Change and Family Policies in Great Britain, Canada,

Temporary Aid to Needy Families (TANF) was initiated in August 1996. This plan gives the states autonomy and requires welfare recipients to work within time limits. It is reliant upon a healthy economy to provide job opportunities for all the current and former welfare recipients. The thriving economy of the late 1990s offers a viable backdrop for the current social welfare policy.

Conclusions

In striving to save money, corporations moved to contingent employment. Contingent employees, by definition, are not long-term employees; they are leased out from other companies and hired part-time. They are paid 20 % less than noncontingents and most of them do not receive health benefits or pension plans, and many do not have the skills or education to demand competitive wages. Studies show that over half the contingent workforce is employed in the services industries. The segmentation of "good" versus "bad" jobs in the general economy is reflected in the services industry. There is one path of knowledge intensive employment that requires technical knowledge and education. There is another path of assembly workers, clerical, and service workers that appear to be trapped in positions that pay little and offer less security. Since 1982, the service industries have become the largest employer in the United States, Tennessee, and Knoxville. While this trend is projected into the twenty-first century, more and more of the population will find employment there. There is a correlation between the economy

and welfare policy that cannot be ignored. Each administration has dealt with welfare in reaction to the current state of the economy. In the next chapter, we will combine these phenomena and focus on welfare in the state of Tennessee.

Chapter Four

Welfare Recipients and the Economy

Since its inception in the 1930's, welfare, or Aid to Families with Dependent Children (AFDC), provided for anyone who qualified, regardless of their economic history or future.¹¹¹ States like Wisconsin experimented with welfare issues such as family size and marriage by creating family caps and providing increased aid to married couples.¹¹² For the first time in the history of welfare a cap is in effect for the amount of time an individual may be registered. Welfare was renamed from AFDC to Temporary Aid for Needy Families (TANF). Instead of a being a lifetime support system, welfare is now a temporary stopgap designed to put recipients back into the economy. This chapter reviews the goals, details, and statistics of Families First; examines training opportunities available to recipients; identifies the realities of the minimum wage and the poverty threshold; and analyzes studies on employment and welfare recipients.

¹¹¹ Families First, The Sundquist Administration Welfare Reform Program. 7 Nov. 1995. Online. Internet. 7 Sept. 1997. Available <http://www.state.tn.us/education/acfam/htm>.

¹¹² Bush, Andrew. "Replacing Welfare in Wisconsin." Welfare Policy Institute: Hudson Institute. Online. Internet. 3 Nov. 1998. Available <http://www.hudson.org/wpc/articles/replcwel.htm>.

Families First Goals, Time Limits, and Results

There are three main goals to Families First: "Establishing firm, fair expectations of parents for work, for responsible parenting, and for supporting their children; building a better workforce by requiring work, by offering educational and training opportunities, and by providing case management for families; and reducing poverty through work requirements, carefully planned benefit packages and transitional services."¹¹³ Recipients are eligible for eighteen consecutive months of benefits. At the end of these eighteen months, a recipient can reapply. A three-month wait is required if a recipient voluntarily quits his/her job then requests to be readmitted to Families First.¹¹⁴ A five-year lifetime limit exists on all benefits. To apply to Families First, all recipients sign a Personal Responsibility Plan (PRP) agreeing to work.¹¹⁵ If no paying jobs are available, recipients are expected to volunteer. The other alternatives are training or going to school for up to 20 hours a week.

Exceptions to the time limit include: aged, disabled, incapacitated persons or those caring for disabled parents or disabled children. Pregnant women are exempt for four months, the amount of time corresponding with the Tennessee Maternity Leave Act.¹¹⁶ If a recipient tests below a ninth grade reading and math level, he/she is available for Adult

¹¹³ Families First, The Sundquist Administration Welfare Reform Program. 7 Nov. 1995. Online. Internet. 7 Sept. 1997. Available <http://www.state.tn.us/education/afam.htm>.

¹¹⁴ "Tennessee: TANF Program." Welfare Policy Center: Hudson Institute. Online. Internet. 3 Nov. 1998. Available <http://www.hudson.org/wpc/states/tn-tanf.htm>.

¹¹⁵ "Families First, What it Does." Knoxville News Sentinel 1 Sept. 1996. Online. Internet. 9 Sept. 1997. Available <http://www.knoxnews.com/news/safety-net.html>

¹¹⁶ Families First, Basic Concepts. Work and Training. November 3, 1995.

Education classes and will be exempt from the time limit until he/she reaches the ninth grade level.

The work requirements have no stipulations; recipients are free to pursue any type of employment. The goal of the program is for recipients to view the PRP as an opportunity to map out goals with a caseworker and formulate a way to leave welfare. Each plan lists specific steps and timeframes needed to achieve the goal. "Plans will include bench marks, clearly specified expectations as to attendance or participation in an activity, and a notice of penalties for failure to comply."¹¹⁷ Each plan is individual and unique depending on the recipient's situation and his/her goals.

The Tennessee legislature funded Families First with \$71.6 million dollars per fiscal year. This money was intended for the creation of daycare and transportation assistance.¹¹⁸ A sliding scale of benefits is available for the first eighteen months a recipient is in the work force.¹¹⁹ Nowhere in the bill or the state legislature was there a creation of jobs programs or employment plans except the knowledge that the Tennessee economy is expanding,¹²⁰ however, the mention is made of partnering the public and

¹¹⁷ Families First, Basic Concepts. Work plans. November 3, 1995.

¹¹⁸ Keim, David, Jesse Fox Mayshark. "Breaking the Cycle: Tennessee's Bold Welfare Overhaul Begins Today." Knoxville News-Sentinel 1 Sept. 1996. Online. Internet. 9 Oct. 1997. Available <http://www.knoxnews.com/news/safety-net.htm>.

¹¹⁹ "Tennessee: TANF Program." Welfare Policy Center: Hudson Institute. Online. Internet. 3 Nov. 1998. Available <http://www.hudson.org/wpc/states/th-tanf.htm>.

¹²⁰ Tennessee State. Capital Hill in Review 26 April 1996. Online. Internet. 31 Dec. 1996. Available <http://www.state.tn.us/gop/house/wr16q.htm>.

private sector to “reduce welfare dependency and building a better workforce.”¹²¹ One example of this partnership is the establishment of training programs.

Training and Families First

With the inception of Families First, Tennessee's Department of Human Services (DHS) provided training to welfare recipients by contracting individual organizations to run independent training programs. In Knox County, the Private Industry Council was the primary contractor and University of Tennessee, Knoxville (UTK) coordinated the job club program. Child and Family, Inc., Urban League, Pellissippi State, and Goodwill were contracted to offer training on computer, survival, and job skills, daycare certification, and other occupation specific classes. To simplify referrals and assure continuity from one year to the next, DHS changed this structure beginning fiscal year 1998. Now, the Private Industry Council and UTK control all 160 training slots. They form a consortium with other agencies such as Goodwill, Tennessee Technical Institute, Pellissippi State and the Urban League. Each organization has control over their own program, but the Private Industry Council and UTK are responsible for coordinating and regulating the entire Knox County training system.¹²²

¹²¹ Families First, Basic Concepts. Practical Government. November 3, 1995.

¹²² Because the training system of Families First is contracted out and decentralized, it was very difficult to locate information. Interviews with representatives from the Private Industry Council and UTK provided the data for this topic.

With few direct job placement programs available for residents through Families First, recipients are left to locate employment independently. Key areas where recipients are entering the workforce are in the service occupations: clerical and sales; bench work, assembly and fabrication; and professional, managerial, and technical areas.¹²³ The Tennessee Department of Human Services reports in March, 1998, 29.3 % of recipients gained employment, 18.8 % refused to sign their PRP, and 21.2 % failed to comply.¹²⁴

Employment and Poverty

Statistics citing the number of recipients working and the number looking for jobs are misleading and uninformative because it is more important to know what kind of jobs recipients obtain, how much they are paid, if the position is temporary, and if there is any chance of advancement. In 1998, earning the minimum wage, \$5.15 an hour, full-time, year-round will pay 81 % of the poverty line for a family of three. It will pay 63 % for a family of four.¹²⁵ Working a minimum wage job as the head of a household will not lift a recipient out of poverty. Recipients who work for minimum wage will simply be reclassified as the working poor. "Of the more than 36 million people living in poverty in 1995 [in the United States], about 7.5 million either worked or looked for work at least

¹²³ Families First is Working. 2 Sept. 1997. Online. Internet. 7 Sept. 1997. Available <http://www.state.tn.us/humanserv/fmfirst4/htm>.

¹²⁴ Department of Human Services. "Families First: Statistics." Online. Internet. 4 Nov. 1998. Available <http://www.state.tn.us/humanserv/gif/statisti.htm>.

¹²⁵ "A Hand Up: How State Earned Income Credits Help Working Families Escape Poverty" Center on Budget and Policy Priorities 1996 ed. Online. Internet. Available <http://www.cbpp.handup.htm>.

half the year and hence were classified as the working poor.”¹²⁶ The working poor typically share two characteristics: first, they face labor market difficulties like unemployment, involuntary part-time employment and low earnings; and second, they often live in structures that are more conducive to poverty.¹²⁷ Demographically speaking, the working poor are over-represented among women, blacks, Hispanics, and the less educated.¹²⁸ According to the 1990 census, 45,600 people in Knox County, 14 % of the population, or one family in 10 live in poverty.¹²⁹

Table 9 is a listing of poverty guidelines for the United States in 1996. To earn money above the poverty guideline, a mother with two children would have to earn \$5.91 an hour.¹³⁰ The average wage of Families First recipients decreased from \$5.82 in September, 1997¹³¹ to \$5.67 in March, 1998.¹³² The average welfare recipient in Tennessee is not earning enough to rise above the poverty line.

¹²⁶ Hale, Thomas W. “The Working Poor.” Monthly Labor Review 120 (September 1997): 47-48.

¹²⁷ Hale, Thomas W. “The Working Poor.” Monthly Labor Review 120 (September 1997): 47-48.

¹²⁸ Hale, Thomas W. “The Working Poor.” Monthly Labor Review 120 (September 1997): 47-48.

¹²⁹ Keim, David and Jesse Fox Mayshark. “A Matter of Pride Over Profit” Knoxville News Sentinel. 22 Sept. 1996.

¹³⁰ Keim, David, Jesse Fox Mayshark. “A Matter of Pride Over Profit” Knoxville News Sentinel. 22 Sept. 1996.

¹³¹ “Families First is Working.” 2 Sept. 1997. Online. Internet. 7 Sept. 1997. Available <http://www.state.tn.us/humanserv/fmfirst4.htm>.

¹³² Department of Human Services. “Families First: Statistics.” Online. Internet. 4 Nov. 1998. Available <http://www.state.tn.us/humanserv/gif/statisti.htm>.

Table 9
1996 Poverty Guidelines for the 48 Contiguous States
and the District of Columbia

Size of Family Unit	Poverty Guideline
1	\$7,460
2	\$10,360
3	\$12,980
4	\$15,600
5	\$18,220
6	\$20,840
7	\$23,460
8	\$26,080

*For family units with more than 8 members, add \$3,280 for each additional member.
Source: Bureau of TennCare. 15 Oct. 1998 Online. Internet. 14 Jan. 1999. Available
<http://www.state.tn.us/health/tenncare/povguide.htm>.

