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# **NEW ALTERNATIVES TO COMMUNITY DISTRESS**

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## **HEARING**

BEFORE THE

## **JOINT ECONOMIC COMMITTEE CONGRESS OF THE UNITED STATES**

**ONE HUNDRED SECOND CONGRESS**

**SECOND SESSION**

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**APRIL 30, 1992**  
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# **NEW ALTERNATIVES TO COMMUNITY DISTRESS**

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**THURSDAY, APRIL 30, 1992**

CONGRESS OF THE UNITED STATES,  
JOINT ECONOMIC COMMITTEE,  
*Washington, DC.*

The Committee met, pursuant to notice, at 10:45 a.m., in room SD-138, Dirksen Senate Office Building, Honorable Paul S. Sarbanes (chairman of the Committee) presiding.

Present: Senator Sarbanes and Representative Mfume.

Also present: Thomas Boston, professional staff member.

## **OPENING STATEMENT OF SENATOR SARBANES, CHAIRMAN**

SENATOR SARBANES. The Committee will come to order.

The Joint Economic Committee is meeting this morning for a hearing on New Alternatives to Community Distress. Our hearing comes as the economy is struggling to recover from the longest recession since the Great Depression. The recession has deepened many of the economic and social problems that our cities and communities have been struggling with for years: unemployment, the lack of affordable housing, inadequate education and job training, and crime and delinquency. These communities were already trying to cope with reduced federal assistance to address these various areas that I have just indicated, and the recession forced state and local government to reduce their support for programs in these areas even further.

Against this background, the activities of the various voluntary organizations are all the more important. Working together, the civic, religious and business leaders, who we will hear from today, have developed new responses to community distress.

In a number of cities across the country, various efforts are now underway to address some of these problems, and we will be hearing about those today.

Our first panel consists of witnesses who have been involved in their respective communities in trying to face the challenge of these very pressing urban issues.

The first panel will consist of: Virginia Ramirez, representing the Communities Organized for Public Service in San Antonio, Texas; the Reverend David O'Connell of the South Central Organizing Committee in Los Angeles; Carol Reckling, an old friend and previous witness before this Committee of Baltimoreans United in Leadership Develop-

ment, BUILD—which I can personally testify is a very strong and powerful force in our community; Mr. Erving Domenech, representing the East Brooklyn Congregations; Ms. Gussie Livingston, founder of the Family Day Care Home Project in Tampa, Florida; and Ms. Livingston is accompanied, as I understand it, by Mr. Audley Evans, the executive director of the Housing Authority in Tampa.

After we hear from this panel, we will have a second panel consisting of: Edward Chambers, the executive director of the Industrial Areas Foundation. The Foundation has played a major role in many localities across the country in addressing these issues; Dr. Gary Orfield, who is professor of education and political science at Harvard; and Mr. John Berthoud of the American Legislative Exchange Council, here in Washington.

We will now turn to the panel.

Ms. Ramirez, we'd be happy to hear from you.

**STATEMENT OF VIRGINIA RAMIREZ, COCHAIR, COMMUNITIES  
ORGANIZED FOR PUBLIC SERVICE, SAN ANTONIO, TEXAS –  
HUMAN DEVELOPMENT ASSISTANCE GRANTS FOR JOB TRAINING**

MS. RAMIREZ. Okay. Mr. Chairman, good morning. My name is Virginia Ramirez and I am a cochair of San Antonio Communities Organized for Public Service—COPS. I am also a member of the executive committee of the Texas IAF Network.

COPS is one of the 12 organizations in the Texas IAF network which has worked hard over the last 18 years to rebuild our neighborhoods, our cities, and our state.

Most recently, we created a \$250 million state fund to bring water and sewer services to 200,000 Americans living in the colonies, along the U.S. border with Mexico.

Today, we will tell you the story of our efforts to reorganize the job-training system in San Antonio.

In January 1990, economic disaster hit our communities. The Roeglein Packing Company closed its door, leaving 200 people out of work. Kelly Air Force Base—one of the major employers in San Antonio—reduced its work force. And the Levi-Strauss Company closed one of its last factories in San Antonio, throwing 1,000 people out of work. For many years, Levi-Strauss provided decent work for our families. These sewing jobs paid as much as \$8 an hour and provided benefits. They were jobs in which people with little education could excel.

This was only the tip of the iceberg.

COPS and the Metro Alliance, a sister organization in San Antonio, decided that we had to do something to change this. For a period of nearly six months, we met in our homes, in our churches, in our community centers, to tell each other what our families were going through. We heard how desperate our families are for work, how both parents worked two or three jobs to support a family, how young people can't

afford to go to college, and how married children are now living with their parents.

We also heard stories about the failure of the job-training system. The JTPA program spends over \$20 million a year. More often than not, we found that those who have participated in those programs feel betrayed. This is what we heard.

Gilbert Gallego went to a private school to learn a career in medical services. He took out a \$5,000 loan and spent nine months in classes. When he graduated, he found out that his diploma was useless. The school was not certified. He now had no job and a \$5,000 debt.

Margarita Castro was one of the workers laid off by Levi-Strauss. She, like many others, went to the JTPA training program for dislocated workers. The company she was placed with was to teach her a new skill—how to sew baseball caps. She saw her salary drop from \$8 an hour to \$5, while the company collected on-the-job training subsidies for a skill she already had for ten years.

What we have heard was that the job-training system was not set to serve the needs of our people, but to build the budget of the training system and schools. The training agencies were getting richer, but our people were not.

However, we found hope.

We talked to some training programs which did place their graduates in high-skill, high-wage positions. We talked to employers that could not find enough skilled workers, and that was good news.

We also talked to the Texas Commission that told us that traditional industries had disappeared from San Antonio, and that was the bad news.

The good news was that San Antonio had created many technical jobs. It was at this point that we realized that we needed to change. We spent over a year negotiating with the business community, the state and the city to develop our strategy.

It is based on four key principles.

Number one, employer agreements for specific jobs. Over 20 San Antonio employers have committed 650 high-skill, high-wage jobs to the participants of the programs. Those jobs with futures will start pay at \$7.50 to \$8.00 an hour, and offer benefits.

Number two, individualized training accounts for the trainees. The funding of the program will meet the needs of the participants. The program will ensure that all necessary support services are available, including child care, basic education, transportation and income maintenance.

The state has committed \$2.5 million. The City of San Antonio has committed \$2 million of general revenue funds. The San Antonio Works Private Industry Council has committed \$2 million of JTPA training funds, and COPS in the metro alliance has committed dues and sweat equity.

Number three, coordinated assessment, counseling, case management, and support services. Trainees will enter into a unified assessment and counseling centers. They will be in a long-term relationship with a counselor, case aide, and a service broker to ensure that they will receive all necessary support, including income maintenance.

Number four, necessary basic skills preparation. Those who do not have the necessary English skills or GED will be referred to other community groups for preparation.

