

file: Black Male
Unemployment

MAR 14 1994

The Rockefeller Foundation

HUGH B. PRICE
VICE PRESIDENT

March 9, 1994

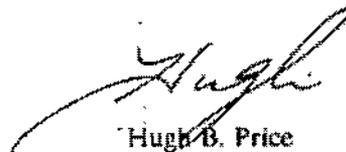
Dear Carol:

Thanks so much for your note. I am delighted we got a chance to meet the other day. The conversation was stimulating to say the least.

As you will see from the enclosed letter to Bob Rubin, I've taken the liberty of elaborating on the ideas that I mentioned at the meeting. He had invited me to commit my sketchy thoughts to paper. FYI, I am also sharing this with Larry Katz.

Needless to say, I'd be delighted to join in follow-up conversations if any of these ideas pique the Administration's interest.

Best regards,



Hugh B. Price

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HBP:ju



The Rockefeller Foundation

HUGH B. PRICE
VICE PRESIDENT

March 8, 1994

Dear Bob:

Thanks so much for inviting me to participate in the dinner the other night at the Jefferson Hotel. I relished the opportunity to bat around some ideas, especially in a rather open-ended format. Since we all tend on such occasions to speak in bullet points, I wanted to flesh out several of my ideas in greater detail. Needless to say, if any of them spark interest, we'd be delighted to pursue the conversation. Just so you know, I am sharing a copy of this letter with Larry Katz and Carol Rasco.

If I may, let me offer a few throat-clearing thoughts before actually beginning. While I'm neither economist nor entrepreneur, I certainly subscribe to the theory that economic growth is essential because of the obvious job creation benefits and, if for no other reason, because it creates a comfort level in society which enables government then to address the problems of the poor more expansively. When there's high anxiety abroad in the land, it's difficult to build consensus to do something for the neediest when so many have needs. Also, I agree wholeheartedly that expansion of EITC was a courageous and critically important step by the Administration that will reap significant benefits for low-income families whose breadwinners earn poverty wages. However, it probably isn't remotely enough of a magnet to lure single, unemployed inner-city males into the labor market. If politics and the budget someday permit, the Administration might try extending more generous EITC benefits to unmarried fathers with child support obligations.

One lesson of the '80s is that robust economic expansion doesn't necessarily reach the pockets of chronic urban poverty and joblessness. Unemployment rates in inner cities there remain appallingly and persistently high. In other words, there seem to be semi-permanent holes in the labor market which are geographically and ethnically identifiable. I suspect we also all agree that opportunity, employment, urban decay and crime are intertwined. The gradual disappearance of decent paying jobs from the inner city has undermined family, mores, neighborhoods and entire cities in ways that we are only beginning to acknowledge openly.

Although your recent meeting was something of a blue sky conversation, I am mindful that the Administration faces very real political and financial constraints. That leads me to reflect even harder on how your leverage and limited resources can be used most effectively and powerfully in the interests of the urban poor. A fundamental question for you all is whether to press for incremental increases in funding for important services. Or, alternatively, whether limited federal resources should instead be used to invest in carefully conceived demonstrations which test approaches that break important new ground, either conceptually or in scale of impact, and which, if successful, will powerfully inform public policy. Later in this letter I suggest several possibilities, especially in the latter category. While I understand the political imperatives of incremental funding, I strongly believe that in the current climate pathfinding demonstrations will produce greater benefits for poor people over the long haul.

The debate over how to divvy up the anti-crime money illustrates my point. Should it all go for protection, i.e., more policemen, prosecutors and jails? What share should be devoted to prevention, e.g., extracurricular programs and even boot camps? Missing from the dialogue are prevention models, buttressed by politically persuasive evidence, which can decisively tip the



balance so that policymakers and taxpayers are convinced that prevention is so effective an anti-crime strategy that it warrants vastly more generous public support.

That now said, what follows are brief descriptions of the program notions I outlined at the meeting, several of which contemplate the very kinds of policy relevant demonstrations mentioned above. The ideas include:

- rebuilding the developmental infrastructure for inner-city youngsters;
- creating a quasi-military community service corps for teenage dropouts;
- operating an infrastructure corps for chronically unemployed inner-city males;
- accessing jobs already available in urban labor markets; and
- using the Presidential bully pulpit to accelerate school reform.

Developmental infrastructure

Preparation for the world of work entails social as well as academic development. Social development is typically cultivated in the mentoring activities, social group work settings, settlement houses, and extracurricular after-school programs where youngsters acquire the social skills that enable them to perform successfully in school and to function effectively as members of teams. In fact, one scholar, Reginald Clark of Cal State Fullerton, argues that there is a strong correlation between academic achievement and developmentally-appropriate activities after school. In studying why some poor children succeed academically and others don't, he has found that high achievers routinely participate in a well-rounded array of activities after school which encourage them to think and to learn, activities which give kids what he calls "a mental workout." What types of activities qualify? Leisure reading, homework (of course), constructive hobbies, exposure to the arts, stimulating conversation, extracurricular clubs, even organized sports and television in appropriate doses.

At the risk of romanticizing about the past, children a generation ago were released after school to active extracurricular programs, to bustling community houses, YMCAs and boys' clubs staffed by father figures, and to intact families with an attentive mother at home. Few poor kids live in this kind of supportive community any longer. By some estimates, as many as two million school-age children have no adult supervision whatsoever after school and two million more are not reared by either parent. All are prime targets for the gangs which compete for their loyalty and time. Consider the chillingly perceptive observation of a Los Angeles gang leader, Tee Rogers, on why it's possible to lure adolescents into gangs:

"What I think is formulating here is that human nature wants to be accepted. A human being gives less of damn what he is, accepted into. At that age — eleven to seventeen — all kids want to belong. They are un-people."

Among the many casualties of modern urban life is the erosion of this developmental infrastructure for inner-city youngsters outside the home. I served recently on the Carnegie task force on this very subject which issued the report entitled *A Matter of Time: Risk and Opportunity in the Nonschool Hours*. As you doubtless know, the task force found that low-income children now grow up in environments largely devoid of the kinds of activities which support their natural development. Missing along with the community-based programs are what ethnographer Elijah Anderson aptly calls the "old heads", typically deacons, church ladies, youth workers and coaches,

who once provided guidance, preached the work ethic, and maintained informal job referral networks. Thus, as Jim Comer sagely observes, inner-city children today have less support for their social development than ever before at the very time they need more support than ever in order to be successful.