Employment Studies on Welfare Recipients

The 1995 AFDC Case Characteristics Study, done by the Center for Business and Economic Research, College of Business Administration at the University of Tennessee, Knoxville shows 20 % of the welfare population employed at that time, 56.6 % employed at sometime during the last year, and an average hourly wage of \$5.37. In addition, 11.8 % cite no work available as their reason for being unemployed. Other reasons for not working were health problems (26.8 %), no transportation (10.9 %), and children too young (10.8 %), and childcare costs (6.2 %).¹³³

Figures 2, 3, and 4 reveal data from a similar study conducted by the UTK College of Business Administration in 1993. Even though these data are five years old, it is

¹³³ 1995 AFDC Case Characteristics Study, Center for Business and Economic Research, College of Business Administration, University of Tennessee, Knoxville.

consistent with current records and establishes pattern over time. Figure 2 is an assessment of wages earned by caretakers. In 1993, the minimum wage was \$4.25. Note that 70.2 % of those studied earned \$5.00 an hour or less. The mean wage was \$4.97 an hour. Figure 3 measures the jobs most frequently held by welfare recipients. Eight out of the 12 listed are in the services industries. Food services accounted for 31.6 % of the jobs held by recipients. Medical services, retail sales, office work, custodial services, and domestic (private home) accounted for 31.1 % of employment. Figure 4 reflects job preference by recipients. Office work and medical services top the list with 21.0 and 19.1 %, respectively.¹³⁴

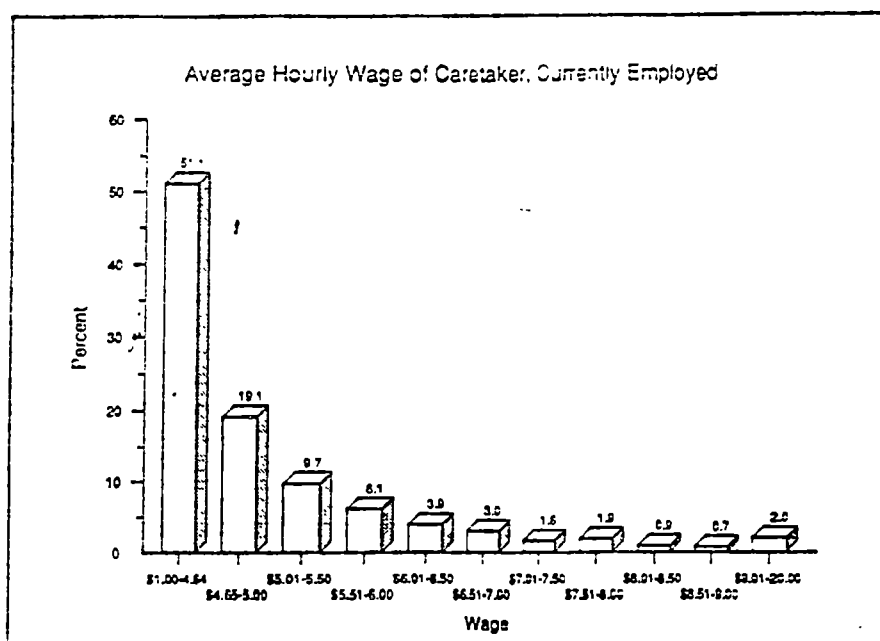


Figure 2 Average Hourly Wage of Caretaker, Currently Employed

Source: 1993 Case Characteristics Study, Center for Business and Economic Research, College of Business Administration, University of Tennessee, Knoxville.

¹³⁴ 1993 AFDC Case Characteristics Study, Center for Business and Economic Research, College of Business Administration, University of Tennessee, Knoxville.

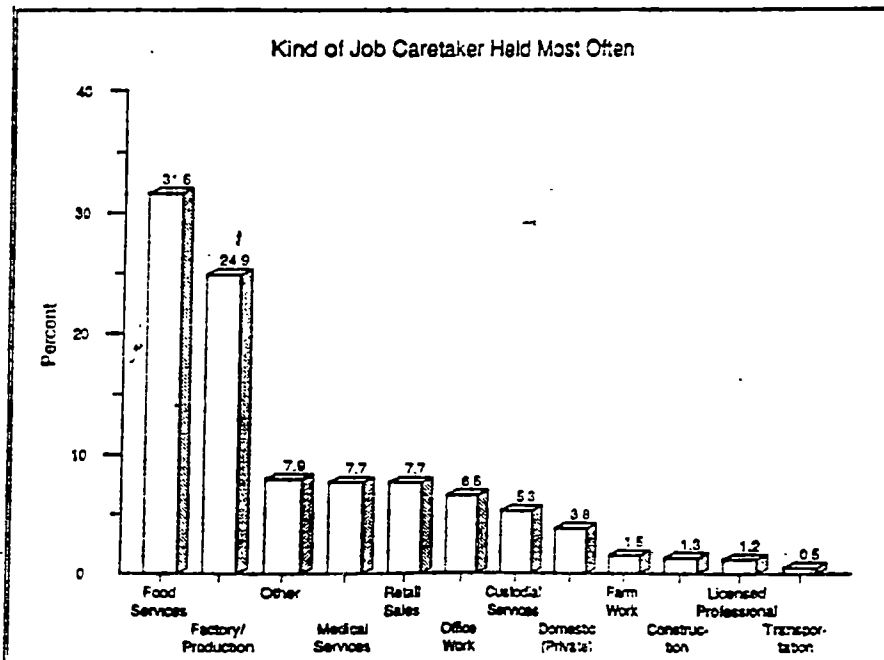


Figure 3 Kind of Job Caretaker Held Most Often

Source: 1993 AFDC Case Characteristics Study, Center for Business and Economic Research, College of Business Administration, University of Tennessee, Knoxville.

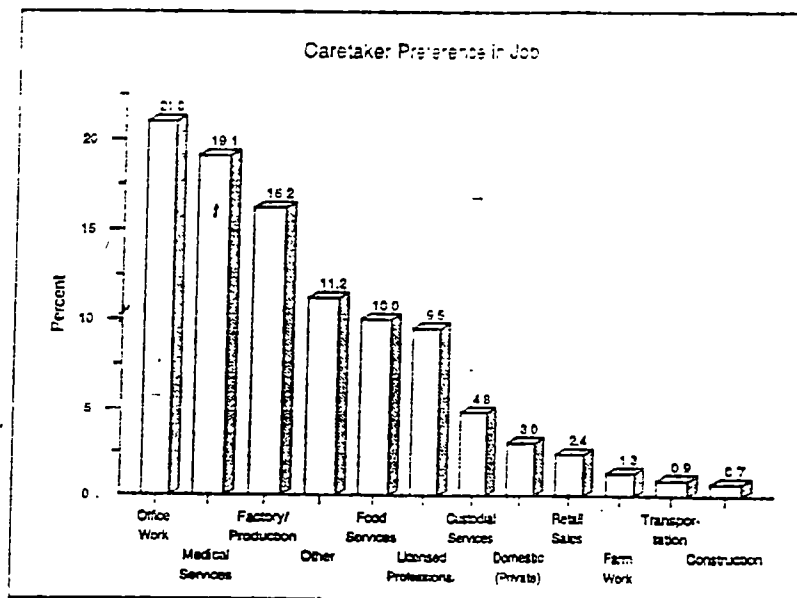


Figure 4 Caretaker Preference in Job

Source: 1993 AFDC Case Characteristics Study, Center for Business and Economics Research, College of Business Administration, University of Tennessee, Knoxville.

Tennessee's Department of Employment Security did a wage study for 1996. On the bottom end of the scale, the occupations that reported the lowest earnings were servers at \$5.34 per hour, home care aides at \$5.70, and amusement and recreation attendants at \$6.10 per hour.¹³⁵ Note these positions all reside in the services industries, require little education, and have minimal room for advancement.

Table A-3, listed in the appendix, lists the jobs taken by Knox County recipients from September, 1997 to September, 1998. Seventeen percent of the recipients were employed part-time, 79 % full-time, and 3 % were temporary. Six individuals, almost 6 %, were making minimum wage, or \$5.15 an hour. A head of household with two children must earn \$5.91 an hour to be above the poverty threshold. Twenty-nine percent of the recipients of this table earned \$5.91 or less. Almost half, 46 %, earned \$6.00 or less. Eight recipients, 7 %, were employed in manufacturing areas as a packer, warehouse worker, material handler, mold injector, belt lupe operator, roofer, and machinery manufacturer. The remaining recipients were employed in the service industries. In the last chapter, two employment tracks were discussed within the services industry: lower and upper income tracts. Of all the recipients working in the services industry, only about 11, 10 %, of those in the table appear to be in the upper echelon or have opportunities for advancement. There are no job descriptions, only job titles available, so there is some room for interpretation over the nature of some of these positions. Regardless, most of

¹³⁵ Wage Survey Available. Department of Employment Security. 25 March 1998. Online. Internet. 30 June 1998. Available <http://170.142.16.205/empsec/news/wagesurvey.htm>.

these positions fall under the category of the lower tract with positions as assembly worker, clerical and service workers. A composite of these data reveal the average Knox County welfare recipient obtaining full-time employment in a position in the services industry that pays between \$6.00 and \$6.50 an hour and has little room for advancement.

Conclusions

Families First requires recipients to locate employment and immediately begin working upon signing their PRP. There are few, if any direct job placement programs. The state of Tennessee has designed a decentralized series of training programs that target computer, clerical, and survival skills as well as other occupation specific classes to aid recipients with their search for employment. Recall a mother of two children will not escape poverty by earning minimum wage. Studies cited have shown that a majority of the employment positions welfare recipients are able to obtain pay little more than minimum wage, are in the lower income tract of the services industries, and offer minimal advancement. In the next chapter, we apply these facts to interviews from Knox County welfare recipients

Chapter Five

Families First Recipients

Crunching numbers and analyzing data lay the groundwork for this project, but the other side of the story is the human aspect. Sixteen recipients were interviewed for this project: fifteen women and one man. All the recipients interviewed in Knoxville.

They ranged from the ages of twenty to forty-three. Nine interviewees were white, and seven were black. Each one of them had a story to tell and a struggle in life to overcome. Every recipient has worked in his/her lifetime, but continues to struggle between government assistance and financial independence. The stories revealed here give examples of the realities of being on welfare and thrust into the economy. This chapter focuses on the economic aspects of Families First: the types of job recipients have held in the past, how much they earn, and their expectations for the future.

Past Employment

As any assorted group of individuals, each recipient had her/his own reason for being on welfare. Two women found themselves under the poverty line after their divorces. One recipient voluntarily put herself on Families First to receive benefits while she starts a business. One thing all these recipients have in common is the fact that they

have all worked. When asked about their prior employment, most recipients responded by saying, "Oh, I've done just about anything." Every recipient had worked several occupations in her/his work history, lasting from hours to years. Four recipients have supervised fellow employees at work. Two recipients have had professional positions: one an office manager and the other a radio copy writer and disc jockey. These three mothers have been forced into the welfare system by circumstances beyond their control.