We have completed Phase 1 of our program—the design of the project. We are currently interviewing candidates for the executive director position. We will begin taking in trainees on July 1.

I know from personal experience that our plan will work. Sometime ago, when it became absolutely necessary for me to go back to work to support our five children, I found out when I would seek a job that I had no skills, and that the only skills I had was to do hard labor at minimum wages.

I went back to school. It took me five years to get an associate degree in business administration. Now, I'm working for UT Health Science Center in San Antonio, with high wages and very good benefits.

Personally, we are talking to Senators Bentsen, Rockefeller, and Senator Gore, about sponsoring a bill that will expand this pilot program into other cities. We are asking for \$250 million. We hope you are willing to support this bill.

We invite you to come and visit us in the years ahead as we proceed on our project, and we want to thank you for your time and consideration today.

Thank you.

[The prepared statement of Ms. Ramirez follows:]

## PREPARED STATEMENT OF VIRGINIA RAMIREZ

Good morning/afternoon. My name is Virginia Ramirez and I am a Co-Chair of San Antonio Communities Organized for Public Service--also known as COPS. I am also a member of the Executive Committee of the Texas IAP Network. COPS is one of 12 organizations in the State of Texas which have worked hard over the last 17 years to re-build our neighborhoods, our cities, and our State. COPS and the Metro Alliance have been responsible for re-directing nearly one billion dollars of bonds and Community Development Block Grants to inner-city San Antonio to build new streets, drainage systems, sidewalks, libraries, community centers, housing, and parks. Together with our sister organizations across the State, we created major education reform in 1984, landmark indigent health care legislation in 1985, and, most recently, a \$250 million State fund to bring water and sewer service to the 200,000 Americans living in the colonias on the Border with Mexico.

Today we will tell you the story of our re-organization of the job training system in San Antonio.

We of the COPS and Metro Alliance organizations, like working people across the country, have seen that something has gone terribly wrong with the American Dream over the last 20 years. We are working harder and harder, but are not able to get ahead. Both parents in a family are working outside the home. We work two or even three jobs. Young people can't afford to go to college, or can't stay in for more than a semester at a time. Adult children can't afford to leave their parents' home to start their own families. The factories our parents worked in all



their lives are closing down, and no new ones are opening up for us or for our children.

In January of 1990, this economic change hit our community full force. Levi-Strauss Company announced that it was closing one of its last factories in San Antonio and throwing 1,000 people out of work. Levi Strauss had for decades provided decent work for our families: the sewing jobs paid as much as \$8.00 an hour; they provided benefits; they were jobs in which people with as little as a third or fourth grade education could excel.

This was only the largest of the unemployment shocks. Roeglein Meatpackers closed, throwing over 200 people out of work. Kelly Air Force Base announced that it was cutting back. Other plants closed.

COPS and Metro Alliance decided that we had to do something to change this. We made an organizational commitment to get to the bottom of this crisis. Some 40 of us leaders met every two weeks to organize our meetings, bring together what we were learning, and plan our next steps.

For a period of nearly six months we met in our homes, in our churches, and in our social halls to tell each other what our families were going through. We heard again and again the pain of people who had worked hard for years to get a little bit ahead, and then had the ladder knocked out from under them.

--Jose Jimenez of St. Philip started work at the Roeglein meatpacking plant when he was 14 or 15. He had some education but not much. He worked there nearly 20 years, eventually earning \$7.50 an hour plus benefits. It was not a huge salary, but enough to support his wife and three children. Then he lost his job when the plant closed. He could only find a job as a busboy, earning \$4.50 an hour, including tips. The job has no benefits.

--Oralia Gonzalez lived not far from St. Bonaventure's parish. She is a single parent with three children for whom her job at the sewing machine was the primary means of support. Her ex-husband, from whom she separated six years ago, is not a skilled worker and contributes little in child support. Even though she had only a grade school education, her work at Levis was enough to support her family and to make the payments on a small house. Now that she has lost her job, she is not sure what she can do. Her English is poor. She is afraid of losing her house. She doesn't know if she can keep her kids out of the gangs.

--Estela Sotelo is a bright young woman, the oldest daughter in a family of six. She was a student who worked hard and

pushed herself and earned As and Bs all through high school. She was a leader in her youth group at Our Lady of the Angels. She won a scholarship to Trinity University in San Antonio, a prestigious private school. However, last fall her father, a construction worker, lost his job. To help her family meet the financial crisis, Estela didn't enter school but got a job to help contribute what she could: if you have ever flown through San Antonio, perhaps you bought a snack from her at a food stand in the airport. Her brothers in high school, a junior and a sophomore, both got part-time jobs as well. She still hopes to go to college, but she does not know how: because she interrupted her studies, she has lost her scholarship.

--Mary Moreno worked at Levi's for over 12 years. Her husband was a mechanic at a factory making turbines. Both were laid off within two months of each other. For nearly two years since then her family has lived from week to week on the edge of financial and personal disaster. She needed to have an operation, but wasn't sure if her insurance would pay the bills. To help the family, their son in high school had to go to work part-time. He dropped out of all his school and church activities to keep an evening job in a fast-food restaurant. Mrs. Moreno's husband has had only odd jobs as a mechanic for nearly two years. She looked for work for nine months before finding something.

These stories were not unique. We heard literally thousands like them in the hundreds of meetings we held across the West and South Sides of San Antonio.

We also heard stories about the failures of the job training system. There are many so-called job training programs in San Antonio. The JTPA program spends over \$20 million a year. There are many private schools which aggressively solicit students eligible for Federal loans. More often than not, we found that those who had participated in these programs felt cheated.

--Gilbert Gallego went to a private school to learn a career in medical services. He took out a \$5,000 loan and spent nine months in classes. When he graduated, he found out his diploma was useless. He now has no job and a \$5,000 debt.

--Margie Castro was one of the workers laid off by Levi Strauss. She like many others entered the JTPA training program designed to assist in relocations. The company she was placed with was to teach her a new skill--how to sew baseball caps. She saw her salary drop from \$8 to \$5 an hour, while the company collected on the job training subsidies for a skill she already has.

--Juanita Sanchez is a single mother with four children. She scraped together \$600 for a three-month course to receive training for home health care work. She couldn't afford any more time or money to take a longer-term training course to become a LVN. When she finished her course, her best job opportunity was to work in a private home at less than the minimum wage--12 hours a day, 7 days a week.

What we heard was that the job training system was not set up to serve the needs of our people, but to build the budgets of the training providers. Student loan training generally left participants with a debt, but no jobs. JTPA programs left people with low-paying jobs. We found that the private training agencies were prospering but our people were not.