So what can the federal government do to rebuild and fortify this developmental infrastructure? One approach, under consideration in the anti-crime bill debate, is to expand extracurricular programs in schools. Any increase would be welcome, but the impact locally might be so incremental and scarcely discernible that the results won't powerfully inform the debate over how best to develop children, make communities safer, and reduce crime.

There's a different tack I would urge the Administration to take. Imagine a federally financed demonstration targeted on catchment areas of kids, i.e., on definable communities with identifiable boundaries, families and children. Focus on a select number of real communities, such as small cities and/or discrete neighborhoods in big cities, and try to transform the everyday experience and life prospects of all or nearly all the children who live there. This strategy might consist of three program thrusts:

- transforming the education children receive into a challenging, demanding and engrossing enterprise which grips their attention and fully engages their minds;
- rebuilding the infrastructure of developmentally-appropriate after-school activities so that all children have a caring adult regularly in their lives and can routinely participate in enjoyable yet intellectually stimulating activities; and
- recreating the opportunity structure which exposes children early on to the worlds of work and higher education, and which facilitates their eventual entry into the labor market.

Though it's unquestionably true that every domestic problem is connected to another one, I would not attempt in such an undertaking to tackle the daunting problems of drug abuse, ineffectual parenting, poor housing, etc. I would urge, instead, a very tight focus on the education and development of children to see how far we get with those who can be helped using available knowledge, longstanding experience, and proven interventions.

Let me elaborate. I would suggest picking a handful of small but real cities, like Yonkers, or taking a slice of a larger city, e.g. a geographically-definable neighborhood with a feeder pattern of elementary, middle and high schools. The idea would be to reach virtually every K-12 child in that community. I realize some of them are so beyond reaching this way that their fate must be left to the criminal justice system. One would aggressively go after every other child in the target community. I would also urge that the agenda not be so complex, convoluted or pie-in-the-sky that under the best of circumstances it would take years to achieve impact. The breakthrough you'd be aiming for is not new knowledge about education and development, but rather how to do both better and at scale in the real world. This is an unknown science unto itself.

Let's assume you elected to try this approach in, say, ten communities. Whoever manages this enterprise would invite the key actors in select cities — including the mayor, city council, school officials, youth service agencies, parents, etc. — to devise a plan to do several things, all of which focus solely on kids. First, they'd be asked to present a plausible strategy for transforming all schools in the catchment area into lively, child-centered places where the adults collaborate in the service of children and where instruction is engaging yet demanding. One would stop short, though, of asking them to transform their schools into state-of-the-art institutions or their teachers into masters of the Socratic method. In other words, invite them to figure out how to become much more effective, but not necessarily exemplary.

Second, challenge them to rebuild the developmental infrastructure by creating a system for introducing a caring adult into the daily lives of every kid who needs one. Experience with mentoring programs suggests that this can best be done using paid youth workers operating at a ratio of roughly one worker per six or so youngsters. These youth work programs can operate out of the schools, YMCAs, neighborhood centers and other facilities that kids are willing to patronize.

I've done group work myself, so I know the power of this approach. Volunteer mentors can play a key role, but they ought not be the core of the enterprise because they're rarely well trained and often unreliable due to professional obligations which intrude unexpectedly on their time. Paid youth workers should comprise the core of the enterprise because, as Marc Freedman of Public/Private Ventures points out in a new book entitled *The Kindness of Strangers: Adult Mentors, Urban Youth, and the New Volunteerism*, they establish closer relationships with youngsters and are readily accessible whenever they're needed, which in the case of these youngsters can be frequently and unpredictably. In addition, there should be a rich array of after-school activities — in the schools and at neighborhood youth centers, museums, colleges, etc. — which expose young people weekdays, on weekends and over the summer to the kinds of constructive, mentally stimulating experiences I mentioned earlier.

Third, young people need to be introduced to the worlds of work and higher education so that both are demystified and made more accessible. Many inner-city youngsters feel alienated from and ignorant about these worlds, and thus are extremely skeptical about their prospects of ever going to college or holding legitimate jobs, especially in the information-age economy. We need to change their perceptions through sustained programs of visits, internships, summer jobs, courses on college campuses, and the like.

Were it possible to put this three-pronged approach in place at scale in real communities, one could then track and report on whether systemic investments in education and development indeed boost student achievement and reduce youth alienation, lawlessness and violence. The point in essence would be to learn whether saturating communities with these services makes a noticeable difference. And, if so, whether that difference is so significant, that it is wise programmatically and "safe" politically for government at all levels to move money from the criminal justice system and elsewhere to the developmental infrastructure, or at least to earmark new resources for prevention and development instead of protection and confinement. If this idea appeals, one could assemble a cast of thoughtful people from the service provider, demonstration research and public policy communities to vet it in detail and see whether there's an approach worth pursuing.

Quasi-military youth corps

Another reality of modern urban life is that many traditional escape routes from the mean inner-city streets have now been barricaded. When I was growing up in the '50s, rough-hewn kids who disliked school were advised to hang in until they turned 16. Then they could drop out and join the Army, which would shape them up. As recently as the late '60s, nearly a third of new servicemen lacked high school diplomas. Now the military only takes high school graduates or those who pass the GED. It doesn't want dropouts anymore.

But dropouts are still drawn to military service. In 1987 the armed forces enrolled about 300,000 young people, almost all of them high school graduates. But another 400,000 young people applied, only to be rejected as unqualified because they couldn't pass the entry-level test, which is equivalent to a GED diploma, or because they failed the medical test. One can only wonder how many of those rejected and dejected youngsters over the years are hanging out and creating havoc in city streets.

A replacement for military service which has long intrigued me is the idea of a residential youth corps for dropouts which is operated by the military, which performs community service functions, and which provides youngsters with heavy doses of education and social development. As I hope will become evident as you read on, I don't mean "boot camps" in the punitive sense in which that phrase is commonly used these days.

We supported a feasibility study of this quasi-military corps idea by the Center for Strategic and International Studies in collaboration with Public/Private Ventures. The National Guard was keenly interested from the outset and participated actively in the feasibility analysis. That CSIS study spawned the National Guard Youth Corps Challenge Program, which is funded by the Defense Department and which was launched last summer in ten pilot sites across the country. Please see the enclosed clips about the program. Dan Donohue, head of the Office of Public Affairs in the National Guard Bureau, is the chief architect and prime mover behind this project.