Amy¹³⁶ is forty-six years old.¹³⁷ She grew up in North Georgia. She obtained several years of college, but did not complete a degree. Amy has two daughters, aged twenty-four and fifteen. She grew up in a middle class household and had no experience with welfare until she went on it herself. Amy was married twice, once at the age of eighteen and once at the age of twenty-eight. Both marriages turned out to be bad choices; Amy was abused and left twice without any support. The second time, her husband took out a loan and wrote bad checks on their joint bank account as he left. When he left, Amy was already working sixty hours a week, in the marketing department of the Knoxville News-Sentinel. Soon after the divorce, she was rear-ended. This accident began a series of medical conditions that have deteriorated her body to the point that she now receives Social Security Disability.

¹³⁶ All names have been changed to assure anonymity.

¹³⁷ Interview with Amy took place July 22, 1998 at her house on Emerald Ave.

Up to this point, Amy had held jobs in all communications mediums. She has been a Disc Jockey on the radio and in clubs, a copywriter, done free lance writing assignments, contracted an information referral service for the United Way, published catalogs, and worked in the marketing department of the Knoxville News-Sentinel. At one point, Amy and her daughters were living in a small house in Sequoyah Hills and TVA was prepared to give her a computer and allow her to work from her house. Amy's ex-husband failed to make several child support payments, which she needed to pay rent, and Amy lost the house as well as the job.

Today, Amy and her youngest daughter are living in a small house in North Knoxville that her stepsister owns. She has a heart enlargement; her heart currently works at 40 percent. The official diagnosis is that of Cardiomiopathy. She is a transplant candidate, but also has an autoimmune disorder that lowers her approval for the transplant. Her official welfare status is that of spin down; her medical bills have exceeded her income by a certain percentage. Amy receives food stamps, Medicare, and Social Security Disability. The Moicroloan program has loaned her \$500 to start a business selling items like jewelry and lotions on the Internet. Her car broke down so now she's unable to start the business and has to begin repaying the loan. Vocational Rehabilitative Services has offered to buy her a computer so she can start doing free lance writing again, only, she would have to double her social security income to survive.

Maggie¹³⁸ has intermittently lived in Montgomery Village, a housing project in South Knoxville, her entire life. She is thirty-one. She has two sons. Their ages are twelve and nine. Maggie got married when she was seventeen, and was pregnant with JP, her oldest son, when she graduated from high school. This marriage lasted four years and seven months. Seventeen days after her divorce was final, Maggie remarried. She had been on welfare during her first marriage, then reapplied during the second marriage so she would be eligible to stay at Serenity, a shelter for abused women. She stayed on the program until it became Families First.

March 16, 1998, her boyfriend of five years tried to kill her. After a few months of staying with friends and dealing with a family crisis, she is living in Montgomery Village again. Currently, Maggie receives food stamps for her family, but has chosen not to return to Families First because she is going to start job hunting soon. She has to be careful about where she works because she has a tumor, cancer, heart problems, headaches and dizzy spells. As a result of all the abuse, she has trouble remembering simple things that most people take for granted.

Maggie has worked a veritable smorgasbord of jobs. She was a secretary for a while; painted owls at Gailin, Inc.; made health products at TTL medical; deli clerk at Food City; dessert clerk at Food Lion; server and cook at Shoney's; cook at Gus's Restaurant; and housekeeper and housekeeping supervisor at South East Cleaning to name a few. Maggie obtained several of these positions through Staffing Solutions. She always

¹³⁸ Interview with Maggie took place July 24, 1998 at the Montgomery Village Ministry.

made between \$5.25 and \$6.25 an hour but says that she would have made more working directly for the company then through Staffing Solutions. Some of these positions ended because they were seasonal and others were only meant to be temporary. Maggie left some of her other jobs because of practices she didn't agree with. At Shoney's, a male cook peed in the oil they make fries with. The Southeast Cleaning would not fire a gentleman who had exposed himself to her. A deli clerk at Food Lion spit in the meat before giving it to a customer.

For her next job, Maggie is going to go to Manpower, Inc. She expects to make about \$6.00 an hour, but definitely more than minimum wage. Maggie is willing to do anything. It does not matter the job, as long as there is income coming in to support her family.

Ms. Brandi got her driver's license at the age of thirty-one.¹³⁹ She went to her first county fair at the age of thirty-one too. She grew up in poverty, living with her grandmother on a farm and then her mother in Austin Homes, housing projects in Knoxville. Because of her rough upbringing, Ms. Brandi did not have the opportunity to enjoy things such as driving and county fairs until she was thirty-one. She has no children, but is raising three of her sisters' children as her own and does not want them to end up on welfare as she has.

¹³⁹ Interview with Ms. Brandi took place July 24, 1998 at Montgomery Village Ministry.

At the age of forty-three, Ms. Brandi and her children have been on welfare for seven years now. Her monthly welfare check is \$165 a month. She is always worried, because with three teenagers in the house, her phone bill can take up half that check. Two weeks before the interview, Ms. Brandi had started working at a local daycare. She is paid \$5.50 an hour, 40 hours a week, to take care of four and five year olds, many of them abused.

In the past, Ms. Brandi has worked at Rice College doing computer work making \$7 an hour. She has also been a cook since she was nineteen years old. Ms. Brand's cooking skills have been displayed at Knoxville College, and at the University of Tennessee, Knoxville. At UTK, she was also a salad helper, dish washer, second cook, cook's helper, and cooked for the Football Team. Ms. Brandi worked for the university for eight years and made \$7 an hour. When Families First initially begun, Ms. Brandi took a part-time job as a supervisor at a janitorial place for \$6 an hour. She was informed that 20 hours week was not enough time and she would need to work full-time.

Ms. Brandi's plans are to hold on to this job to provide a foundation for her family and their future. Her son is going to play in the NFL one day. One of her daughters has her sights on being a lawyer. The other one is trying out for cheerleading soon and will worry about bigger issues a little later.

Certified Nursing Assistants

Five of the interviewees reported being Nursing Assistants or Certified Nursing Assistants. CNA certification is usually a five to ten week class and the completion of a test. Typically, CNAs are qualified to practice nursing skills such as assist with ambulating, showers, and bathroom privileges. They are not certified to prescribe medicine. Much of the skills depend on the individual training course. American Red Cross, Goodwill Industries, and other organizations all teach CNA courses. With all health services in a state of transition, it is yet to be seen how much the demand for CNAs and Nursing Assistants will change in the upcoming years. Table 5, from Chapter 3, indicates that health services are expected to have the second largest amount of growth in the state of Tennessee through the year 2005. One important aspect of being a CNA is the salary. CNAs make, on average, between minimum wage and \$16,000 annually.¹⁴⁰ It is common to find CNAs working in hospitals, nursing homes, and community outreach programs. With five out of fifteen recipients interviewed presently or previously serving as CNAs or Nursing Assistants, it is clear welfare recipients are filling these positions on a regular basis.

Cortney and Heidi¹⁴¹ both work for Access Med Plus as community outreach workers. They were trained and certified as CNAs in a program designed for welfare

¹⁴⁰ The information for this section was received from Steven Taylor of the Tennessee State Board of Nursing.

¹⁴¹ Interview with Cortney and Heidi took place September 3, 1998 at Montgomery Village Ministry.

recipients. They are paid \$431 every two weeks to visit residents in Montgomery Village and administer health check-ups.

Cortney is twenty-five years old and has three children, seven, five, and fourteen months. She is from the suburbs, but at the age of eighteen decided she was an adult, in love, and ready for a baby. She has been on welfare ever since. This past April, Cortney stopped receiving a monthly check when she graduated from the CNA class, but she still has a rent freeze, food stamps, and TennCare. She receives child support from the father of her youngest child, but thinks she would not need state aid if she received money from the father of her other two children.

Prior to being a CNA, Cortney worked in Tele-marketing, at HFS, Dial America, in Nursing Homes, Days Inn Reservation Center, the Clothes Barn, and S & S Cafeteria. Most of the time she earned minimum wage, but as a Tele-marketer she also earned a commission on sales. Cortney left her Tele-marketing position to be trained in typing, book keeping, Word Perfect, Lotus 1,2,3, and Windows at Knoxville Business College, the Urban League, and Job Corp. When she was finished, she discovered these skills did not give her any leverage for a job that paid or offered more advancement opportunity than what she already had. So Cortney went back to Tele-marketing. Now she is a single parent, raising her children in Montgomery Village, a Knoxville Housing Project, and counting on her grandmother to support her in times of financial need.

Heidi is also twenty-five. She has a two-year-old daughter named Stephanie. After finishing high school, Heidi took her core classes at Pellissippi State, then began working. She worked at Target for over a year, but quit because she was only officially part-time and was not eligible for insurance. Heidi also worked at HFS, but was forced to quit because Hepatitis A was going around. She worked at several nursing homes, but could not maintain employment because there were too many diseases circulating and she had become pregnant. After Stephanie was born, Heidi became a CNA and worked for Alscott Home Health. She could make up to \$15 an hour there, but the jobs were too erratic to count on for steady income.

Now Heidi finds herself supporting her daughter with her salary of \$431 every two weeks. She lives in Green Hills, a Knox County Development Corporation housing complex in East Knoxville. Heidi knows she is fortunate to have a job with full benefits, but still struggles to make ends meet. She has applied for a Habitat for Humanity House. Heidi is worried because she does not believe that she can make enough money being a CNA to support herself for the rest of her life. She says her options are to move up, find another job, or educate herself more. Heidi is planning on completing a two-year nursing program at Roane State, but knows it will take several years because she can only go to school part-time. In the meantime, she counts on her mother for financial help when she can not provide the things for her child that Stephanie should have.

Wanda¹⁴² is thirty years old. She has two girls and one boy. Their ages are ten, eight, and seven. Wanda has lived in Louisiana for the past eight years, but has come to Knoxville to make a fresh start. At the time of the interview, Wanda, her children, and her mother were living at Volunteers of America, a shelter for women and their children. She was waiting for a housing assignment from KCDC. Wanda finished the eighth grade, then later went back for a year of college before quitting. She has worked ever since.

All her life, Wanda has either worked with children or the elderly. She held a job in Louisiana as a teacher assistant for head start, earning \$5.25 an hour. Her other occupation has been that of a Nursing Assistant (NA) at Nursing Homes in California and Louisiana. Wanda earned \$5.25 in these positions. Several times she was forced to quit positions in nursing homes because she does not own a car and the individual she was riding with quit his/her employment. Wanda enjoys working with the elderly, but does not know how to transfer her NA licensure to Tennessee from Louisiana, so she is unable to work in Knoxville nursing homes.

At the time of the interview, Wanda was looking for a job. Her caseworker did not give her any direction, but a friend of hers helped to set up an interview at a daycare center. Wanda was willing to do anything, as long as it was something that would help her to take care of her children. She would prefer to work at a children's daycare or Head Start because that is what she is familiar with, but she was willing to work fast food if she could start making money. She does not have any transportation, but will find a solution

¹⁴² Wanda was interviewed July 24, 1998 at Volunteers of America.

after securing the job. She is expecting to make minimum wage at whatever she does. For now, Wanda is surviving off of \$138 worth of food stamps a month, state health plan, and Families First checks. She is working toward the goals of having the ability to travel and operating her own checking account. Most of all, she believes "there are opportunities out there you could try. At least I try. I didn't get it today, but maybe tomorrow or the next day. If you try, somebody will always help you. You have to want to help yourself."