We also found that people understood the value of education and were eager to get training, but were often so desperate that they took the first opportunity they were offered. They did not have an institution on their side that would help them make decisions. And, perhaps more importantly, they did not have the resources of time and money to take advantage of the training opportunities that would lead to better jobs. If Ms. Sanchez had had the resources to take the LVN course, she would have been able to earn twice what she does now--and continue to train to upgrade her skills. Time and time and time again, people told us stories like hers: "I want to get the education, I know I need the education, but I can't afford to stop working. If I don't work, I can't pay the tuition. Even if I had the tuition, I can't afford to be without work for the year or two it will take." They then end up in the dead-end jobs fully aware of the grim futures they face.

In the course of our research, however, we also found some hope.

--We talked to training programs which did place their participants in high-skill, high-wage positions. The Texas A & M extension service offers training in sophisticated manufacturing skills, in which its graduates enter jobs at starting salaries of \$20,000 a year. They told us that the main barrier was what our people told us: lack of resources to sustain families for long-term training. Fifty percent of the people drop out of the two-year course, because they can't sustain themselves economically for that length of time. We realized that if we could put the resources in place to sustain long-term training, we could make it more effective.

--We found some businesses that were experiencing severe shortages of skilled workers. The director of the Humana hospital said he had 300 positions open. He needed

registered nurses, med techs, physical therapy assistants, inhalation specialists, and so on. If we could link our people with these opportunities and the training for them, we could offer them the hope of real jobs. Gilbert Gallego would not have wasted his time and money if we had done so.

--We met with analysts of the Texas Employment Commission and with academics at the University of Texas. They told us confirmed what our people had been telling us: there was a rapid disappearance of the type of jobs which demanded relatively little formal education, but offered a decent enough wage and set of benefits to support a family. The Commission told us that while over 120,000 jobs had been created in San Antonio from 1980 to 1990, 14,470 jobs in the traditional industries had disappeared. These were jobs in textiles, food manufacturing, transportation and equipment manufacturing, electrical manufacturing, construction and railroads. That was the bad news.

The good news was that San Antonio had created new jobs our people could train for: nursing, hospital workers, medical and dental lab technicians, educational services, auto repair, and legal research--18,830 of these jobs.

--Dr. Robert Wilson of the LBJ School of Public Affairs also confirmed what we were learning from our conversations and from our research with the Employment Commission. He analyzed County Business Survey data from 1980 to 1988.

--Most jobs were low-wage jobs. Defined as jobs paying less than 85 percent of the average wage, they increased slightly from 42 to 43 percent of the total.

--Jobs with earnings in the middle range were shrinking relative to other jobs. Medium wage jobs (defined as those between 85 and 115 percent of the average wage) declined from 30 percent of the total to 21 percent.

--High-wage jobs were growing fastest. High wage jobs increased from 28 percent to 36 percent of the total.

--We talked with more businesses, and found that, when probed, they said in fact they did need more skilled workers. Several aircraft maintenance firms needed sheet metal workers. A research lab needed 10 chemical technicians and ten engine operators. Banks needed computer operators.

It was at that point that we began to realize what we needed to change. We needed to create a job training system that could put together our people, the appropriate training, the financial

resources to sustain families for up to two years of training, and the employers who needed skilled workers. Those were the elements which would transform our hopes and the new, higher-skilled job opportunities into real futures for our community.

We spent over a year negotiating with the business community, the State, and the City to develop our strategy. It is based on four key principles:

1. Employer agreements for specific jobs. About 20 San Antonio employers have committed over 650 high-skill, high-wage jobs to the participants of the programs. These will be jobs with futures, paying at least \$7.50 to \$8.00 an hour and offering benefits.
2. Individualized training accounts to match job training and services to the needs of trainees and employers. The funding of the program will be designed to meet not the bottom lines of training providers, but the needs of the participants. The program will ensure that all necessary support services are available, including child care, basic education, transportation, and income maintenance. The State has committed \$2.5 million of Wagner-Peyser funds, the City of San Antonio has committed \$2 million of general revenue, and the San Antonio Works Private Industry Council has committed \$2 million of JTPA training funds. These resources, in addition to the categorical programs of the Department of Human Services, the Texas Education Agency, the Texas Rehabilitation Commission, the San Antonio Community College, and others will ensure that there will be no artificial barriers to a participant's success.
3. Coordinated assessment, counseling, case management, and support services. Trainees will enter into a unified assessment and counseling center, in which they will be in a continuous relationship with a counselor, case aide, and services broker to ensure that trainees receive all necessary support, including income maintenance. They will work with trainees individually to develop individualized employment development plans, and in group settings to help them sustain their commitment over the training period and the first months of employment.
4. Necessary basic skills preparation. For those who do not yet have the necessary English proficiency or GED to enter the program and the workforce, we will ensure that they are referred to other community institutions which can prepare them.

We have completed Phase I of our program, the design of the project. We are currently interviewing prospective candidates

for the executive director position and expect to begin taking in candidates on July 1.

We invite you to come visit us in the year ahead as we proceed on our project. Thank you for your time and consideration today.

-end-

SENATOR SARBANES. Thank you very much for a very helpful statement.

Reverend O'Connell, please proceed.

**STATEMENT OF FATHER DAVID O'CONNELL, SOUTH CENTRAL ORGANIZING COMMITTEE, LOS ANGELES, CALIFORNIA – TEAM APPROACH TO PREVENT GANGS/GANG VIOLENCE**

FATHER O'CONNELL. Good morning. My name is Father David O'Connell. I am cochair of the South Central Organizing Committee.

This morning, I am filled with a lot of fear and sadness because the parish where I'm a pastor is in South Central Los Angeles, where I see scenes of destruction and violence and death this morning.

But I want to say that the scenes of death and violence and fear we see this morning in Los Angeles are not new to our city, not new to our experience. They are daily occurrences in Los Angeles.

In the last month, we've had funerals for three young children shot to death by gang members. On Monday, I did a funeral for a 24-year-old young Afro-American young man who was studying to be a doctor. He was shot and killed on his way home for Easter break.

A colleague of mine at Holy Cross Church in South Central Los Angeles was shot in the head last Friday as he tried to help somebody who was being robbed.

Last year, 771 people were killed by gangs in Los Angeles County. This year already, 350 people have been killed by gang violence in Los Angeles County.

We are having death at the rate of three a day, so you will understand when I tell you that the fear and violence that we see this morning is a daily experience for our children, our adults, our parents in South Central Los Angeles, and in many other places around Los Angeles County.

We see the violence that's destroying our young people as being a symptom of many failures in our society. It seems like in many ways our society has turned its back on our children. Our educational system is failing them. Our political leaders are failing them. Our justice system is failing them. Even our churches are failing them.

The IAF organizations in Los Angeles County have entered into an alliance with the eight major religious denominations there, and we are saying that we are no longer content to go on merely burying the victims of the neglect of our society. We are going to do something about the gang violence in Los Angeles County.

We have worked together to form the Hope and Youth Campaign. This campaign will place 160 teams of family outreach teams into clusters of parishes and congregations in Los Angeles County wherever there is violence because of the gang culture.