Let me back up momentarily and explain briefly why the military model so intrigues me. The fact is that the armed forces have historically contributed to the social good beyond providing for the common defense. As Mark Eitelberg of the Naval Postgraduate School observes, "For generations the military has helped socialize young people and provide second chances to those at the bottom of America's socioeconomic ladder. During the Civil War, for instance, the Union Army became a "school" for negroes, offering basic education for black soldiers. Immigrants turned to the military in the 19th century for employment, status, recognition, English language instruction, and assimilation into the mainstream. The Army ran the Depression-era CCC. In World War II, it enlisted over 300,000 illiterate or semi-literate men, the bulk of whom successfully advanced from special training programs to regular units. The GED itself was originated by the military.

In the view of sociologist Charles Moskos, the armed forces may well be America's paramount equal opportunity employer. He attributes this to several factors, among them the level playing field in the military, rigorous anti-discrimination policies, hierarchical structure, sophisticated sensitivity training, and abundance of minorities in positions of genuine authority. In other words, he argues, the military is a radical meritocracy which provides poor kids with their first opportunity — in something other than sports and entertainment — to outshine those more privileged. Lastly, the military places primary emphasis on the service performed, rather than on those who perform it. According to Moskos, "The Army, in short, delivers the uplift but not the stigma of a government social program."

I've been trying to advance this idea of the quasi-military youth corps since it first hit me in the early '70s. My fantasy, then and now, is that the military would some day step forward and offer to take several hundred thousand aimless and alienated young people off society's hands. And that the public will be sufficiently alarmed about the problem yet confident of the military's capacity to help that it would support the sizable public expenditures needed to do the job.

Why do I think taxpayers and politicians might be willing to back this approach? Because unlike many community organizations which are worthy but invisible to those who don't know of them, the military is well known and widely respected. Surveys I've seen suggest that it ranks at or near the top in public confidence. What with downsizing, the military clearly has the idle human and physical capacity to do the job at scale. Moreover, it knows how to mobilize, and quickly. Though perceived (usefully in this context) as tough, it's also expert in team building, education and training, all of which are critically needed by these kids. To give you a quick feel for the program, I've enclosed a videocassette of a segment about it on the NBC Nightly News.

Though the narrator calls these boot camps, the National Guard youth corps actually are quite different philosophically and operationally. Young people volunteer for the Guard's program; they cannot be ordered by a judge to attend or else go to jail. This act of volition has a

profound effect on the participants' frame of mind. The goal of the Guard is to develop the goodness in youngsters, not merely to beat out the badness.

The military has an "asset" as opposed to "deficit" orientation. It sees those who belong as assets to the immediate enterprise and to society at large. And its output is valued by the general public. In a word, the military only operates "winners" corps, never "losers" corps. Its recruitment pitches, uniforms, rituals and ranks all reflect this mindset. Apropos of this point, one need only have attended, as I did, the heart-warming, college-style commencement ceremony for the first graduates of the Connecticut National Guard's youth corps to see this philosophy in action.

The pilots that the National Guard began operating last summer are enabling it to test and refine key operating systems, including recruitment, training, selection, educational training, social development, team building and placement. The crucial mentoring component is just coming on stream. I'm told by Dan Donohue that the early results are quite encouraging. Roughly half of the erstwhile dropouts who have successfully completed the program are going on to four-year colleges, community colleges, or vocational education.

How then might the Administration build on this promising idea? One scenario is to expand the number of pilot sites so that every state has a National Guard unit. Another approach, which isn't exclusive of the first, would be to test the program in some places on a much larger scale. Apparently there are mothballed military bases, under the auspices of other services, which have the capacity to handle several thousand young people at a clip. The point here would be to test and perfect the various operating systems at scale in a select number of sites as a prelude going to scale across the country some day.

A third option is to expand the youth corps experience itself. Currently kids enroll for a five-month residential program. After they muster out, they are mentored by National Guardsmen, but otherwise not formally involved. Imagine instead a two-year hitch consisting of the same residential experience (basic training, if you will), followed by an 18-month nonresidential community service stint, all under the auspices of the Guard.

The nonresidential component could be structured, like the military, with internal job ladders and incentive systems. It would enable participants who don't move immediately on to school or jobs to build a track record of achievement and to continue smoothing their rough edges. The educational, social development and team building components could continue throughout the nonresidential portion. Young people who, following the residential component, want to go directly to college, vocational training, jobs, or formal military service would of course be encouraged to do so. But they'd also be welcome to stay connected to their original units by joining them in periodic meetings. It might even be possible to connect the National Guard Corps to the developmental infrastructure initiative described earlier, so that dropouts who are ill-suited for extracurricular activities and social group work programs have another viable option available to them.

If this idea piques your interest, we might want to spend some serious time with Dan Donohue of the National Guard to learn more about its Youth Challenge Program and to explore expansion options. You might even want to bring in some of the early graduates to get a first-hand sense of what the experience has meant to them.

Infrastructure corps

This is an idea that, as you'll quickly see, I have thought considerably less about. You are already well aware of Peter Goldmark's proposal for a national infrastructure effort, which

would earmark a significant proportion of jobs for poor people. I think his idea has considerable merit and hope that it is under serious consideration.

One could also take a more targeted approach by creating a so-called infrastructure corps which only employs jobless adults from inner-city neighborhoods to do infrastructure construction, repair and maintenance work in their cities. Given conditions in most cities, the needs and, thus, possibilities seem endless — rundown schools, overgrown parks, filthy highways and railroad beds, ugly vacant lots, and the like.