Innovative Employment

The stories told so far reveal welfare recipients working a series of jobs, with none fulfilling the entire recipient's needs. As a result, the typical welfare recipient works a series of jobs in his/her lifetime, relying on state assistance in-between employment. Families First has two significant time limits: eighteen months of immediate assistance and five years total lifetime assistance. When recipients are coming in and out of the system, they typically do not run up against the eighteen-month limit. Eventually these snippets of state support will add up to five years on Families First and recipients will be forced off the system. Searching for ways to escape this fate, these two recipients have created their own employment.

Nikole¹⁴³ grew up in Miami. She worked there as a waitress and a Cosmetologist. After Hurricane Andrew destroyed her trailer, she came to Knoxville with three children, pregnant, and a boyfriend. After having the baby, Nikole could not find a job because she was not from Knoxville and employers would not call across state lines to check her references. She needed to earn more than minimum wage. She could not transfer her Cosmetology license because Tennessee required more hours and Nikole could not afford the schooling. Eventually, she did get a job doing fence installation. For the next six months, Nikole worked here and received three raises, so she was earning more than some individuals who had been there for years. When winter came, she was laid off.

Next, Nikole was a waitress at Cracker Barrel, but could not work nights because there was no childcare available for her children. It was at this time that she was also receiving full welfare benefits. For the next six months, Nikole worked at a meat factory on Clinton Highway. This job ended when she was told she would either have to expand to Saturdays or be fired. She tried working through a temp agency, but the jobs would only last a few weeks and did not pay enough.

Deciding that she needed to make a change. She enrolled in Microloan, a local Knoxville organization designed to help recipients lay financial foundations and improve their credit. With the help of Microloan, Nikole straightened out her bad credit and took training classes. She bought a car and took out a loan to start her own business. Nikole

¹⁴³ Interview with Nikole took place July 9, 1998 at the McDonald's on Cumberland Ave.

also decided she wanted to go back to college. The Vocational Rehab program allowed Nikole to begin taking classes at UT toward a degree in Marketing.

Today, Nikole is forty. She and her children are living in Western Heights, a housing project in Knoxville. She is a struggling welfare mother, attempting to go to college and get her business off the ground. The business is called Fanciful Relationships. Like Tupperware, women host parties in their homes. The only difference is that the objects being displayed are sexual. Nikole has two years of college left before completing her degree. She thinks it will take five to six months of concentrating solely on her business before it is self-supporting. Her goals are to be a warehouse distributor of the products she sells and to prove to her children that it is possible to make it on your own.

When Winnie¹⁴⁴ was fourteen years old, her mother left her and her younger brother. They were forced to fend for themselves. She has been on and off the welfare system ever since. Winnie earned her GED and has sixteen months of computer programming training. She has worked as a Nurses Aide, in Fast Food, and service stations. At one point, she even attempted to start her own house cleaning service, but two months into it her employee stole \$17,000 worth of jewelry from the house. Winnie always earned minimum wage.

Winnie's husband is very sick. He has had four heart attacks in the last year and nine in the last three years. He is predicted to be in a wheelchair within the next twelve

¹⁴⁴ Winnie was interviewed July 30, 1998 at her store in North Knoxville.

months and die soon after. She has been unable to hold down a job because she has to be available to attend to his medical needs. Until the summer of 1997, Winnie and her family had mostly been living off of her husband's disability checks. Winnie understands that when he dies, she needs steady income to support her and her two children. October, 1997, Winnie voluntarily put herself on Families First to provide a support system for her family while she started a business. She also obtained a loan from the Microloan Company.

In December 1997, Winnie opened the doors to her tattoo parlor. Today, she is thirty-three years old. She was told that she would have her Families First benefits for one year, but was cut off six months early and left with only Medicaid for her children. Now, she is struggling to get her business off the ground. If she can make it through the winter, she will have an ad in the phone book, then the radio station. Through past experience, Winnie knows that owning her own business is the only way she will leave welfare and be self-sufficient. She cannot rely on the goodwill of her employers to allow time off when her husband is ill, or earn enough money to make ends meet. Winnie wants to have more than \$30 left over at the end of the month and to prove that she can be successful and do it all on her own.

Struggling Within the System

Much discussion is made of the stereotypical welfare recipient. It is always a mother milking the system for all it is worth. She uses her check for drugs and the gold Cadillac sitting out on the street. Her children are always wearing the latest Air Jordans. This woman has never worked and has no motivation to get a job. Her only skill is having babies. Of course her children all have different fathers. Or, if it is a couple, the man is out wandering the streets dealing drugs. He just uses the address of his wife to collect his check. Here are the stories of three welfare recipients who appear to be stereotypical, are anything but.

Randy and Audrey¹⁴⁵ have been married four years. Audrey is twenty and Randy is twenty-one. They have four children, age's three months to four years. Randy has obtained his GED and Audrey completed the eleventh grade. They met five years ago and were married as soon as Randy turned eighteen.

Randy has been a salesman, cook, and painter for about \$5.75 an hour. As a salesman, he also earned commission. He has done construction and worked at UPS. While living at Michigan, he once worked on an oil field for \$600 a week. Since February, 1998, Randy has worked at a local junkyard for \$5.50 an hour. He does not receive any official benefits, but his employer pays for any injuries. Randy likes working with his hands. On the side, he repairs cars. His goal is to one day own a junkyard. In the

¹⁴⁵ Randy and Audrey were interviewed July 22, 1998 at their home in Western Heights.

immediate future, he is planning on going to school for his mechanics license. As a mechanic, he can earn as much as \$15-\$17 an hour.

Audrey stays at home to take care of the children, so she has never worked. She would like to get her GED, then train to be a Nursing Assistant and work with the elderly. As soon as she turns twenty-one, she is going to have a hysterectomy. They both believe they have enough children.

The couple currently receives food stamps for their family. They do not take a monthly check because Randy's mother was on the system for many years and took advantage. Randy wants to do better. For now, he is doing the best he can to support his family. One day he would like to buy a house for each of his children, so they will have a home no matter what happens. Until then, he will continue to work for \$5.50 an hour at the junkyard and rely on Families First to support his family.

Becky¹⁴⁶ is forty-four. She has a boy, seventeen, and a girl, three. Her mother and father both had college degrees. Becky completed two years of college before getting a job at South Central Bell for \$10.00 an hour. That job lasted nine years, until the Bell Phone Company was dismantled in the mid 1980s. After being laid off at the age of thirty-two, Becky and her son were able to live off her unemployment checks for close to a year. During this time, she looked everywhere for a job, but was always under or over qualified. She was told she was too qualified to restock library shelves four hours a day, then an

¹⁴⁶ Interview with Becky took place July 15, 1998 at the Montgomery Village Tenants Association.

eighteen year-old-girl was hired for the same position. She also came close to being a customer service agent at First Tennessee Bank, but was told she could not work for the corporation because her brother was already employed at a First Tennessee Bank. So, Becky went on welfare.

Not long after, she suffered a nervous breakdown and was diagnosed as having a seizure disorder. October, 1993, Becky was diagnosed with breast cancer. She underwent chemotherapy November, 1993 to January, 1994. This past October, she was declared an official breast cancer survivor. From 1996-1997, Becky was a VISTA volunteer and her Families First clock was frozen. She has been volunteering as the President of the Montgomery Village Tenants Association full-time since she left VISTA. Families First does not acknowledge her position at the Tenants Association as work. She is being threatened with sanctions, and if she cannot get support from Vocational Rehab, may be released from Families First. Becky is trying to find a way to receive a degree from UT that will give her school credits for her work at the ministry and allow her to stay in Families First.

Surviving the System

While many of the struggles and hardships of being an employed Families First recipient have been studied, there are still other questions that need to be asked. What exactly does it take to leave welfare? Is there special training classes? Do certain

positions allow for a greater chance of leaving the system? Why are some individuals able to leave Families First and others aren't? These two women have polar-opposite backgrounds, but both have found ways to "escape the welfare cycle."

Katie¹⁴⁷ has two children, a girl six years old and a boy that is three. She was married at the age of eighteen and divorced four years later. She is now twenty-five. Her husband did not pay any child support. Her job as a CNA had non-traditional hours, so she could not find or afford day care. Katie became an appointment setter at Arthur Murray dance studio, working 20 hours a week. In March, 1997, down to her last bit of food and behind on her bills, Katie registered for Families First.

She remained on Families First until January, 1998. While on the program, Katie took training 40-45 hours a week. She completed all possible computer classes: Word Perfect 7 and Lotus 1,2,3,4. Katie felt the training classes prepare recipients to be receptionists or secretaries. During her third computer class, she secured an internship at the Community Action Committee (CAC). After finishing the classes, Katie began working two part-time jobs at CAC and CO Johnson Oil Co. She was planning on finding full-time work through Staffing Solutions, but came across another opportunity while speaking at a community meeting in January, 1998. After the meeting, Mr. Goody, of Goody's corporation, gave Katie his card and told her to call him. As a result of the call,

¹⁴⁷ Interview with Katie took place July 9, 1998 over the phone.

Katie began as an Administrative Assistant/Grand Openings Coordinator at the Goody's corporate headquarters for \$8.50 an hour and full benefits February 9, 1998.

Today, she lives with her two children in a rental mobile home in South Knoxville. Katie hopes to go back to school for a degree in Public Relations. Her goal was to be on Families First for less than a year. She left the program in nine months. Now her goals are to become a salaried employee and begin saving for her children's college education.

Rose¹⁴⁸ is twenty-three. She has three boys, ages nine, three, and six months. After graduating high school, Rose went on welfare. She has been on intermittently ever since. At the age of sixteen, Rose worked at Krystal's for \$4.25 an hour. This job lasted about a month. After high school she worked at a doctor's office, then Levi's. At Levi's, Rose did packing and shipping. Then she worked at Arby's for \$5.00 an hour. From November, 1996-March, 1997, Rose took classes at Pellissippi State and became certified to operate her own daycare. In February, 1997, she began working at the Boys and Girls Club as an Arts and Crafts Teacher for \$5.50 an hour. She has been promoted twice; first, to the Youth Services Coordinator at the Vestal Boys and Girls Club for \$7.50 an hour. In September she became the Program Director at the Christenberry Heights Boys and Girls Club. She earns \$18,000 a year. Rose was most recently on welfare in March, when she had her last son and went off in June. She currently receives \$88 worth of food stamps monthly, Medicaid, and childcare. For the future, Rose is planning on continuing her

¹⁴⁸ Interview with Rose took place October 7, 1998 at the Christenberry Heights Boys and Girls Club.

ascension with the Boys and Girls Club. If that does not work out, she will take advantage of her certification and operate her own daycare. She wants a house and a completed college degree. Rose also wants to teach all her children, her biological ones, and the ones she teaches every day to set goals and go for them.

Disability and Families First

There is another segment of the welfare population that has not been discussed—those classified as disabled. There are two types of disability status: Social Security Disability (SSD) and Social Supplemental Income (SSI).¹⁴⁹ With SSD, an individual collects money from his/her Social Security account. This money is counted in the individual's budget toward welfare eligibility. To qualify for SSI, an individual is declared indigent and not eligible for Families First, though her children still are.

If a recipient claims an incapacity, the Department of Human Services does a medical review and sends the information to a medical evaluation unit in Nashville. The unit in Nashville assesses the recipient's case and recommends disability status. This process may take anywhere from two to twelve months. While a recipient's case is being reviewed, the clock has stopped ticking. The recipient is not required to work or train during this period. Here are the stories of two recipients and how their disability status has affected their welfare experiences.