These teams will be made up of youth outreach workers who will work on a one-on-one basis with the at-risk youth and lead them step-by-step back from gang involvement to job training to school to drug rehabilitation and hopefully, into jobs.

The team will also have a parent trainer who will work with parents to strengthen their ability to parent their children who are at risk and who are involved in gangs.

The team will also consist of a member who will work with parents of public and private school children who will enable and facilitate our parents and their ability to transform our educational system, which is now failing our children so badly.

These teams placed in congregations would not just be social workers sitting in offices. We are organizing 300,000 people in all the units in our IAF organizations to give support and help each young person who are involved in the rehabilitation provided by the teams.

That's why we are forming a network with local services, with police departments, with parks and recreation, in order to make sure that in each neighborhood that children are being trained, nurtured and developed.

The plan also calls for a strong constituency that will vote on all issues in public life that affect our young people, and also, we are working with the LA USD to build 80 primary centers, small neighborhood schools for young children, where there will be more parent involvement and where children are protected from the difficulties of the gang culture.

Today, I go back to Los Angeles and I am afraid to go back to my parish. I'm afraid of what I am going to see and what I'm going to hear. I know there's great anger. In the IAF organization, we want to channel that anger into work in our society to give hope to our youth.

This plan that are developing will cost \$20 million per year. It's a five-year campaign. We are working with state, federal and local officials to generate those funds. Also, our churches are putting in \$2.5 million towards it. And we are generating 300,000 people in our congregations to work for this campaign to support our youth.

We hope that we will get the federal help we need, also.

[The prepared statement of Father O'Connell follows:]



## PREPARED STATEMENT OF FATHER DAVID O'CONNELL

## THE PROBLEM

In these days of early 1992, the bodies of many children are being brought to our churches for burial. Denise Silva, three years old, was shot and killed on April 8th; Sabrina Haley, eighteen months old, was shot and killed by gang members on April 10th; Lashanique Leverritt, five months old, was killed by gang members on April 24th. These are some of the names of victims of a holocaust of gang violence that is now destroying the lives of thousands of families in Los Angeles county.

In 1991, 771 people were killed by gang murders in the county and city of Los Angeles and about 10,000 were maimed and wounded. There are 100,000 youth involved in the 800 or more gangs in Los Angeles today.

## THE VISION

The Industrial Area Foundation (IAF) organizations in Los Angeles County are Southern California Organizing Committee (SCOC), United Neighborhoods Organization (UNO), Valley Organized in Community Efforts (VOICE), and East Valleys Organization (EVO). This network of faith- and community-based organizations believe in the power of organized people within the 100 parishes and congregations in the IAF. We declare that there is a horrible crisis overwhelming our youth and so we are uniting together with all the major religious denominations in Los Angeles to declare that we will no longer go on quietly burying our dead victims of gang violence but we will do something to put an end to this tragedy in our society.

We have had success in the past in organizing campaigns to turn the tide of gang violence. We prodded the city and the county of Los Angeles to find a proposal that became the Community Youth Gang Services project. To this day the project remains an effective crisis intervention network, using mature former gang members to stop violence before it happens. We worked to achieve a ban on the sale of assault weapons in California. But now something more ambitious has to be done.

We interpret the gang problem in Los Angeles County as a symptom of a huge failure in our society to educate, nurture and lead our youth. From meetings with parents, religious leaders, and youth workers, we see that the mediating institutions in our society which traditionally strengthened and nurtured youth have failed. Our political leaders in Los Angeles city and county are unwilling or unable to work for youth. Our schools have become recruiting stations for gang members. There is at least a 50 percent drop out rate from high school among black and Hispanic youth. Our families do not have the ability to guide their children amidst the pressure to join gangs. Our churches have failed to provide alternative community support for our youth.

## THE SOLUTION (The Family Outreach Team Program)

Together with the 100 congregations which make up the IAF network in Los Angeles we have developed the Hope in Youth Campaign to do something to get our youth out of gangs and to give them new hope for life. The vision of the Hope in Youth Campaign is to strengthen all those institutions in our society that strengthen and nurture youth.

The goal is to place some 160 family outreach teams into clusters of parishes and congregations all over Los Angeles County. Each team is made up of a youth outreach worker, an at-risk family parent trainer, and a school parent organizer.

1. The work of the youth outreach worker will be provide good effective adult intervention in the life of the at-risk youth. He will carry a case load of 25 at-risk youth at a time and will lead them step by step from gang involvement back to school or rehabilitation and into work. The worker will also organize adults in each congregation to provide personal support for each at-risk youth.

2. The family parent trainer will work to strengthen the family's ability to parent at-risk youth. The trainer will carry a case load of 50 families at a time and will set up and support a system for parents of at-risk youth.

3. The school parent organizer will train and facilitate parents involvement in their children's education.

These teams will coordinate and strategize with all local community and religious leaders, police, parks, and service providers to insure that neighborhood needs of children are being taken care of.

The Hope in Youth Campaign seeks to create a powerful constituency for youth in Los Angeles County by massive voter registration and training on political issues that affect the lives of our youth.

We also intend to work with Los Angeles Unified School District (LAUSD) and the political process to create 80 primary centres LAUSD by 1993. These primary centres are small neighborhood schools, Kindergarten through Second Grade, where children are protected from the violence and difficulties of larger schools and where there is greater parent involvement in the child's education.

### THE COST

When fully developed by the end of 1992-93, the Family Outreach Team Program will consist of a staff of 421 people. Costs will total \$19.7 million for the first year of operation, increasing to \$23.1 million annually by the end of the fifth year.

Total cost for the 5-year program -- \$107.3 million. Average cost per team per year is projected to be \$125,000.

SENATOR SARBANES. Thank you very much, Father O'Connell. Ms. Reckling, please proceed.

**STATEMENT OF CAROL RECKLING, SENIOR LEADER,  
BALTIMOREANS UNITED IN LEADERSHIP DEVELOPMENT**

Ms. RECKLING. Good morning, Mr. Chairman.

My name is Carol Reckling. I'm a senior leader with Baltimoreans United in Leadership Development.

I'm very angry today. For the past nine years I have spent countless hours, volunteer hours, organizing for justice, power and change through BUILD. And though, on most occasions, I present a very calm and considered appearance, I make no apology that the true basis of my commitment is a deep and abiding anger at the injustices that poor people and people of color face in this country.

I and my colleagues in the Industrial Areas Foundation network have been trained to turn the anger into positive energy and to organize off of it.

I stayed up very late last night watching the unbridled rage of discarded people turn itself against the beloved city of my colleagues. And although we are not here to discuss the particular events that led to the burning in Los Angeles, please understand that we are here to discuss how the same sense of anger has led us to work to reclaim and to rebuild our beloved cities.

My suspicion is that while Los Angeles burned, the President slept. Our experience has been that while BUILD has been organizing resources to educate children in Baltimore, the Education President and the paralyzed Congress have turned a deaf ear to our legitimate concerns.