Admittedly the idea raises a host of tough issues, none of which have I thought through with care:

- Substitution — Can the corps be designed so that it doesn't threaten municipal workers and tradesmen who are already employed? The corps should be an add-on to infrastructure work that communities would finance anyway. One possibility is to hire tradesmen as supervisors so they get some of the job "action." This is a politically explosive, programmatically complex issue. But there may be solutions in this period of slack employment for people in municipal unions and the building trades who are already at risk.
- Who should operate the corps? There's a logic to entrusting this task to community-based organizations or municipal agencies. Though many of the former are quite reputable and able, they nonetheless suffer from low profiles outside their immediate surroundings. Municipal entities can become ensnared in patronage, which was one of CETA's serious faults. Again, the military enjoys a higher profile and greater respect. Perhaps municipalities could contract with the Guard or the Army Corps of Engineers to manage the enterprise. There may be other viable answers to this difficult issue.
- How best to target? The focus of your meeting was inner-city males. I suspect it would be difficult legally to restrict such a corps to males only, though they might comprise the majority of participants. Enrollees should be drawn from the ranks of the long-term unemployed who live in urban census tracts with high rates of poverty and unemployment. It may also be necessary to create corps in rural areas with high concentrations of poverty. In order to double the bang for the public buck, one might try restricting or giving preference to unemployed fathers who are obligated to pay child support. The downside, of course, is that taxpayers may question creating public jobs so fathers can do what they're already obliged to do.

However it's conceived, the corps ought to be a highly structured experience. There could be skill ladders and incentives for performance; on-going academic, social skills and even entrepreneurship training; and placement assistance upon completion. So that participants take it seriously, I would envision them serving for, say, two years, unless they land jobs elsewhere. Clearly there are other complex issues, including wage levels, corps size, and co-financing by states and localities.

Access

In any given locale employment opportunities exist because of normal labor turnover, occasional job growth, or other routine economic activity. Workers move away, retire or are fired. Businesses and agencies grow; capital projects crop up. Yet seldom are poor people positioned adequately to take advantage of these recurring openings in the labor market. A few years ago,

for example, voters in Colorado backed a bond issue for the new Denver airport. One of the ostensible reasons was to generate construction jobs for local residents. Yet because of legal complications with racially-oriented contract set-asides, much of the work went to out-of-state contractors and laborers. Few construction jobs were filled by the inner-city poor of Denver. What a missed opportunity!

The problem with training programs, even the credible and reasonably effective ones, is that their graduates are often tossed into slack urban labor markets, only to compete with better educated, more polished, whiter, safer applicants from better neighborhoods and the suburbs. My colleagues in our Equal Opportunity division, led by director Julia Lopez, have been thinking hard about how to improve the access of poor people to jobs created by natural economic activity in communities. In other words, how do we set aside some portion of those jobs for this population and, equally important, how do we design and sequence training programs so that people are properly prepared in a timely fashion to fill the positions held open for them?

This sounds simple conceptually, but implementation has been sporadic and ineffectual at best. Yet when one considers the economic activity stimulated just by state and local government spending, as well as by federal agencies like Transportation, Commerce, HUD, HHS and Defense, this is an approach well worth perfecting. One could imagine large-scale demonstrations designed to figure out how to make the training/set-aside opportunity track really work.

Bully pulpit

President Clinton is an exceptional teacher. I would love to see him use this skill to accelerate the pace of school reform by exhorting parents to pressure their schools for improved results for their children. What have I in mind? Imagine the President taking to the national airwaves twice a year for a fireside chat on the state of American education. He would talk to the American people about what we as a society must do to remain competitive in the world economy, what competencies our labor force will need, and how those mesh with the national education standards in the new legislation now before Congress. All this by way of prelude to speaking to parents about what they can do directly to improve things. I would have the President articulate in simple, specific layman's language what parents should expect their children to be able to do, say, by the fourth, eighth and twelfth grades.

For instance, the new standards call for kids to be critical thinkers. That phrase probably means little to most parents. How many of them (of us?) would know how to gauge whether their children are indeed critical thinkers? But what if the President told them that one concrete indication is whether their high schoolers have ever written a 20-page research paper which required them to spend serious time actually using the library, to utilize primary sources, to analyze the pros and cons of opposing arguments, and to reach conclusions about some complex issue. One could imagine the President positing similarly clear and accessible benchmarks for parents to use in other disciplines. Here I am pirating from the work of Jeff Howard of the Efficacy Institute, who has thought hard about how to transform opaque education standards into barometers that parents can easily use. Mr. Clinton would suggest to parents that they regularly check their children's work and then visit schools to find out whether their youngsters are developing the requisite skills and, if not, ask why not, what the school intends to do about it, and by when.

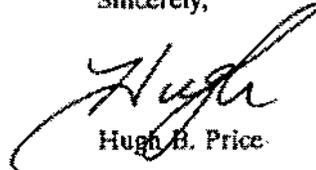
A fireside chat in the fall could be devoted to explicating these layman's standards and competencies and then exhorting parents to act during the coming year. In June, the President could return to share his assessment of how we've all done and to lay out some follow-up challenges for the coming school year. He could repeat the cycle a couple of times to see whether it spurs any desired action. An interesting sidebar would be for the President to pick a few

communities that he intends to watch and report on. These communities might relish the challenge — and the national attention. He could even recognize those that make notable progress in some highly visible way.

One would obviously have to think this through with much greater care than I have given it. If it's of interest, you all might want to discuss it with someone like Ernesto Cortes, who is well known to Mike Smith, Undersecretary at Education, and who has done enormously effective work in organizing low-income Latino parents in Texas to press for improved schools. Cortes could speak from extensive experience to what parents understand about education standards and how to spur them to act thoughtfully to accelerate constructive change. Another possible contact, of course, is Jeff Howard.

There you have it. Sorry to go on so long, but I couldn't resist your invitation to lay out my thoughts in greater detail. If any of them warrant further conversation with you and/or your colleagues in the Administration, I'm only a shuttle flight away. Thanks again for the opportunity to share some pet ideas.

Sincerely,



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Harry J. Holzer
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February 25, 1994

PROPOSED POLICY INITIATIVES FOR BLACK MALE EMPLOYMENT *file*

I. Mobility/Placement into Existing Private Sector Jobs

The strong recent evidence of higher relative wages for black workers and much higher overall employment growth in suburban labor markets relative to the central-city (and particularly of tightness in many of the suburban markets in the pre-recessionary period of the late 1980's), as well as "spatial mismatch" effects on and limited suburban job search by inner-city blacks, implies that mobility/placement strategies should be a central part of any policy initiatives for black males. These would focus on the relatively less disadvantaged of unemployed young blacks in the inner-city.

A variety of local initiatives are currently in operation around the country. These are described in Chapter 7 and Appendix 1 of Mark Hughes' report. The data in the Appendix suggest that, on average, these programs cost roughly \$1000 per participant-year - which (assuming that a reasonable fraction of these jobs represent net new employment) would make this program look extremely cost-effective relative to other job-creation strategies for this population.