¹⁴⁹ Information for this section was gathered from Ruth Crabtree, a Knox County caseworker.

Sarah¹⁵⁰ has three girls, ages nine, seven, and six. She grew up on West Texas, moved to Charleston, West Virginia for a few months, then decided to come to Knoxville with her brother. At the time of the interview, she and her daughters are living at Volunteers of America, a shelter for women and their families, and looking for an apartment with her brother. She is twenty-six years old. Sarah was married for four years. Her divorce was final in August, 1998.

Sarah completed the eighth grade. She was a CNA in Texas and has had computer training. She has been employed as an Assistant Manager at a restaurant and a Tele-marketer. In her own words, she has done "a little bit of everything." Sarah always earned between \$5.00 and \$5.50 an hour. She did have a position as an office manager for close to a year. This position paid \$2500 a month and trained Sarah in computer skills. She began having trouble working and the summer of 1997 she was diagnosed as having a Borderline Personality Disorder. Sarah is schizophrenic and manic-depressive.

Currently, Sarah is waiting for her medication to allow her to go back to work. She would like to obtain another job as an office manager, or work in a doctor's office as a Medical Assistant. In the meantime, she is waiting to be approved for SSD. Sarah was told that you were always turned down the first few times you apply. When her disability is approved, Sarah will have no time limits for state assistance. For now, she gets a \$226 check and \$408 in food stamps and her clock is ticking.

¹⁵⁰ Interview with Sarah took place July 24, 1998 at Volunteers of America.

Allison¹⁵¹ lived at Volunteers of America for two months. The father of her youngest daughter does not get along with her family, so she left home to keep peace with everyone. Allison is twenty-three. She has lived in Knoxville her entire life. She has three daughters, ages five, three, and three months. Her oldest daughter has been adopted. Allison completed the eleventh grade of high school.

For the past three years, Allison has been on welfare. She has held jobs at a warehouse and in a restaurant, earning about \$7.00 an hour at each. In 1996, Allison was diagnosed with a BI-Polar Disorder. She is currently in the last step of her disability evaluation. Her doctor filled out many forms and turned them in to the state to verify Allison's disability. He has told her she will not have to work until they can prove that she is able to hold a job. Until then, she will continue to receive her \$142 monthly check and \$318 in food stamps. Allison's immediate goals are to continue taking her medication and become stable enough to keep a job.

Withdrawing from the System

The state of Tennessee claims to have reduced welfare rolls by 60 percent of the employable adults on welfare.¹⁵² The same source states a reduction in caseload from 91,499 in September, 1996 to 56,231 as of September, 1998. Statements such as these are misleading because there are several reasons a recipient may leave the official welfare

¹⁵¹ Interview with Allison took place July 24, 1998 at Volunteers of America.

¹⁵² Families First: Two Years of Progress. Online. Internet. 28 Jan. 1999. Available <http://www.state.tn.us/humanserv/statisti.htm>.

ranks besides finding employment and becoming financially self-sufficient. A recipient may also be reclassified as disabled and therefore be removed from the official ranks of the welfare population. Most importantly, a recipient may refuse to sign a PRP, be sanctioned, or voluntarily withdraw from the welfare ranks. These numbers also do not reveal the number of recipients who have left the system, then returned some months later.

Brooke¹⁵³ is in her mid-thirties. She has five children, ranging from ages ten to fifteen. She has been on welfare since the age of nineteen. Until about two years ago, she lived a welfare life similar to the others interviewed. Brooke worked as a housekeeper for several years, earning \$5.15 an hour. She became allergic to the dust, and has been unable to pursue this type of employment. In 1995, her apartment in Montgomery Village burned down. She moved her family in and out of different houses, struggling to make ends meet. Brooke found herself getting behind on her bills and living in a condemned house on Joe Lewis Road.

At that point, she decided she had had enough. In January 1997 Brooke moved back into Montgomery Village and resigned her welfare case. She told her caseworker that she did not want a job or to go to school. Brooke thinks the caseworker asks too many questions that are none of her business. Brooke's gone through the process too many times and doesn't want to do it anymore. Now, she only receives SSI for her two youngest kids and \$62 monthly in child support to support her family. Officially, Brooke

¹⁵³ Interview with Brooke took place September 3, 1998 at the Montgomery Village Ministry.

doesn't work. She volunteers full-time at the Montgomery Village Ministry, making quilts, food, and helping people. If her family needs food or clothing, she gets it from the ministry or the Baptist Center. She is planning on getting her GED and one-day getting a better job. But for now, she's happy to be "working" and even happier to be off the system.

Conclusions

All the individuals discussed in this chapter have been employed. None have fit the stereotype of milking the system for years and relying on the welfare check as their sole means of survival. Most have been employed in a series of jobs, developing a tremendous amount of skills to participate in a wide range of occupations. Rarely did an individual make more than \$6 an hour. While recipients did not name low wages as the reason for leaving jobs, they were acutely aware of the inadequate amounts their occupations paid. They talked of the inability to buy their children clothes and the many sacrifices a mother makes for her family's sake. Because their employment did not pay enough to lay a financial foundation, recipients found themselves returning to welfare because of the slightest emergency.

Note that a majority of the positions were part-time, temporary, or through a temporary agency; allowing companies to avoid paying any insurance or benefits. The

women interviewed found themselves employed in the health care and services industries; jobs that usually have non-traditional hours and are on the low end of the pay scale.

The individuals who appear to be successfully leaving Families First have a precise plan of action. They have a clear set of goals and a concrete economic avenue out of welfare. When questioned about their future goals, many of the interviewees are hesitant to look past the present. Some are worried about failing health, and others do not see an end to their lifestyle. Their dreams are those of stability in the form of housing, employment, and education for their children. They all recognize the choices they have and the limitations that come with these choices. In the next chapter, I summarize my arguments and discuss the implications and recommendations of this work.

Chapter Six

Conclusions, Implications, and Recommendations

The focus of this study has been fairly narrow. I have studied a particular aspect of being on welfare in relation to the economy during a particular time period for its effects on welfare and present and future employment opportunities for welfare recipients. Studying the economy in relation to welfare in the late twentieth century has generated a number of conclusions and implications specific to this issue. It also generates important statements and conclusions about larger issues, such as future bifurcation of the economy, stratified earnings structures, and the increasing emphasis on education and technical training for employment. There are no easy solutions to the problems discussed in this work, nor are things likely to change in the near future. The first step in understanding the scope of this dilemma and finding solutions is knowledge. This chapter attempts to pull the knowledge gained from this study into comprehensible statements, so that we may begin to understand the roots of this phenomenon and effectively prescribe methods of change.

Conclusions

The intensification of globalization has propelled the American economy into a new age. Corporations have become transnational, decentralizing power and shifting resources all over the world. Competition is now global. Global capitalism in the late twentieth century has declared old corporate measures of profit and success antiquated. It became necessary to increase profit margins. The two most effective ways of doing this was restructuring the employer-employee relationship and reallocating capital. Both of these methods have affected the employment structure in the United States.

Gone are the days of "Leave it to Beaver," when Dads went off to work every day and were practically guaranteed employment. Corporate families were created with core employees and loyalty was rewarded with periodic raises and promotions. The need for profit has decreased the number of core employees. They proved too expensive and cumbersome for modern corporations. In its place was the creation of the contingent employee. Examples are temporary, part-time, consultants, leased, hired business services, subcontracts, and life-of-project employees. They are cheaper than cores because most of the time they are hired through another company, such as a temporary agency or a leasing agent. The use of contingent employees resolves the corporation from paying benefits, workers compensation, and unemployment claims. They also make approximately 80 % of what their core counterparts earn. A profile of contingents reveals

them to be mostly black, female, young, and enrolled in school and working in the services industries.

The other major change for transnational corporations with the intensification of globalization was the transition in capital from productive to speculative. As corporations started buying subsidiaries and reallocating manufacturing facilities around the world, the United States manufacturing base disappeared. In its place, a bifurcated economy arose. Individuals once employed in mills and factories found there were fewer and fewer employment opportunities available in manufacturing facilities. Additional training and/or education are necessary to advance to the knowledge intensive employment level or the employee will fall into the increasing tide of services industries.

Just as the economy continues to become increasingly segmented, the services industries have its own bifurcated system. There are two echelons of employment. At the upper end are knowledge intensive jobs such as finance, health and legal services, and teachers. At the lower end are positions such as assembly workers and clerical. This employment segmentation within the services industry is similar to the rest of the economy with two tracks: well-paid, rewarding, and prestigious employment or poorly paid, unrewarding jobs with little pay and few benefits. Since 1982, the services industries have dominated as the largest employer in the economy. With that trend expected to increase, it is clear that the bifurcation between upper and lower echelon jobs will only widen in the future. This continued increase shows the traditional internal ladders disappearing. It will

continue to be more and more difficult to advance through internal job markets.

Individuals with little education will be required to obtain specialized training and/or more education to advance to knowledge intensive positions.

According to the Tennessee government, a majority of welfare recipients are obtaining employment in the service occupations. Data taken from table A-2 is the most reliable source of where Knox County welfare recipients are finding employment. Over 90 % of the recipients in the data were working in the "lower echelon" of the service industries. Twenty-nine percent earned \$5.91 or less, the amount needed for a mother with two children to cross the poverty threshold. Almost half earned just \$6.00 or less. Other studies verify these facts. Figure 3 shows 62.7 % of the recipients from this data employed in the lower echelon of the services industries: food services; medical services; retail services; office work; custodial services and domestic (private home).

These data reveal welfare recipients are obtaining employment in the lower end of the service industry employment stratum. Without additional training and/or education, recipients' status will simply transfer from state supported to that of the working poor. The training available to Families First recipients is that of computer skills, CNA certification, life skills, and GED preparation. Welfare recipients are being trained for clerical and low level medical profession positions. They are being prepared to enter the low echelon of the workforce where there is little chance of advancement, stability, or significant increase in pay.

The recipients interviewed have noticed where they are being placed on the economic spectrum. Several of them talked of "dead-end" jobs, those in retail, fast food, and janitorial and clerical positions. They describe their employment opportunities as jobs where you have no options and no chance of advancing. While the recipients do not directly correlate the low pay positions with an inability to become financially independent, they recognize the economic shortcomings these positions hold. They are unable to allow their families simple luxuries and must gamble with overdue bills to tread water in the pool of financial uncertainty. A tiny family problem will cause the recipient to financially drown and return to welfare.

While looking for work, many of the recipients interviewed discussed finding work through temporary agencies, therefore becoming contingent employees. Welfare recipients are prime candidates to be contingent employees; with many time constraints and minimal education, they fit the profile almost perfectly. By definition, contingent employees earn less than their core counterparts and are employed largely in the services industries. As contingent employees, welfare recipients are employees in unstable positions with no hope of future advancement. It is the nature of the position to be let go in times of economic down swing and the employment to be temporary. As long as the use of contingent employees continues to save corporations money, it is safe to conclude this trend will endure, providing employment "opportunities" for welfare recipients. Those recipients who enter the employment world as contingent employees will work in a

low-skilled position, earning little money, few benefits, and having minimal job stability before the position ends or the company experiences an economic downturn. Clearly, this is a viable employment avenue recipients can pursue, but it provides no stepping stone to financial security.