I am a product of Baltimore City public schools. In my youth, I was encouraged by my family, teachers, church and community to go to college. My national leaders made it possible by providing money and funding to help with my tuition.

I think their faith and investment in me was well spent. Today, my husband and I are able to encourage our daughter and provide for her education.

But a child who attends the same schools where went is labeled "at risk" by our national leaders, and is assumed to be a dropout before he was born.

Because we believe in the abilities of our children, BUILD organized the Baltimore Commonwealth. This public-private partnership between BUILD, the mayor, the business leadership, and the school superintendent was forged to change our public schools radically. We guarantee tuition assistance or full-time employment to students who have 95-percent attendance in their junior and senior years.

Let me tell you of the success of one of the components of Commonwealth.

The CollegeBound Foundation was created by our business partners to encourage and enable Baltimore City public high school students to go to college. The program works with students to encourage them to take the SATs, assist in college selection, fill out complicated financial aid forms, and award qualifying students with last-dollar funding for tuition.

I serve on the board of CollegeBound, and I'd like to share with you a sampling of some of the letters that we receive from college students each year.

This one was to one of our advisors.

I'm the first person in my entire family to ever attend college. You worked on my case hard and kept in contact with me. You awarded me with a generous and much-needed grant. Frankly, without it, I would never have made it to Goucher at all.

And this from another student.

I want to thank you again for the wonderful scholarship CollegeBound gave me. Without the \$2,000, I never could have gone to Messiah. It's much more than I ever could have hoped for.

There are more letters. You have heard what the students have to say. Here is what the numbers say.

In the 1990-91 school year, there was a 77 percent increase in the number of Commonwealth students applying to college. I've supplied some other statistics that would support the same results.

Apparently, like their counterparts in suburban America, our children respond well to attention and encouragement. While the Education President's answer to competitiveness is to cut Pell grants, our response is to reward youngsters who work hard, by organizing a small amount of money, offering encouragement, and making adults accountable for the success of our children.

We still need the federal partner to participate in the following ways.

First, we need you to provide a match grant to communities for their endowments. CollegeBound set as its goal in 1989 to raise \$25 million, and they have raised \$12.8 million to date. Our fund-raising efforts have stalled, largely due to the recession, and at the same time, due to government cutbacks in Pell grants and the success of our program in increasing the demand for funds, we are running out of money for the program.

The matching grant worked for Nehemiah. The states' policies on transportation and health is driven by the fear of losing matching federal dollars.

Second, please revise the federal aid system that requires students to count 70 percent of their earnings toward family income. Many of our students have realized that they are better off not working, because their earnings increase the family's required contribution for tuition.

This policy punishes people for working.

We are seeking a federal partner, but we don't need a new program and we don't need a new bureaucracy. The success of Commonwealth was accomplished with four full-time and three part-time advisors.

President Bush is fond of saying that the country has more will than wallet. Yet, the county can find infinite billions of dollars for the savings and loan bail-out and millions to help the Soviet Union.

We believe that there is more wallet than will. Then it comes to our kids, it seems that any price is too high. The Administration and Congress have turned their backs on these children, and we have been able to rescue some of them, some of the so-called at risk, by putting our money where our mouths are.

If our children are truly at risk, last night's devastation in Los Angeles suggests that the nation shares in the risk and in the shame.

[The prepared statement of Ms. Reckling, together with an attachment, follows:]

**PREPARED STATEMENT OF CAROL DUNSTON RECKLING**

Good morning. My name is Carol Reckling. I am very angry today. For the past nine years, I have spent countless volunteer hours organizing for justice, power, and change through BUILD, Baltimoreans United in Leadership Development. And though on most occasions I present a very calm and considered appearance, I make no apology that the basis of my commitment is a deep and abiding anger at the injustices that poor people and people of color face in this country. I and my colleagues in the Industrial Areas Foundation network have been trained to turn the anger into positive energy and to organize off of it. I stayed up very late last night watching the unbridled rage of discarded people turn itself against the beloved city of my colleagues. And although we are not here to discuss the particular events that led to the burning of Los Angeles, please understand that we are here to discuss how the same sense of anger has lead us to work to reclaim and rebuild our own beloved cities.

My suspicion is that while Los Angeles burned, the President slept. Our experience has been that while BUILD has been organizing resources to educate children in Baltimore, the Education President has turned a deaf ear to our legitimate concerns.

I am a product of the Baltimore public school system. In my youth I was encouraged by my family, teachers, church, and community to go to college. My national leaders made it possible for thousands of young people like me to go to college by making funds available for our tuition. I think their faith and investment in me was well spent. Today, my husband and I are able to encourage our daughter and provide for her education, but a child who attends the same schools I went to is labeled "at risk" by our national leaders and assumed to be a dropout before he was born.

Because we believe in the abilities of our children, BUILD organized the Baltimore Commonwealth. This public-private partnership between BUILD, the mayor, the business leadership, and the School Superintendent was forged to bring radical change in our public schools. Students who have 95% attendance in their junior and senior years are guaranteed tuition assistance or full-time employment upon graduation.

Let me tell you of the success of one aspect of Commonwealth. The CollegeBound Foundation was created by our business partners to encourage and enable Baltimore City public high school students to go to college. The program works with students to encourage them to take the SATs, assist in college selection, fill out the complicated financial aid forms and award qualifying students with last-dollar funding for tuition.

I serve on the board of Collegebound, and I'd like to share with you a sampling of the letters we receive from college students

each year. [Copies attached.]

You've heard what the students say, here is what the numbers say. In the 1990-1991 school year there was a 77% increase in the number of Commonwealth students applying to college. Apparently, like their counterparts in suburban America, our children respond well to attention and encouragement. 85% of the students who received last-dollar funding returned to college for their sophomore and junior years, compared to the national return rate of 70-73%.

While the Education President's answer to competitiveness is to cut Pell grants, our response is to reward youngsters who work hard by organizing a small amount of money, offering encouragement, and making adults accountable for the success of our children. We still need the federal partner to participate in the following ways.

First, provide a match grant to communities for their endowments. CollegeBound set as its goal in 1989 to raise \$25 million and has raised \$12.8 million to date. Our fundraising efforts have stalled, largely due to the recession, and due to the government cutbacks in Pell grants and the success of the program in increasing the demand for funds, we are running out of money for the program. The matching grant worked for Nehemiah. The states' policies on transportation and health is driven by the fear of losing matching federal dollars.



Second, please revise the federal aid system that requires students to count 70% of their earnings toward family income. Many of our students have realized that they are better off not working, because their earnings increase the family's required contribution for tuition. This policy punishes people for working.

We are seeking a federal partner, but we don't need a new program or a new bureaucracy. The success of CollegeBound was accomplished with four full-time and three part-time advisors.