The key components of a mobility strategy are transportation and job placement. The former can be based on augmenting local public transit if these already operate extensively into suburban commercial areas; if not, organizing van pools represents a promising approach. A systematic and aggressive program of job placement, with regular and extensive links to suburban employers, is no doubt critical here as well. Since hiring activity in the U.S. has always been very private and decentralized relative to many other industrial countries (i.e., we do not have a centralized employment office through which many job vacancies are listed), it is not clear how to best accomplish this. We certainly would like to avoid the precedent set by the U.S. Employment Service, which is viewed by employers primarily as a source of weak labor and which automatically stigmatizes most who pass through it.

One option is to rely on Private Industry Councils in suburban counties, which apparently have extensive lists of available jobs in some places. Alternatively, the government could contract with local private agencies, perhaps paying a fee for each successful job placement. Either way, the "matching" agents should be linked to sources of inner-city employees, such as the local high schools.

This would ensure that young males get early private sector work experience, perhaps in the summer while still enrolled and then after graduation as well.

To ensure worker readiness for the available jobs, some screening of applicants will need to be done by the "matching" agent, and some modest job counselling/training may be necessary as well. For those large suburban employers who repeatedly resist the hiring of apparently qualified applicants through these programs, some form of EEO pressure may be appropriate.

II. Job Creation for the More Disadvantaged

For those inner-city males who cannot be placed into existing private sector jobs, other forms of job-creation for the more disadvantaged may be necessary.

One immediate question that arises is the extent to which young inner-city males will actually be interested in accepting these fairly low-wage jobs. The evidence to date suggests that some, though not all, of unemployed young black males would be willing to accept such work, at least temporarily. For instance, the Youth Incentive Entitlement Pilot Project of the late 1970's indicated a high degree of willingness to accept these jobs among eligible youth. In tabulations of self-reported reservation wages that I have performed for young unemployed black males in the 1992 Detroit Area Survey, roughly 50-60% report a willingness to accept work at \$5.00, though very few do so at \$4.00. (Unfortunately, this dataset undercounted black males relative to females by a fairly large magnitude - it is based on a sampling strategy of one adult per household. Many of those involved in criminal activities were likely missed.)

The two standard strategies for creating such jobs are through some version of a Targetted Job Tax Credit or direct Public Service Employment. The former is clearly preferable to the latter in terms of budgetary cost and the generation of real private sector work experience. Unfortunately, most evaluations of the TJTC have shown low employer participation, low net job creation among those who do participate, and very low (or even negative) employment/earnings gains for those who are eligible (apparently due to the stigma created by such eligibility in the employers' eyes).

To the extent that the current TJTC might be improved upon, we should attempt to do so. Raising the base level of wages upon which the credit could be paid (from \$6000 up to \$10-15,000), and making all young residents of certain low-income areas eligible (rather than just those who are themselves from disadvantaged families) might raise employer interest to some limited extent. Providing the kinds of mobility/placement services described above to those eligible for the tax credit might further improve the rate of uptake by employers.

But ultimately some form of direct public sector job creation will likely be necessary as well. If provided as an entitlement in certain limited areas (so long as individuals meet basic job performance criteria), we could measure overall interest in such jobs among the relevant population. To enhance their relative attractiveness, public sector jobs at the minimum wage could allow for some limited upward wage growth for individuals over time, or could be supplemented by some extension of the earned income tax credit to single workers.

III. Skill Enhancement for Young Inner-city Males

Over the longer term, skill enhancement still holds the greatest promise for improving the earnings prospects of inner-city males. Economic returns to cognitive skills and certain kinds of quantitative or literary task performance (such as use of computers) have clearly grown in recent years, even after controlling for completed years of education. The gaps in black-white test scores that measure such skills have narrowed in recent years, but too slowly to prevent the deterioration in relative earnings of young blacks as these skills grew more necessary in much of the job market.

Early interventions are generally preferable to later ones for in-school youth. But one-time interventions such as Head Start will generally not, by themselves, prevent deficiencies from developing over time. More sustained forms of skill remediation are therefore needed over the student's school career. A focus on cognitive skill development might also be complemented by support for school-based efforts to link adolescents and young teens with mentors and other community groups/institutions, in order to help them build social networks and have positive role models.

Options for post-school interventions are more limited. We might consider expanded funding for the Job Corps, and experimentation with programs modelled after apparently successful ones such as the CET program. Alternatively, we could experiment with training vouchers for private sector post-secondary training (in community colleges, trade schools, and the like), along with counselling about which options are available. These would avoid the inevitable stigma associated with government training programs for the disadvantaged.

M. Hughes + J. Sternberg
The New Metropolitan Reality

Examples of Local Responses to Employment Deconcentration

In this section, we present several illustrative examples of mobility initiatives in metropolitan areas with signs of severe mismatch. In each case, we use our model to highlight the ways in which these examples have overcome the barriers created by the new metropolitan reality. We also briefly describe our research strategy in identifying local responses. An initial goal of this project was to improve our knowledge of current local responses to metropolitan change. We followed a three-part strategy for acquiring this knowledge. First, we revisited the major programs identified in the National League of Cities (NLC) report, "Fighting Poverty in Cities" (Hughes 1989). Second, we made use of the computerized database of the Transportation Research Board of the National Research Council. We searched the database for

other national surveys similar to the NLC report. Third, we began a series of conversations with relevant government and quasi-governmental agencies. These included the Urban Mass Transit Administration (now known as the Federal Transit Administration) and the National Association of Regional Councils.

Our intention in these discussions was not to exhaustively catalog programs that seek to connect inner-city workers to suburban job opportunities. Nor was our intention to define the range of successes or failures experienced by these programs. *Rather, our goal here has been to illustrate various ways programs have attempted to make such connections.* Our hope is that from these various local responses to metropolitan change we will be better equipped to design programs elsewhere. While each of the selected programs can be usefully examined using the model presented in figure 8, an important lesson of each is its particular innovation. Finally, we will emphasize the variety of constituencies that have attempted to make these connections.