Another aspect of employment is often ignored. While enrolled in Families First, recipients are eligible for transportation vouchers, childcare vouchers, medical coverage, rent freezes, and food stamps. When a recipient starts a job, these benefits decrease depending on the recipient's income. A transition scale modifies these benefits for the first eighteen months of employment. After the transition period is over, the recipient is expected to maintain complete financial independence. It has already been established that recipients will probably be working in the "dead-end" service industries and earning between \$6 and \$8 an hour. After eighteen months, even with raises, someone working in the lower echelon of the service industries will still be earning approximately the same amount of money. Note that an individual may still qualify for a small amount of food stamps or free lunch depending on his/her income. With the added expenses of daycare, transportation, medical coverage, rent, and food, the recipient probably made more money on welfare than as a member of the working poor.

Virtually no economic incentives exist for a welfare recipient to work. First, the training system in place does not prepare recipients for a successful economic future and also leaves the recipient with little control over his/her training choices. A recipient's

training opportunities depend on the specifics of the PRP. Before any training is permitted, a recipient is required to attend a Fresh Start class.¹⁵⁴ This program trains recipients in basic skills such as managing a checking account. After the completion of Fresh Start, a recipient must renew his/her PRP with his/her caseworker. Training programs applicable to the recipient's goals are distributed to him/her. Now the recipient is let loose to locate training or employment. Meanwhile, the eighteen-month clock is ticking. This system is decentralized and unreliable. There is no guarantee the recipients are given accurate and applicable information. Several recipients interviewed said the training system was terrible quality and not applicable to their lives. Recipients are forced to rely on their caseworker for all-training information, advice, and benefits. Many recipients interviewed said their caseworker gave them no courtesy or respect and made things extremely complicated. They also said the training programs are in locations and at times that are difficult to attend.

Second, the recipient will be employed in the lower sector of the occupation spectrum, probably a position in the services industry. A job with low pay, lower stability, little chance of benefits such as health care and retirement plans, and minimum opportunity for advancement. As contingent employees, recipients will enjoy these same employment traits in addition to temporary employment. Third, with the additional expenses of being off welfare, the recipient will be earning less money as a member of the working poor than as a welfare recipient and have more expenditures to defray.

¹⁵⁴ Ruth Crabtree, a Knox County caseworker, provided information for this section.

The effect of employment on welfare recipients is just one small facet of global capitalism. The entire economy is being effected by this phenomenon. The most important conclusion to be drawn is that all the trends discussed are expected to continue into the twenty-first century. Technology is incessantly advancing, increasing communication and competition between corporations around the globe. Transnational corporations will continue to transverse the globe, reallocating facilities and capital. The manufacturing capacity of the United States will go on disappearing, taking with it the former middle class employment sector. The bifurcation of the economy will widen, carrying on the stratification of two employment tracts. Differences between the lower and upper echelons of employment will become more pronounced, both in earnings and training and/or education requirements.

These conclusions also hold true for the service sector of the economy. It is expected to continue growing and dominating well into the twenty-first Century. The stratification of the services industry will continue increasing. Differences between the knowledge intensive positions and dead-end jobs will grow more apparent as the gap widens. Individuals without the training and/or education necessary for employment in the knowledge intensive positions will find themselves with fewer avenues into economic self-sufficiency than ever before.

Implications and Recommendations

I have reached a number of implications from these conclusions. First, global capitalism is creating a bifurcated economic system that will only continue to widen and stress inequities between an upper and lower employment class. Welfare recipients do not have the qualifications necessary to jump to the upper level. Training must be more practical and applicable to the needs of the welfare recipients. After completing several clerical training courses, one interviewee returned to the job she held prior to training because she didn't have the skills to earn more money than before. Another interviewee asked, "If we can be trained as a CNA, why not take the time to train us as LPNs?" Recipients need to be provided with more skills than just basic computer and clerical. Another interviewee commented, "The GED classes only prepare recipients for the exam and does not provide the skills necessary to succeed." The only recipients interviewed who were able to attend college while on welfare were enrolled in the Vocational Rehabilitation program. A college education should be accessible to all qualified welfare recipients. Trade schools and direct trade skills classes should be obtainable and convenient to all recipients. One interviewee wondered why trade classes aren't available to high school students in welfare populated areas. A woman who graduates high school with a high school diploma and cosmetology certification has many opportunities for a job and career.

Training classes need to be offered at times and in locations that are accessible to recipients. Why not have training programs in the housing projects or other convenient locations like community centers? Other factors that were not addressed in this paper, but need to be taken into account are childcare and transportation. Training programs need to be held when and where childcare is available or at least accessible. If a class cannot be located at a convenient site, transportation needs to be provided. Families First offers public transportation vouchers for recipients to travel to and from work or training. If a recipient needs to drop his/her child off at daycare before going to work, he/she has already used the voucher and must pay for any additional bus rides that day. Whether or not through vouchers, Families First needs to provide transportation to all activities in whatever recipients are required to participate.

Larger issues about global capitalism need to be addressed. Even though the trends that have been discussed in this paper cannot be reversed, the United States government can take steps to slow down the evacuation of the middle class employment sector. Incentives are required for corporations to build and invest in American manufacturing facilities. Penalties need to be enacted when factories close up and move to other parts of the world, leaving behind economically devastated employees and communities. Experiments such as NAFTA have failed to bring promised jobs and revenue into the United States. Instead, it has accelerated the recent abandonment of manufacturing facilities to neighboring nations. If the manufacturing base of the economy

were to expand, the entire American economy would benefit. Individuals who are able to advance from the "dead-end" jobs of the lower economic sector into the middle class manufacturing jobs would have more income to pump into the economy, creating a stronger American economic system.

Knowledge is the first step to finding a solution. This study has touched on a very important aspect of welfare. With the knowledge at hand, it is possible to make changes that will positively effect the lives of welfare recipients. Therefore, I believe other studies of this nature are important and should be undertaken. This work has studied the patterns of economic opportunities welfare recipients acquire. In the future, it would be interesting to study specific training programs and the resulting employment opportunities. Regardless of the topic, the most important facet of studying welfare is asking recipients for their input. They are the greatest source of information about this topic and should be credited for the knowledge they have. If welfare recipients were able to dictate the welfare laws, we would probably find the welfare rolls decrease not because of factual misrepresentation, but because recipients are becoming financially self-sufficient.

REFERENCES

REFERENCES

- Abramovitz, Mimi. "A Not so Hidden Agenda." The Women's Review of Books XIV. 5 (February 1997): 16-17.
- Ansberry, Clare. "Workers are Forced to Take More Jobs with Few Benefits." New York Times 11 March 1993: A9.
- Ansley, Fran. "Standing Rusty and Rolling Empty: Law, Poverty, and America's Eroding Industrial Base." The Georgetown Law Journal 81 (1993): 1757-1896.
- Babbie, Earl. The Practice of Social Research. 8th ed. Belmont, CA: Wadsworth Publishing Company, 1998.
- Bearse, Peter J, Robert A. Karasek, Thierry J. Noyelle, and Thomas Stanback Jr. Services: The New Economy. Totowa, New Jersey: Allanheld, Osmun & Co. Publishers, 1981.
- Belous, Richard S. The Contingent Economy: The Growth of the Temporary, Part-Time, and Subcontracted Workforce. Washington D.C.: National Planning Association, 1989. xi.
- Bluestone, Barry and Bennett Harrison. The Deindustrialization of America. New York: Basic Books, Inc., 1982.
- Breen, Lauren and Peter Pitegoff. "Child Care Policy and the Welfare Reform Act." Journal of Affordable Housing & Community Development Law 6 (Winter 1997): 113-130.

Bureau of Labor Statistics. Online. Internet. 2 Dec. 1997. Available

<http://stats.bls.gov/newsrels.htm>.

Bush, Andrew. "Replacing Welfare in Wisconsin." Welfare Policy Institute: Hudson

Institute Online. Internet. 3 Nov. 1998. Available

<http://www.hudson.org/wpc/articles/replcwel.htm>.

Clinton, Angela. "Flexible Labor: Restructuring the American Work Force." Monthly

Labor Review 120 (August 1997): 3-16.

Cloward, Richard A. and Frances Fox Piven. Regulating the Poor: The Functions of

Public Welfare. New York: Pantheon Books, 1971.

Cohany, Sharon R. "Employment Options." Monthly Labor Review 120

(September 1997): 49-50.

Department of Employment Security. 22 Dec. 1998. Online. Internet. 5 Jan. 1999.

Available <http://www.state.tn.us/empsec/news/figures.htm>.

Department of Human Services. "Families First: Statistics." Online. Internet. 4 Nov.

1998. Available <http://www.state.tn.us/humanserv/gif/statisti.htm>.

Families First, Basic Concepts. Practical Government. November 3, 1995.

Families First, Basic Concepts. Work plans. November 3, 1995.

Families First, Basic Concepts. Work and Training. 3 Nov. 1995.

Families First is Working. 2 Sept. 1997. Online. Internet. 7 Sept. 1997. Available

<http://www.state.tn.us/humanserv/fmfirst4/htm>.

Families First: Two Years of Progress. Online. Internet. 28 Jan. 1999. Available

<http://www.state.tn.us/humanserv/statisti.htm>.

Families First, What it Does. Knoxville News-Sentinel 1 Sept. 1996. Online. Internet. 9

Sept. 1997. Available <http://www.knoxnews.com/news/safety-net.html>.

Families First, The Sundquist Administration Welfare Reform Program. 7 Nov. 1995.

Online. Internet. 7 Sept. 1997. Available

<http://www.state.tn.us/education/aefam/htm>

Franklin, James C. "Industry Output and Employment Projections to 2006." Monthly

Labor Review (November 1997): 39-57.

Ginzberg, Eli. Introduction. Services: The New Economy. By Peter J. Bearse, Robert A.

Karasek, Thierry J. Noyelle, and Thomas Stanback Jr. Totowa, New Jersey:

Allanheld, Osmun & Co. Publishers, 1981. xv.

Ginsburg, Norman. Divisions of Welfare: A Critical Introduction to Comparative Social

Policy. London: Sage Publications, 1992.

Gotsch-Thomson, Susan. "Ideology and Welfare Reform Under the Reagan

Administration." Poverty and Social Welfare in the US. Ed. Donald Tomaskovic-

Devey. Boulder, CO: Westview Press, 1988.

Hale, Thomas W. "The Working Poor." Monthly Labor Review 120 (September 1997):

47-48.

"A Hand Up: How State Earned Income Credits Help Working Families Escape

Poverty." Center on Budget and Policy Priorities 1996 ed. Online. Internet.

Available. 31 Dec. 1996. Available <http://www.cbpp.handup.htm>.

Hettne, Bjorn, ed. International Political Economy: Understanding Global Disorder.

Atlantic Highlands, New Jersey: Zed Books, 1995.