President Bush is fond of saying that this country has more will than wallet. Yet the country can "find" infinite billions of dollars for the savings and loan bailout and \$24 billion to help the Soviet Union. We believe that there is more wallet that will. When it comes to our kids it seems that any price is too high. The administration has turned its back on these children, and we have been able rescue some of the so-called at risk by putting our money where our mouths are. If our children are truly at risk, last night's devastation in Los Angeles suggests that the nation shares in the risk and in the shame.

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**CURRENT PROGRAM DESCRIPTION:**

*The mission of the CollegeBound Foundation is to encourage and enable Baltimore City public high school students to go to college. The program works with students to encourage them to take the SATs, assist in college selection, fill out the complicated financial aid forms and award deserving students with last-dollar funding.*

*CollegeBound advisors conduct programs in 16 high schools, including: Western, Dunbar, Carver, Douglass, Forest Park, Northwestern, Lake Clifton/Eastern, Southern, Mergenthaler, Walbrook, City College, Patterson, Northern, Edmondson, Carver, and Poly.*

**LEVEL OF PROGRAM ACTIVITY FOR THE 1990-91 SCHOOL YEAR:**

- Presentations to nearly 9,000 young people through group meetings with students in grades nine through 12.
- More than 2,500 one-on-one sessions with students to discuss college options, courses needed, SAT registration and completing the financial aid application.
- Campus visits to colleges and universities in the region in conjunction with the guidance departments and college representatives.
- Distribution of hundreds of fee waivers for SATs, college application fees and FAFs.

**SUMMARY OF RESULTS OF COLLEGEBOUND EFFORTS:**

- 2.5% increase in the percentage of Baltimore City public high school students taking the SATs (compared to 2% decrease nationwide and a 7% decrease in Maryland).
- Increase in the percentage of students completing Financial Aid Forms (FAFs), up from 23% in 1990 to 34% in 1991. (Completion of these forms is an indicator of the seriousness of students to pursue college.)
- A dramatic increase in the number of students stating college intentions on a spring survey of graduating seniors, increasing from 26% in 1990 to 46% in 1991.
- 59 new students receiving CollegeBound critical "last-dollar" grants in 1991 totaling \$72,000 enabling them to attend college.
- Continued funding of 120 college sophomores and juniors, awarding them \$102,000 during the 1991-92 school year, bringing the last-dollar grant total for all our scholars (students receiving CollegeBound grants) to \$174,000 for this school year.
- 85% of students that receive CollegeBound last-dollar funding returned to college for their sophomore and junior years (compared with a 70% return rate for freshman and a 73% rate for sophomores nationwide).

*November, 1991*

SENATOR SARBANES. Thank you very much.  
Mr. Domenech, please proceed.

**STATEMENT OF IRVING DOMENECH, PRESIDENT,  
NEHEMIAH HOMEOWNERS ASSOCIATION**

MR. DOMENECH. Good morning, Mr. Chairman.

My name is Irving Domenech. I'm president of the Nehemiah Home Owners Association, member of EBC IAF Network.

I am 40 years old, married, and the father of two beautiful children. I'm Puerto Rican. I was born here in the United States. I'm the youngest of three brothers, and I also have two sisters.

I was raised on the Lower East Side of Manhattan. My mother worked hard cleaning floors in a factory, making sure that we had everything we needed. The values that she instilled in us were hard work and a faith in God. She told us that these were the values we needed to make it, that if we worked hard and saved our hard-earned money, that if we were compassionate and fair to others, good things would be in store for us.

After working hard all her life, she fulfilled her dream. She lived to see us all become productive adults, and she bought a little home for herself in Puerto Rico.

At the age of 30, I met my wife, Elisa. I was working as a cook in a cafeteria, earning \$16,000 a year, and Elisa, a teacher, earning \$21,000. A year later, we were expecting our first child and living in a studio apartment in a private housing development. We were paying approximately \$400 a month for rent. But with a child on the way, we needed more room. But a two-bedroom apartment in East Brooklyn would cost us about \$800 per month, more than we could manage.

One Sunday during this time, we heard the priest at our local parish say that our churches were becoming more involved in public life in our community. A couple of weeks later, we were standing among 8,000 people at a rally for the ground-breaking of the first EBC Nehemiah homes in Brownsville, Brooklyn. My wife and I applied for a home. The downpayment that was asked for was \$5,000. But we saved and put all our money into the downpayment. Now, in our Nehemiah home, our monthly mortgage is only \$330.

We are homeowners now. We are building equity today. We even had some money left over to buy a car. Now, here is a dream that would have taken a lifetime for a person of my income. But East Brooklyn Congregations and the Nehemiah Plan made it all possible in just a few years.

Life most homeowners, we feel that we were blessed.

After living in our beautiful home for awhile—six rooms with a full basement and a backyard, and plenty of room for my family, and a parking space for my car—we began to notice that there were some

problems in the community that weren't going away very easily. There were drugs being sold at a housing complex yards away from our homes. Our block was being paraded day and night by dealers and buyers. Also, there were two vacant lots in front of our houses that were being used for illegal dumping.

That's the time I decided to get more involved with East Brooklyn Congregations. We needed help to solve these problems because we had just purchased our homes and we weren't going away for at least 30 years.

Success came fast because of the way EBC and IAF work. EBC makes you look at yourself and to yourself for solutions. The organization shows you how to take responsibility for getting issues resolved.

I am happy to say that today there are no drugbuyers walking down Watkins Street—my street in Brooklyn. The two vacant lots are cleaned and fenced. There are other things being done.

The local supermarkets are now cleaning up and putting better quality foods on the shelves. We are beginning construction on an EBC health-care center in June, so we will get more personal medical care, instead of waiting eight to ten hours to see a doctor. We're also planning two alternative public high schools in our area, organized by the EBC parent and community support, so my children will not have to risk their lives in places like Thomas Jefferson High School.

Politics, as we know it in EBC, is fun. It means that we connect concerned citizens with issues that interest them. It means that we learn how to do the research so that we can cut through the redtape. In New York, we call it the red cable of bureaucracy, and we get to the core of the problem. Getting results, getting things built, getting things done. It means we challenge ourselves to become the experts in various issues. And sometimes, it means we go into battle. And when we go into battle, we do pack a solid punch.

Sometimes, we run into obstacles. Some people don't have the same vision we have. We have a national administration that doesn't believe in making money available to rebuild our communities. We have a city and state administration that have not made enough land available for more Nehemiah homes.

But we'll be all right. We're winners. We'll make it in spite of them. There are over 2,300 Nehemiah homes in Brownsville and East New York, 600 in Baltimore, 500 being built in the South Bronx.

We who live in these communities all point to Nehemiah as a sign of hope—hope in the communities that were once devastated and crumbling. But the homes, that's only part of the dream. Right now, there are hundreds of other leaders like me involved in the politics of the community in East Brooklyn, and thousands in New York alone. And hundreds of thousands in all of IAF organizations in our country.