Accel Transportation of Le Clair Court RMC: Chicago

As we saw in the earlier sections, Chicago has experienced some of the nation's most severe metropolitan mismatch. In the late 1980s, the National Center for Neighborhood Enterprise (NCNE), a nonprofit organization that coordinates information for neighborhood associations nationwide, contacted organizations in Chicago and other cities about possible measures they could take to link their people to suburban job opportunities. In 1988, Le Clair Court Resident Management Corporation (RMC), a public housing project in southwest Chicago, contracted to manage one of eight reverse commute demonstration projects sponsored across the country by NCNE and the Urban Mass Transit Administration (UMTA). By

sparking discussion of metropolitan mismatch and facilitating design of feasible connections, NCNE built a bridge from problem to policy. Encouraged by the results of the initial phase, Le Clair Court and Chicago's Clarence Darrow Community Center raised the funds necessary to purchase vehicles. Their efforts led to the formation of Accel Transportation, a subsidiary of the Le Clair Court RMC.

According to Wilhelmina Bell Taylor, a consultant for NCNE, Accel was one of only two of the demonstration projects able to maintain operations after the UMTA funds were depleted. The other six programs could not finance a sustainable connection. As low-income organizations, they were considered high-risk operations, and they were denied the loans or grants they needed to prove themselves as viable transportation operators. The costs of even a small-scale transportation program are considerable. Accel, for example, currently operates five 20-person vans at an annual expense of roughly \$250,000. According to Theresa Prim, Accel's general manager, between 45 to 50 percent of its revenues comes from fares (six dollars per day), which are paid either by riders or by employer subsidies, and from philanthropic organizations. Foundations like McCormick, Kraft, and MacArthur have allocated to Accel substantial monies in the past; they currently only provide between five and ten percent of the program's revenue. The transportation authority and HUD also fund the program.

Accel's primary orientation is to the origin. The fundamental reason for the program's existence is ensuring employment for housing project residents. It offers its riders an employment and training program and has on its staff a job placement specialist. It services a few city workers from outside the housing projects, but only to ensure the company's ability to continue aiding housing project residents.

Accel has a secondary orientation to connection (see table 2). Accel's day-to-day function is to transport tenants from housing projects around the city to suburban job opportunities not accessible by the public transit system. As such, it acts as

a connector: it must fill its vans with enough riders to cover operating costs, and it must efficiently and reliably run three shifts during each work day. In other words, it must find riders and know rides.

Accel's management can present a detailed composite of its ridership: the riders are primarily women and African-Americans from the working or lower middle class. They are generally employed in the service industry as nurses' aides, in restaurants, or in hotels. Their average hourly wage ranges from six to seven dollars, between one and a half to two dollars more than they would earn at comparable jobs in the city.

Wisconsin Job-Ride Program: Milwaukee

In 1989 the Wisconsin Department of Transportation (WDOT) developed the Job-Ride Program to address the city's unemployment problem with a reverse commute strategy. Job-Ride is unusual because it is a publicly sponsored transportation program with a clear antipoverty purpose. Specifically, it secures rides for city residents to interviews and to jobs for a specific number of months (usually six) until the rider can purchase a car or establish alternative carpooling arrangements. Other governmental programs we encountered were generally concerned with improving the public transit system. They addressed poverty only indirectly.

WDOT does not itself take on any of the roles identified in figure 8. It acts instead as a very involved bridge builder. According to Nuber Dixon, director of the program, each year since Job-Ride's inception, WDOT has budgeted it several hundred thousand dollars (\$494,000 in 1992). That money is divided among a small number of grantees, who bid for funds every three years. The government provides to the grantees 80 percent of their operating costs, making possible connection innovation that might otherwise be financially infeasible.

Each of the grantees is a relatively small, origin-oriented transportation venture. Like Accel, their focus is on the origin, while their resulting service is connection. Each grantee operates a fleet of vans, but maintaining the existence of that fleet is secondary to finding jobs and knowing workers. Each grantee provides its riders counseling on interview techniques, advice on appropriate work apparel, and some level of job training. The Milwaukee Urban League constitutes a typical grantee. It received \$166,000 in 1992. It has placed 319 inner-city workers in suburban jobs, and has scheduled 32,800 van trips from city to suburb.

Although WDOT does not have a hands-on role in the various mobility initiatives that it finances, its goals coincide with those of the local actors. The state benefits when inner-city workers find jobs and suburban employers find workers. Moreover, the establishment of vanpools reduces traffic congestion and pollution emission and conserves natural resources. Accordingly, Wisconsin's Department of Energy contributes a small amount to Job-Ride, as does the Department of Health and Social Services.

Suburban JobLink Inc.: Chicago

Suburban JobLink was founded in 1971 as Just Jobs, Inc., an employment contracting service. Its mission was enhancing employment opportunities for disadvantaged men and women who lack typical access to the job market. In its efforts to find jobs for inner-city workers, it confronted daily Chicago's severe problem metropolitan mismatch: employment opportunities were in the suburbs, inaccessible to the workers because of transportation deficiencies. As a result, the company changed its focus (and its name) a few years ago. Its current corporate goal is physically linking inner-city neighborhoods to suburban employers through a transportation service. In recognizing metropolitan mismatch and inventing connection methods, Suburban JobLink served as the bridge

builder for its own mobility initiative. Moreover, the program itself provides the financing for its connection innovation. The vast majority of the funds used to run the transportation service come from the company's contracting service, which it continues to operate.

Of the programs we surveyed, Suburban JobLink is the mobility initiative that independently seeks the largest number of goals and plays the largest number of roles depicted in our model. Its primary orientation is to the origin. It has had more than twenty years experience finding jobs for workers, and that remains its primary goal. It knows the workers it places in jobs, tracking their success in the workplace. According to John Plunkett, the organization's president, most of the workers take manufacturing jobs, where they can often progress to management positions and are occasionally inspired to continue their education.

In its new role as transportation provider, it has come know rides. It operates a fleet of 6 buses and a service that organizes carpools and tracks their development in order to refer new workers to appropriate pools. The buses operate multiple shifts and, with carpools, the program transports 400-600 workers per day. Although it acts as a connector, like Accel and Job-Ride grantees, its primary goal is not finding riders to sustain a transportation business. In fact, ridership fares have little to do with Suburban JobLink's financing. Riders pay only \$3.50 daily, less than the charge for public transit, which does not typically access the office parks. Again, 95 percent of Suburban JobLink's transportation funding come from their own contracting work. The rest is provided by various foundations.

Suburban JobLink's experience as a job placement agency has allowed them to come to know jobs. They have close connections with employers, who contract with them to find workers. As such, unlike Accel or Job-Ride, Suburban JobLink also incorporates a destination expertise. Currently, close to 150 companies employ the workers transported by Suburban JobLink.