- Hinds, Michael. "Workers Say U.S. Program Took Their Jobs." New York Times 19 Oct. 1992.A8.
- Hipple, Steven and Jay Stewart. "Earnings and Benefits of Contingent and Noncontingent Workers." Monthly Labor Review 119 (October 1996): 22-30.
- Kahn, Alfred J. and Sheila B. Jamerman Family Change and Family Policies in Great Britain, Canada, New Zealand, and the United States. New York: Clarendon Press, 1997.
- Kasarda, John D. Readings on Social Change. Ed. William Fiegelman. Fort Worth: Holt, Rhinehart and Winston, Inc, 1990. 223-231.
- Keim, David and Jesse Fox Mayshark. "Breaking the Cycle: Tennessee's Bold Welfare Overhaul Begins Today." Knoxville News-Sentinel 1 Sept. 1996. Online. Internet. 9 Oct. 1997. Available <http://www.knoxnews.com/news/safet-net.htm>.
- Keim, David and Jesse Fox Mayshark. "A Matter of Pride Over Profit" Knoxville News Sentinel. 22 Sept. 1996.
- Kilborn, Peter T. "Part-Time Hirings Bring Deep Changes in U.S. Workplaces." New York Times 17 June 1991: D1.
- Kleinfield, N.R. and Louis Uchitell. "The Price of Jobs Lost" The Downsizing of America New York: Time Books. 1996.
- Manpower, Inc. Online. Internet. 11 Dec. 1998. Available <http://www.manpowersouth.com/why.htm>.
- McKensie, Richard B. Fugitive Industry: The Economics and Politics of Deindustrialization. Cambridge, Massachusetts: Ballinger Publishing Company.

1984. xxii.

Meisenheimer II, Joseph R. "The Services Industry in the 'Good' Versus 'Bad' Jobs Debate." Monthly Labor Review (February 1998): 22-47.

1993 AFDC Case Characteristics Study, Center for Business and Economic Research, College of Business Administration, University of Tennessee, Knoxville.

1995 AFDC Case Characteristics Study, Center for Business and Economic Research, College of Business Administration, University of Tennessee, Knoxville.

Nord, Stephen, Phelps, John J. and Robert G. Sheets. The Impact of Service Industries on Underemployment in Metropolitan Economies. Lexington: D.C. Heath & Company, 1987.

Noyelle, Thierry J. and Thomas N. Stanback, Jr. Cities in Transition: Changing Job Structures in Atlanta, Denver, Buffalo, Phoenix, Columbus (Ohio), Nashville, Charlotte. Totowa, New Jersey: Allanheld, Osmun & Co, 1982.

Polivka, Anne E. "A Profile of Contingent Workers." Monthly Labor Review 119 (October 1996): 10-21.

Polivka, Anne E. "Contingent and Alternative Work Arrangements, Defined." Monthly Labor Review 119 (October 1996): 3-9.

Polivka, Anne E. "Into Contingent and Alternative Employment: By Choice?" Monthly Labor Review 119 (October 1996): 55-74.

Public Citizen's Global Trade Watch. Online. Internet. 21 Dec. 1998. Available

<http://www.citizen.org/pctrade/nafta/reports/TNF.htm>.

Rimer, Sara. "The Fraying of Community" The Downsizing of America. New York: Time Books. 1996.

Salomon, Amy, Bassuk, Shari, and Margaret G. Brooks. "Patterns of Welfare Use Among Poor and Homeless Women." American Journal of Orthopsychiatry 66.4 (Oct 1996): 510-525.

Tennessee Department of Employment Security. 22 Dec. 1998. Online. Internet. 5 Jan. 1999. Available <http://www.state.tn.us/empsec/news/figures.htm>.

Tennessee State. Capital Hill in Review. 26 April 1996. Online. Internet. 31 Dec. 1996. Available <http://www.state.tn.us.gop/house/wr16q.htm>.

Tennessee: TANF Program. Welfare Policy Center: Hudson Institute. Online. Internet. 3 Nov. 1998. Available <http://www.hudson.org/wpc/states/tn-tanf.htm>.

Tomaskovic-Devey, Donald. "Poverty and Social Welfare in the US" Poverty and Social Welfare in the US. Ed. Donald Tomaskovic-Devey. Boulder, Colorado: Westview Press, 1988.

Wage Survey Available. Department of Employment Security. 25 March 1998. Online. Internet. 30 June 1998. Available <http://170.142.16.205/empsec/news/wagesurvey.htm>.

Zippay, Allison. From Middle Income to Poor: Downward Mobility Among Displaced Steelworkers. New York: Praeger Publishing. 1991.

APPENDIX

Table A-1
NAFTA TAA Certifications for Tennessee*

Company	City	Laidoff	Decision	Products
A and C Enterprises, Inc.	Carthage	47	Mexican Imports	Ladies house robes
ABEPP Acquisition Corp./ DBA	Manchester	63	Mexican Imports	Electrical wiring harnesses
American Apparel, Inc.	Knoxville	25	NAFTA Imports	Various styles of T-shirts
American Olean Tile Company	Jackson	253	Moved to Mexico	Glaze wall tile
American West Trading	Dresden	336	NAFTA Imports	Men's, women's, and children's
Anchor Advance Products	Morristown	19	Moved to Mexico	Cosmetic containers
Basler Electric Co.	Huntingdon	77	Mexican Imports	Small transformer
Bike Athletic Company	Knoxville		Moved to Mexico	Athletic shorts and jerseys
DM IV, Inc.	Centerville	155	NAFTA Imports	Children's clothing
Equitable Resource Energy	Kingsport	46	Canadian	Exploration of natural gas
Frigidaire Company	Athens	76	Moved to Canada	GR style range (stove)
Harvard Industries	Sevierville	100	Moved to Mexico	Power packs and remote control
Hickory Hill Industries	Clifton		Moved to Mexico	Children's sportswear
Hickory Hill Industries, Inc.	Savannah	167	Moved to Mexico	Children's sportswear
I. Appel Corporation	McMinnville	170	Moved to Mexico	Underwear and outerwear
I. Appel Corporation	Lafayette		Moved to Mexico	Underwear and outerwear
International Wire	Erin	135	Moved to Mexico	Wiring harnesses
J and M Apparel	Finger	15	NAFTA Imports	Ladies' and children's' apparel
Kimberly-Clark Corporation	Memphis	636	NAFTA Imports	Kleenex facial tissue and huggies
Leigh Knits	Bean Station	50	NAFTA Imports	T-shirt cut and sew contractor

Table A-1 (continued)

Company	City	Laidoff	Decision	Products
Lincoln Brass Works, Inc.	Waynesboro	127	Moved to Mexico	Brass valves and assemblies
Masterwear Corporation	Ripley	95	NAFTA Imports	Men's dress and casual slacks
Masterwear Corporation	Somerville	82	NAFTA Imports	Men's dress and casual slacks
Milltown Manufacturing	Red Boiling	75	Moved to Mexico	Jeans
Osh Kosh B'Gosh, Inc.	Celina	300	Mexican Imports	Children's Casual Wear
Palm Beach Company	Knoxville	252	Moved to Mexico	Men's suits
ROL Manufacturing of America	Brownsville	27	Moved to Mexico	Motor gaskets for cars and light
Scotts Hill Leisurewear	Henderson		Moved to Mexico	Ladies' robes, sleepwear
Scotts Hill Leisurewear	Scotts Hill	43	Moved to Mexico	Ladies' robes, sleepwear
Standard Textile Contractors, Inc.	Knoxville	40	Mexican Imports	Golf shirts
Stanley Works (The)	Shelbyville	80	Moved to Mexico	Striking tools (hammers and chisels)
Stanley Works (The)	Pulaski	16	Moved to Mexico	Hickory wood and tubular steel
Steward, Inc.	Chattanooga	45	Moved to Mexico	Ferrite components
Sunbeam	McMinnville	650	Moved to Mexico	Human and animal hair clippers
Textile Networks, Inc.	Knoxville	43	Moved to Mexico	Tee shirts
Tri-Con	Livingston	190	Moved to Mexico	Automotive seat covers
Triangle Auto Spring Company	Columbia	9	Moved to Mexico	Leaf springs
UCAR Carbon Co. Inc.	Columbia	279	Moved to Mexico	Graphite electrodes
United Sports Apparel	Pelham	80	NAFTA Imports	Warm-up suits, jackets
USA Enterprises, Inc.	Sparta		Mexican Imports	Men's dress pants and jeans

Table A-1 (continued)

Company	City	Laidoff	Decision	Products
USA Enterprises, Inc.	Spencer	301	Mexican Imports	Men's dress pants and jeans
W.F. Stephens	Nashville		Mexican Imports	Denim jeans
W.F. Stephens	Pulaski	136	Mexican Imports	Denim jeans
Wrangler	Troy		Mexican Imports	jeans

*TAA (Trade Adjustment Assistance) is a special unemployment program for workers who have lost their jobs due to NAFTA. When a manufacturing facility closes because of NAFTA, the employees can apply for TAA to receive job training and income support. Because NAFTA TAA qualifications are narrow and often unknown (notification of the program in unemployment offices is not required), this table does not represent all unemployment in the state of Tennessee due to Nafta.

Source: Public Citizen's Global Trade Watch. Online. Internet. 21 Dec. 1998. Available
<http://www.citizen.org/pctrade/nafta/reports/TNF.htm>.

Table A-2
United States Employees on Nonfarm Payroll Industry,
Annual Averages, 1972-96*

Industry	1972	1996	Annual Percentage Change	
			1972-88	1988-96
Total nonfarm employment	73,675	119,523	2.3	1.6
Private industries	60,341	100,076	2.4	1.6
<i>Services</i>	12,276	34,377	4.7	3.8
Agricultural services	-	625	-	4.3
Hotels and other lodging services	813	1,716	4.1	1.4
<i>Personal services</i>	828	1,184	1.5	1.4
Laundry, cleaning and garment services	444	434	-0.4	0.6
Photographic studios, portrait	-	75	-	3.0
Beauty shops	263	400	2.0	1.2
Funeral services and crematories	64	95	1.3	2.3
Miscellaneous personal services	-	163	-	4.4
<i>Business services</i>	1,491	7,254	7.4	5.7
Advertising	122	242	4.0	0.7
Credit reporting and collection	76	127	1.3	4.0
Mailing, reproduction, and stenographic services	82	297	6.0	4.6
Services to buildings	336	897	5.4	1.8
Disinfecting and pest control services	-	85	-	3.3
Other building maintenance services	-	812	-	1.6
Miscellaneous equipment rental and leasing	-	238	-	3.6
Medical equipment rental	-	38	-	8.6
Heavy construction equipment rental	-	43	-	0.4
Other equipment rental and leasing	-	157	-	3.6
Personnel supply services	214	2,646	12.2	8.8
Employment agencies	-	305	-	3.9
Help supply services	-	2,341	-	9.6
Computer and data processing services	107	1,208	12.2	7.6
Computer programming services	-	272	-	10.3
Prepackaged software	-	199	-	11.0
Computer integrated systems design	-	142	-	5.6

Table A-2 (continued)