Our commitment is lifelong because we are the future Americans taking part in our beautiful democratic system, taking the responsibility for our communities, and taking the responsibility for our country.

Now, here is something that works. Why doesn't the government put more money to push for Nehemiah homes?

[The prepared statement of Mr. Domenech follows:]

**PREPARED STATEMENT OF IRVING DOMENECH**

My name is Irving Domenech. I am forty years old, married and the father of two beautiful children. I'm Puerto Rican, born here in the United States. I'm the youngest of three brothers and also have two sisters. I was raised on the lower East Side of Manhattan. My mother worked hard cleaning floors in a factory, making sure that we had everything that we needed. The values that she instilled in us were hard work and faith in God. She told us these were the values we needed to make it, that if we worked and saved our hard-earned money, that if we were compassionate and fair to others, that good things would be in store for us. After working hard all her life, she fulfilled her dream: she lived to see us all become productive adults, and she bought a little home for herself in Puerto Rico.

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approximately \$400 per month for rent. With a child on the way, we needed more room, but a two-bedroom apartment in East Brooklyn would cost us about \$800 per month, more than we could manage.

One Sunday, during this time, we heard the priest at our local parish say that our churches were becoming more involved in public life in our community. A couple of weeks later, we were standing among 8,000 people at a rally for the ground-breaking of the first EBC Nehemiah homes in Brownsville, Brooklyn. My wife and I applied for a home, and were chosen. The downpayment asked for was \$5,000. We saved and put all our money into the downpayment. Now, in our Nehemiah home, our monthly mortgage is only \$330. We are owners now. We are building equity today. We even had some money left over and bought a car. Now here is a dream that would have taken a lifetime for persons of our income. But East Brooklyn Congregations and the Nehemiah Plan made it all possible in just a few years. Like most Nehemiah homeowners, we feel that we are blessed.

After living our beautiful home for awhile -- six rooms with a full basement and a backyard, with plenty of room for my family, and a parking space in front for my car -- we began to notice that there were some problems that weren't going to go away very easily. There were drugs being sold at a housing complex yards away from our homes. Our block was being paraded day and night by drug dealers and buyers.

Also, there were two vacant lots right in front of our houses, and they were being used for illegal dumping. That's the time I decided to get more involved with East Brooklyn Congregations. We needed help to solve these problems, because we had just purchased our homes, and we weren't going to leave for at least thirty years.

Success came fast because of the way EBC and IAF work. EBC makes you look at yourself and to yourself for solutions. The organization shows you how to take responsibility for getting issues resolved. I'm happy to say that today there are no drug buyers walking down Watkins Street, my street in Brooklyn. The two vacant lots are cleaned and fenced. There are other things being done: the local supermarkets are now cleaning up and putting better quality foods on the shelves; we're beginning construction on an EBC Health Care Center in June, so that we will get more personal medical care instead of waiting eight or ten hours to see a doctor; we're also planning two new alternative public high schools for our area, organized with EBC parent and community support, so my children don't have to risk their lives in places like Thomas Jefferson High.

Politics as we know it in EBC is fun. It means that we connect concerned citizens with issues that interest them. It means that we learn how to do research so that we can cut through the red tape -- in New York, we call it red cable -- of bureaucracy and get to the core of the problem. It means



getting results, getting things built, getting things done. It means we challenge ourselves to become the experts in the various issues. And sometimes it means that we go into battle; and when we go into battle we pack a solid punch.

Sometimes we run into obstacles. Some people don't have the same vision we have. We have a national administration that doesn't believe in making money available to rebuild our communities. We have city and state administrations that have not made enough land available for many more Nehemiah homes. But we'll be alright. We're winners. We'll make it in spite of them. There are over two thousand-three hundred Nehemiah homes in Brownsville and East New York. And six hundred in Baltimore. And five hundred being built in the South Bronx. We who live in these communities all point to Nehemiah as a sign of hope -- hope in communities that were once devastated and crumbling. But the homes are only part of the dream. Right now there are hundreds of other leaders like me involved in the politics of our community of East Brooklyn. And thousands more in New York alone. And hundreds of thousands more in all of the IAF organizations in our country.

Our commitment is life-long because we are future Americans taking part in our beautiful democratic system. And taking responsibility for our community. And taking responsibility for our country.

I will now answer any questions you may have to the best of my ability.

SENATOR SARBANES. Thank you very much, sir. A very helpful statement.

Ms. Livingston, please proceed.

**STATEMENT OF GUSSIE LOUISE LIVINGSTON,  
FAMILY DAY CARE HOME PROJECT, TAMPA, FLORIDA:  
ACCOMPANIED BY AUDLEY EVANS, EXECUTIVE DIRECTOR,  
HOUSING AUTHORITY, TAMPA, FLORIDA**

Ms. LIVINGSTON. Good morning, Mr. Chairman, members of the Joint Economic Committee, ladies and gentlemen.

I am Gussie Louise Livingston. I reside at 2205 East 32nd Avenue, Unit 360, in a public housing community in Tampa, Florida. First, permit me to thank you for allowing me to be present here today.

I come before you to discuss the merits of a project called REAP. It is a Residents Enterprise Assistance Program that is in operation in our community. This initial investment by our housing authority has allowed some of us the chance to become self-sufficient.

While there are a number of initiatives in my community that received start-up funds, I will be speaking of my experience as an owner/operator of a Family Day Care Home.

The Tampa Housing Authority provided money to residents who were interested in operating their own businesses. Some of the businesses, in addition to family day care homes, are landscaping, janitorial and maintenance services, painting contracting, and an answering service. So you can see that there is plenty of talent in our communities just waiting to be tapped.

I was the first family day care home owner/operator, and I now serve as coordinator of 21 family day-care homes in the public housing communities. There are so many good things that have resulted from this venture that I just can't tell it all. The most important thing, I think, is the chance that we have been given to be independent, to feel good about ourselves, to provide needed services to our communities, and to have others see us as contributing citizens—givers, not just takers.

Regarding the day-care homes, they give mothers with young children a chance to stay home with their children and allow other mothers—who need to get an education or work outside of the home—the chance to have their children taken care of by someone they know and respect. These homes not only provide a loving environment, and they also meet the same city and county regulations that similar homes meet. In other words, the quality control is there.

The Residents Enterprise Assistance Programs represents an investment that pays off. It gives people respect. It puts them to work. It allows them to provide a service and to build productive lives, and therefore a strong community.

Now, 21 families previously receiving public assistance are able to relinquish this assistance and take care of themselves. In addition, family day-care home operators hire other people. So, it is a positive ripple effect that takes many others off of welfare, or off of public assistance, as we call it. This applies to all REAP business; they have all hired other residents.

I regret that I cannot discuss this program in detail because of the time constraints that have been imposed. However, I have provided for your review a document that outlines the program, the day care home initiative, and most importantly, written testimony from other day-care home providers.