Suburban JobLink's goal is to be a bridge builder for a more comprehensive program financed by state and city monies. It envisions a suburban oasis facility which can house job training facilities; vans bringing workers to and from interviews; and offices for the collection, organization, and dissemination of ride-sharing information.

SEPTA's Route 200 Series: Philadelphia

Philadelphia's Seltzer Organization is the developer of several business parks in the city's suburbs. In the mid-1980s, Seltzer confronted firsthand the results of Philadelphia's metropolitan mismatch. Employers occupying its office parks began to complain that they were unable to address entry-level labor shortages because of the inaccessibility of the parks to public transportation stations. Seltzer accordingly approached the Southeastern Pennsylvania Transportation Authority (SEPTA), seeking collaboration on a solution to the problem. In response, SEPTA studied the feasibility of adding a bus route to connect the parks and the local rail station. It agreed to add a route, designated Route 201, if Seltzer agreed to subsidize whatever difference remained between the break-even revenue and revenues generated from riders. Together, Seltzer and SEPTA bridged the gap between the mismatch problem and a connection solution.

Route 201 proved unexpectedly successful. Within two years no employer subsidy was necessary. Recognizing the potential for comparable programs along other commuter-rail lines, SEPTA has developed a total of six Route 200 series shuttles. Route 201 remains the most successful operation. It has paid for itself for the last three years and is the only route to do so. The others are subsidized by business park owners, who pay the difference between the cost of the service and revenues collected from riders. Local Transportation Management Associations and Chambers of Commerce also contribute.

SEPTA's mobility initiative is purely connection orientation. It knows its rides: the buses are closely linked to the trains; they will wait if the trains are late, and their fares are integrated into the cost of a train ticket for commuters. According to Charles Web, manager of route and service planning, the number of daily riders per route ranges from 70 to 250, and the marginal cost of the routes averages approximately \$102,000 annually. SEPTA's goal is the efficient operation of vehicles; if the shuttles have insufficient riders or employer subsidy levels, they will be terminated. It has no direct employment mission; its riders might very well be going shopping. As long as their numbers are sufficient to cover the costs of the shuttle, SEPTA has achieved its goal.

Other public transportation organizations around the country have provided similar connection-oriented responses to metropolitan mismatch. Two Chicago initiatives are noteworthy. PACE, Chicago's suburban bus authority has run a shuttle service from Rapid Transit stops to suburban office areas since 1987. They carry approximately 500 riders per day on five buses. Like SEPTA, PACE has no data on the make-up of the riders of the shuttle. It has no antipoverty agenda. It seeks only to find sufficient riders to cover shuttle costs, and it acts only as a knowledgeable provider of rides. Additionally, Chicago's Metropolitan Rail (Metra) in 1990 hired a consultant to investigate reverse commute possibilities for specific Metra lines. The consultant, the Center for Neighborhood Technology (CNT), designed a demonstration project to test market a new, reverse commute schedule along one of Metra's lines in order to accommodate the work shifts of the manufacturing plants consolidated in the suburban area accessed by the line.

It is important to note that these public transit mobility initiatives appear to address employment issues, despite the fact that the principal actor is purely connection oriented. Inner-city workers have enhanced access to suburban jobs and suburban employers may be able to tap a larger market because of these shuttles. The initiative serves the interest of constituencies throughout the metropolitan area.

Tentative Conclusions

We have devoted a significant portion of this report to these four cases in order to illustrate the variety of approaches that are being conducted in the field. We summarize this variety in figure 9. An actor's name in uppercase represents our sense that this goal or role is primary to the actor's sense of mission and expertise; lowercase indicates our sense that the actor considers a goal or role as secondary but a part of its efforts.

FIGURE 9

Prototypes in Metropolitan Context			
ACTORS	ORIGIN	CONNECTION	DESTINATION
GOAL	<i>find jobs:</i> ACCEL JOBLINK	<i>find riders:</i> SEPTA	<i>find workers:</i> joblink
ROLE	<i>provide workers:</i> ACCEL JOBLINK	<i>provide rides:</i> accel JOB-RIDE joblink SEPTA	<i>provide jobs:</i> joblink

Suburban JobLink is a prototype for the comprehensive approach to a connection strategy. They cover more dimensions of the problem than any other program we identified. Their longstanding ties to the Chicago neighborhoods in which they are based provides them with their primary sense of mission and expertise. JobLink's early recognition of

metropolitan mismatch, however, has expanded their sense of role to include the relatively large-scale provision of transportation services. And finally, their reputation in the regional business community is such that they have a deep understanding of the destination labor submarket.

But more incremental approaches are also possible and, in some cases perhaps, more appropriate to the local setting. The SEPTA experience suggests that, in places with extreme mismatch and a relatively developed regional transit system, a increased accessibility may be possible by simple adjustments to routes and fares. The 200 Series have weak or no involvement with organizations at the origin or destination (except for the financial role played by destination employers). They simply focus on the connection technology itself.

The State of Wisconsin Job-Ride displays the possibilities for intervention from outside the metropolitan area entirely. This state funding arrangement simply provides a mechanism by which local organizations may finance mobility initiatives. In effect, Job-Ride provides rides only in an abstract sense. The local grantees attend to the details (and typically have a origin orientation).

Speaking tentatively, and reiterating our caveats about the absence of any careful evaluations, our sense is that these programs provide the most useful information for designing a next round of programs.

The basic innovation found in these programs is the presence of the connecting function. This role can be played by an actor whose primary goals relate to either the origin or the destination. That is, origin (inner-city-based, labor-supply-oriented) or destination (suburban-based, labor-demand-oriented) actors may take on the role of the connector. This can have the advantage of providing clients with customized connections tailored to their specific needs. The tradeoff here is between the customized connection (e.g., Accel) and the kind of more comprehensive connection that we would expect from an actor with more expertise in the role of finding rides and for whom the goal of finding riders is primary (e.g.,

SEPTA). A full evaluation of the costs and benefits of customized versus comprehensive service is an important open question.

The most useful approach to answering these questions would be a demonstration effort. The most complete demonstration of the potential of the mobility strategy would consist of new and integrated programs that seek to provide training, placement, support, and transportation services in the explicit context of the new metropolitan reality. This means designing new forms to overcome the informational, organizational, and transportation barriers caused by the severe separation of origin and destination. This would require careful attention to the governance structure of these initiatives.