Industry	1972	1996	Annual Percentage Change	
			1972-88	1988-96
Data processing and preparation	-	231	-	2.4
Information retrieval services	-	68	-	7.2
Computer maintenance and repair	-	53	-	6.8
Miscellaneous business services	-	1,600	-	4.5
Detective and armored car services	-	545	-	3.2
Security systems services	-	52	-	4.4
Photofinishing laboratories	-	74	-	-1.4
<i>Auto repair, services, and parking</i>	399	1,084	4.7	3.3
Automotive rentals, without drivers	-	193	-	2.3
Automobile parking	38	68	2.2	2.9
Automotive repair shops	235	602	4.6	2.8
Automotive services, except repair	58	220	5.4	6.3
Miscellaneous repair services	199	375	3.6	0.9
Motion pictures	-	522	-	5.5
Amusement and recreation services	-	1,466	-	5.2
<i>Health services</i>	3,412	9,469	4.7	3.7
Offices and clinics of medical doctors	467	1,679	6.1	4.3
Offices and clinics of dentists	-	609	-	2.9
Offices and clinics of other health practitioners	45	414	10.5	8.2
Nursing and personal care facilities	591	1,732	5.1	3.5
Hospitals	1,980	3,814	3.2	1.8
Medical and dental laboratories	-	196	-	3.7
Home health care services	-	665	-	15.1
Legal services	271	930	7.4	1.2
<i>Educational services</i>	958	2,020	3.1	3.2
Elementary and secondary schools	235	595	3.5	4.9
Colleges and universities	637	1,182	2.7	2.5
Vocational schools	-	80	-	-1.3
<i>Social services</i>	553	2,403	6.7	5.6

Table A-2 (continued)

Industry	1972	1996	Annual Percentage Change	
			1972-88	1988-96
Individual and family services	-	649	-	6.0
Job training and related services	-	315	-	3.4
Child day care services	146	569	5.8	6.0
Residential care	-	672	-	7.1
Other social services	-	198	-	2.9
Museums and botanical and zoological gardens	-	85	-	4.8
<i>Membership organizations</i>	1,403	2,185	1.4	2.9
Business associations	-	108	-	1.1
Professional organizations	25	58	4.1	2.9
Labor organizations	-	143	-	1.0
Civic and social associations	-	436	-	1.7
<i>Engineering and management services</i>	-	2,846	-	3.1
Engineering and architectural services	339	839	4.9	1.7
Engineering services	-	647	-	1.9
Architectural services	-	137	-	1.5
Surveying services	-	55	-	0.9
<i>Accounting, auditing, and bookkeeping</i>	204	566	5.7	1.6
Research and testing services	-	569	-	1.8
Commercial physical research	-	217	-	0.2
Commercial nonphysical research	-	123	-	4.4
Noncommercial research organizations	-	139	-	0.5
Management and public relations	-	873	-	7.0
Management services	-	304	-	3.8
Management consulting services	-	303	-	9.2
Public relations services	-	36	-	1.8
Other services	-	32	47	4.9
Mining	628	574	.8	-2.7
Construction	3,889	5,400	1.7	0.7
<i>Manufacturing</i>	19,151	18,457	0.1	-0.6
Durable goods	11,022	10,766	0.2	-0.7

Table A-2 (continued)

Industry	1972	1996	Annual Percentage Change	
			1972-88	1988-96
Nondurable goods	8,129	7,691	-0.1	-0.4
<i>Transportation and public utilities</i>	4,541	6,261	1.2	1.6
Wholesale trade	4,127	6,483	2.4	0.9
Retail trade	11,822	21,625	3.0	1.6
Finance, insurance, and real estate	3,908	6,899	3.4	0.5
Government	13,334	19,447	1.7	1.4

*Numbers in thousands.

**Dash indicates data are not available.

Source: Meisenheimer II, Joseph R. "The Services Industry in the 'Good' Versus 'Bad' Jobs Debate." Monthly Labor Review. (February 1998): 22-47.

Table A-3
Families First Knox County Employer Report, September 1997-September 1998

Job Title	Employer	Wage	FT/PT
Cashier	Amvets	\$5.15/hr	PT
Customer Service	Arch Communications	\$8.25/hr	FT
Secondary Press Operator	Aristocrat Stamping Co.	\$6.00/hr	FT
Waitress	Bel Air Grill		PT
	BFI		PT
Cashier	Bi-Lo	\$6.00/hr	FT
Receptionist	Blount Professional	\$9.00/hr	PT
Patrol Rover	Burns International	\$8.00/hr	FT
Data Entry	CAC	\$5.49/hr	FT
Program Assistant	Camelot Care Center	\$8.65/hr	FT
Insurance Clerk	Carl J. Klein, M.D.	\$6.00/hr	FT
Reservationist	Cendant	\$6.80/hr	PT
Reservation Agent	Cendant Operations	\$7.00/hr	FT
Human Resource Clerk	Child and Family	\$6.25/hr	FT
Licensed Practical Nurse (LPN)	Continuum Courtyards	\$9.00/hr	PT
District Manager	Dairy Mart	\$17.50/hr	FT
Roofer	DBA Home Improvement	\$10.00/hr	FT
Machinery Manufacturer	EHV Weidman Co.	\$7.50/hr	FT
Personnel Technician	Express Personnel	\$6.75/hr	FT
Cashier	Exxon	\$6.00/hr	FT
Management Trainee	Fashion Cents	\$5.15/hr	FT
Teller	First National Bank	\$6.50/hr	PT
Cashier	Food Lion	\$5.95/hr	FT
Housekeeper	Fort Sanders Hospital	\$6.00/hr	FT
Account Rep	GC Services	\$7.00/hr	FT
Warehouse Worker	Goodwill Industries	\$5.25/hr	FT
Food Prep	Great American Buffet	\$6.00/hr	FT
Program Aide	Head Start	\$6.19/hr	FT
Teacher	Head Start	\$9.53/hr	FT
Waitress	Helma's Restaurant	\$5.15/hr	FT
Funeral Home Assist	Highland Memorial		PT
LPN Charge Nurse	Hillcrest North	\$9.75/hr	FT
Certified Nurses Assistant (CNA)	Hillcrest West	\$6.75/hr	FT
CNA	Hillcrest West	\$7.00/hr	FT
Housekeeper	Hyatt Regency	\$5.50/hr	FT
Picker	Interim Personnel	\$7.00/hr	FT

Table A-3 (continued)

Job Title	Employer	Wage	FT/PT
Machine Operator	Interim Personnel	\$7.00/hr	FT
Machine Operator	Interim Personnel	\$7.00/hr	FT
Assistant Manager	J. Riggins	\$8.50/hr	FT
Teachers Aids	KCDC		FT
Office Assistant	Kelly Temp Services	\$8.00/hr	FT
Child Care	Kids First, Inc.	\$5.75/hr	FT
House Sitter	Kim Days	\$6.00/hr	FT
Corrections Officer	Knox. Co. Sheriff's Dept.	\$9.91/hr	FT
Housekeeper	Knoxville Hilton	\$5.00/hr	FT
Medical Assistant	Knoxville Medical Center	\$8.00/hr	FT
Sales Associate	Kohl's	\$7.50/hr	FT
Cashier	Kroger's	\$5.50/hr	FT
Cashier	Krystal	\$5.15/hr	FT
Server	Krystal	\$5.85/hr	FT
Belt Lupe Operator	Levi Strauss	\$5.50/hr	FT
Kitchen Prep	Lula's	\$5.50/hr	FT
LPN	Med Source Placement	\$9.50/hr	FT
Housecleaner	Merry Maids	\$6.43/hr	FT
Teacher	Mont. Village Daycare	\$5.50/hr	FT
Feeder/Folder	National Linen	\$6.25/hr	FT
Housekeeper	NHC	\$5.75/hr	FT
Clerk	Norrell Temp (Bellsouth)	\$10.00/hr	FT
CNA	North Haven	\$6.75/hr	FT
General Office Clerk	Olsten's	\$6.00/hr	FT
Clerk	Olsten's-Child Support	\$6.00/hr	Temp
Clerical Support	Olsten's	\$6.00/hr	Temp
Clerk	Olsten's	\$6.50/hr	Temp
Clerical Support	Olsten's	\$6.50/hr	FT
Home Health Aide	Omni Community Service	\$6.50/hr	FT
Mold Injector	P & S Eng. Plastics	\$7.21/hr	FT
Cashier	Paul's Market	\$5.15/hr	FT
Medical Records	Pedatric Consultants	\$6.89/hr	FT
Admissions Clerk	Pellissippi State	\$7.00/hr	FT
Cook	Pizza Palace	\$6.25/hr	FT
Stock Clerk	Plaid Clothing Co.	\$7.00/hr	FT
Food Service	Presidential Court	\$5.25/hr	PT
Mail Clerk	Pro-Temp	\$6.50/hr	Temp
Material Handler	Pro-Temp (Pebbles)	\$6.00/hr	FT

Table A-3 (continued)

Job Title	Employer	Wage	FT/PT
Order Picker	Pro Temp Staffing	\$6.00/hr	FT
Data Entry Clerk	Publisher's Warehouse	\$6.50/hr	FT
Machine Operator	Rail Bearing Service	\$6.50/hr	FT
Clerical Support	Randstad	\$7.00/hr	FT
Housekeeping	Red Roof Inn	\$6.00/hr	FT
Child Care Giver	Reliable Child Care	\$5.15/hr	FT
Cook	S & S Cafeteria	\$6.00/hr	FT
Cashier	Sams Club	\$6.70/hr	PT
Crew Member	Schlotsky's Deli	\$5.50/hr	FT
Cook	Seymour High Cafeteria	\$7.00/hr	FT
Laundry Aide	Shannondale	\$5.90/hr	FT
Cleaner/Floor Technician	Southeast Services	\$5.35/hr	FT
Secretary	Spectrum Rents	\$6.00/hr	FT
Warehouse Worker	Sports Belle	\$6.55/hr	FT
Elderly Care Specialists	St. Mary's Samaritan Place	\$7.00/hr	PT
Teller	Suntrust Bank	\$7.00/hr	FT
Housekeeper	Super 8 Motel	\$5.25/hr	PT
Childcare Aide	Tammy's Quality Child	\$5.50/hr	FT
Food Service Worker	TCBY	\$5.50/hr	PT
Sales Associate	Tennessee Fever	\$6.15/hr	PT
Shift Manager	The Krystal Co.	\$6.50/hr	FT
Secretary	The University of Tenn	\$6.73/hr	FT
	Tinsley Roofing Co.		FT
Accounting Clerk	Triple AAA Auto Club	\$6.75/hr	FT
Packer	TSI Industrial (JFG)	\$6.00/hr	FT
Food Server	TVA Food Service	\$5.50/hr	PT
Data Entry Clerk	University of Tennessee	\$7.00/hr	PT
Cashier	UT-Strong Hall	\$5.25/hr	PT
Line Server	UT Dining Services	\$5.25/hr	FT
CNA	UT Medical Center	\$6.37/hr	FT
Office Clerk	UT Medical Center	\$6.86/hr	FT
Waitress	Waffle House	\$2.30 +	FT
Cashier	Wal-Mart	\$5.72/hr	PT
Sales Associate	Wal-Mart	\$5.72/hr	FT
Program Director	YMCA	\$10.57/hr	FT
Toddler Teacher	YMCA Community Kids	\$6.00/hr	PT

Source: Bob Kerr, Director of UTK Families First Program. 2 Nov. 1998.

VITA

Leigh A. Holzberger was born in Wilmington, Delaware on May 4, 1974. She attended Stevenson High School in Lincolnshire, Illinois and graduated in May, 1992. She entered the University of Tennessee, Knoxville in August of 1992 and graduated with a Bachelor of Arts in English in May of 1996. She entered the Master's program in Sociology at the University of Tennessee, Knoxville in August of 1996, receiving the Master of Arts in May of 1999. During her stay at the University of Tennessee, the Department of University Housing employed her as an Assistant Hall Director and Hall Director.