Perhaps the most important reason for foundation and/or federal government involvement is the broader definition of success that is necessary. Most prior demonstration efforts, originating typically among transportation providers, have focused on sustainable ridership as the exclusive or dominant criterion for success. If seen, more broadly, as a mobility rather than a transportation program, then a participant who gets a new job and substitutes a (newly acquired) private automobile for program transportation six months later would be part of a successful outcome. Such an approach would build an ongoing subsidy into program design and place its aspirations for self-sufficiency in individual participants, not bus routes. As these participants are connected to opportunities, they may well discard certain parts of the program, especially the public transportation. It is then incumbent upon program designers to recognize this and reward it.

The compelling policy question is how to structure political and organizational incentives in order to seek these larger mobility goals. This is not a transportation program nor an employment program, but rather both of these, and more, at once. The central program design question is how to cross these policy dimensions just as we must cross the boundaries of city and suburb in order to confront the new metropolitan reality facing antipoverty strategy.

The programs described here provide the outlines of a new strategy to combat inner-city poverty. It is a strategy that seeks to leverage regional cooperation by serving interests throughout the region. Inner-city residents get access to employment. Outer-area firms get access to workers. City governments import wages and retain wage-earners (and voters) who have benefitted from their efforts. And suburban governments reduce housing and infrastructure pressures. It's a limited war on poverty that everyone wins.

Appendices

Program Profiles

Accel Transportation, Chicago

When founded: 1989 (following 1988 demonstration project sponsored by UMTA and NCNE)

Why founded: connect Chicago public housing residents to suburban jobs

Founders: Le Clair Resident Management Corporation and Clarence Darrow Community Center; funded by McCormick, Kraft, and MacArthur foundations

Anti-poverty focus?: yes

Employment and/or training component included?: yes

Current costs: \$250,000 annually

Current funding: approximately 45% of revenues from riders; 5–10% from foundations; additional funds from Regional Transportation Authority and HUD

Rider fares: \$6.00 per day

Employer contribution: varies from 0–100% among involved companies

Number of companies involved: 7; down from 10 in 1989

Method of transportation used: vans

Number of vehicles used: 5; 3 shifts

Number of riders: 120; up from 90 in 1989

Ridership makeup: primarily women and African-Americans from working or lower-middle classes, primarily employed in service industry (restaurants, nursing homes; hotels). Average hourly wage \$6–7

Self-evaluation: hoped for 120 riders in its second year and 150 in its third year; in operation 2.5 years and has 120 riders

Job-Ride Program, Wisconsin

When founded: 1989

Why founded: to address unemployment problem through reverse commute program

Founders: Wisconsin Department of Transportation (WDOT)

Anti-poverty focus?: yes

Employment and/or training component included?: yes

Current costs: \$494,000 budgeted, fiscal year 1992; divided among 3–4 "grantees"

Current funding: 80% from public funds (primarily WDOT; also Wisconsin Department of Health and Social Services and Wisconsin Department of Energy); 20% raised by grantees

Rider fares: not more than \$2.00 per one-way trip

Employer contribution: 50% contribution required by Job-Ride; not necessarily enforced by grantees

Number of companies involved: 5–10 companies per grant

Method of transportation used: vans (all grantees)

Number of vehicles used: 3–5 per grant

Number of riders: approximately 1000

Ridership makeup: workers from central city generally employed in entry-level service or light-industry jobs

Self-evaluation: allotted budget for Job-Ride program as a whole increasing steadily; number of overall job placements rose 10% last year

SEPTA'S Route 200 Series, Philadelphia

When founded: mid-1980s

Why founded: to connect rail stations to suburban office/industrial parks

Founders: Southeastern Pennsylvania Transportation Authority (SEPTA)

Anti-poverty focus?: no

Employment and/or training component included?: no

Current costs: \$102,000 for an average route (equipment lease plus operator expenses plus maintenance and mileage); total of 6 routes

Current funding: rider fares and employer subsidies

Rider fares: integrated into cost of train tickets for commuters; 50 cents for casual riders

Employer contribution: varies from route to route to cover the difference between cost of route and revenue from riders; Route 201 pays for itself at the farebox.

Number of companies involved: 5 or 6

Method of transportation used: buses

Number of vehicles used: 6

Number of riders: ranges from 70 to 250

Ridership makeup: unknown

Self-evaluation: growth considered unexpectedly strong, though currently leveling off

Suburban JOBLINK, Inc., Chicago

When founded: transportation emphasis for the last few years

Why founded: link inner-city workers with suburban jobs

Founders: John Plunkett

Anti-poverty focus?: yes

Employment and/or training component included?: yes

Current costs: \$482,000 for transportation services July, 1992–July, 1993 (does not include management time).

\$414,000 budgeted for upcoming year to suburban oasis facility; still in planning stages; seeking \$1.75 million from state and local governments; oasis would include training facilities, ride-sharing database, van operation circulating to and from interviews

Current funding: 95% from company's own contracting service; a little from foundations (MacArthur, Woods Charitable Trust)

Rider fares: \$3.50 per day

Employer contribution: no (contribute indirectly through contracting); employer resistance to direct subsidy—perceived legal issues (especially liability)

Number of companies involved: 100–150

Method of transportation used: buses

Number of vehicles used: 6

Number of riders: 400–600 per day including carpools organized by the company

Ridership makeup: mostly inner-city workers employed in manufacturing

Self-evaluation: overall rapid growth; currently slow

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February 28, 1994

Ms. Carol Rasco
Domestic Policy Council
The White House
1600 Pennsylvania Avenue
Washington DC 20500

Dear Carol:

I enjoyed having dinner with you and chatting about inner-city employment problems last Thursday evening.

I enclose a brief memo that I've written since then, outlining three policy approaches that I think should be the cornerstone of any overall strategy in this area; 1) Job placement and mobility to create access to existing jobs; 2) New job creation for the more disadvantaged; and 3) Skill enhancement over the longer term. I also enclose a few pages from a recent report to the Ford Foundation by Mark Hughes (currently at Public/Private Ventures in Philadelphia) describing mobility programs currently operating around the country at various localities.

If I can be of any further assistance in this process, please feel free to call on me.

Sincerely,



Harry J. Holzer