Thank you for letting me appear before you. Please use your influence to get similar programs started elsewhere in this country. We want a hand, not a handout. This is just one other way to put America to work—for itself.

On behalf of those who are benefiting from Project REAP, and in the interest of people everywhere who want another chance to improve their lives, I thank you.

[The prepared statement of Ms. Livingston, together with additional statements and attachments, follows:]

**PREPARED STATEMENT OF GUSSIE LOUISE LIVINGSTON**

Senator Sarbanes, Members of the Joint Economic Committee, Ladies and Gentlemen:

I am Gussie Louise Livingston. I reside at 2205 East 32nd Avenue, Unit 360, in a public housing community in Tampa, Florida. First, permit me to thank you for allowing me to be present here today.

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I was the first family day care home owner/operator and I now serve as coordinator for twenty-one (21) family day care homes in the public housing community. There are so many good

things that have resulted from this venture that I just can't tell it all. The most important thing, I think, is the chance that we have been given to be independent, to feel good about ourselves, to provide needed services to our communities and to have others see us as contributing citizens--givers, not just takers.

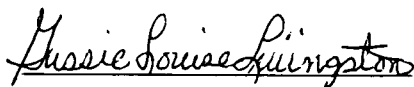
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The Residents Enterprise Assistance Program represents an investment that pays off--it gives people respect, it puts them to work, it allows them to provide a service and it builds productive lives and therefore a strong community. Now, twenty-one families previously receiving public assistance are able to relinquish this assistance and take care of themselves. In addition, family day care home operators hire other people. So, it is a positive ripple effect that takes many others off welfare--or public assistance as we call it. This applies to all REAP business; they have all hired other residents.

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Thank you for letting me appear before you. Please use your influence to get similar programs started elsewhere in the country. We want a hand, not a hand-out. This is just one other way to put America to work--for itself.

On behalf of those who are benefitting from Project REAP and in the interest of people, everywhere, who want another chance to improve their lives, I thank you.

A handwritten signature in cursive script that reads "Gussie Louise Livingston". The signature is written in dark ink and is positioned above the printed name.

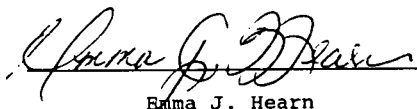
Gussie Louise Livingston

WRITTEN TESTIMONY  
TO BE PRESENTED TO  
THE CONGRESS OF THE UNITED STATES OF AMERICA  
Joint Economic Committee

I am a resident of public housing. I am also a single parent who has completed her educational background by obtaining an AA Degree in Liberal Arts and a BS Degree in Biology. Still, however, I am trying to improve.

I made my choice to better myself and to prove that an epileptic could excel in running and controlling her own business. This was made possible through REAP, "The Resident Enterprise Assistance Program", which provided assistance with education and training skills for me to focus on a goal.

Some credit should also be given to Gussie Louise Livingston for her contribution of time, support and leadership skills so that we, as a people, could achieve self-sufficiency. And...with all of this support, I cannot help but reach for a higher height in business.



Emma J. Hearn

WRITTEN TESTIMONY  
TO BE PRESENTED TO  
THE CONGRESS OF THE UNITED STATES OF AMERICA  
Joint Economic Committee

I am Millie Presley McCrimmon, owner/operator of Cindi and Company Family Day Care Home. My family day care home has been in existence since 1989. I have a background in Retail; I even possess an A. S. Degree in Fashion Merchandising. My first interest in day care began when I was just looking for part-time work. I worked in one or two centers for a few months as a teacher's aide, but I was never happy working in the shadows of others. Then, I heard about the Family Day Care Homes (FDCH).

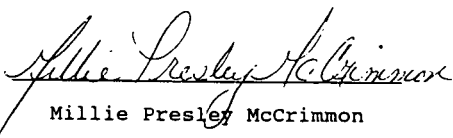
I was really excited when I heard about them, so I did some substitute work in a well-known family day care home. While working there, I managed to save some money of my own. At the time, I was renting a home. After getting permission from the owner, and going through the necessary procedures, in October of 1989 I opened Cindi and Company Family Day Care Home.

I was in operation for one year when the owners of the house came back from overseas and asked me to leave their home. Now, not only was my business ruined, my infant daughter and I had no place to live. Then I heard that there was an opportunity for a FDCH provider. The Project REAP (Residents Enterprise Assistance Program) allowed me to re-establish my business while giving me a place to live.



I re-opened Cindi and Company FDCH in November, 1990. This began my newly found independence. I got off of welfare, I left my part-time job at Sears and I began earning my own money, in my home, doing something I love. I also earned the opportunity to stay at home with my daughter and watch the changes she would make up until today. Now she is two years old and attending one of the Project REAP's many Family Day Care Homes.

Thank you Tampa Housing Authority (THA), Project REAP, Audley Evans (Executive Director of THA) and Gussie Lousie Livingston.

A handwritten signature in cursive script that reads "Millie Presley McCrimmon". The signature is written in dark ink and is positioned above the printed name.

Millie Presley McCrimmon

WRITTEN TESTIMONY  
TO BE PRESENTED TO  
THE CONGRESS OF THE UNITED STATES OF AMERICA  
Joint Economic Committee

My name is Brenda Thomas. I'm an operator of a licensed Family Day Care Home in Robles Park Village (Miss B's). I have been in business since September 12, 1990. I am the mother of five children and I'm currently in the process of obtaining my GED.

I would like to thank the coordinator of the Family Day Care Homes, Mrs. Gussie Livingston, for giving me the chance to prove to her that I could operate a family day care home facility. I also appreciate her support.

She is there day or night to help. She always said, "Keep the faith. If you do the right things and treat people the right way, you wouldn't have to worry about going wrong." She gave me the incentive to go on regardless of how tough it was.

Project REAP gave me the chance to open my business and the training I needed to be a successful business woman. I can't stop thanking the Housing Authority or Gussie Livingston for giving me the opportunity to prove to myself and others that whatever you go out to do, don't let any one or anything stop you from doing it!

  
Brenda Joyce Thomas

**OVERVIEW OF  
FAMILY DAY CARE HOMES AT THE  
HOUSING AUTHORITY OF THE CITY OF TAMPA**

A Presentation to

**THE CONGRESS OF THE UNITED STATES  
OF AMERICA  
Joint Economic Committee**



by  
*Gussie Louise Livingston, Owner  
"Miss Gussie's Family Day Care Home"*

## **START-UP PROCEDURES**

- Steps
- Supplies Needed
- Outdoor Requirements
- Subsidy Scale

**START UP PROCEDURES FOR DEVELOPING FAMILY DAY CARE HOMES**

(in Tampa, Hillsborough County, Florida)

The following steps are not in sequential order. Some may be taken simultaneously; others, by nature, are preparatory to meet inspection guidelines or state requirements.

**Step One:** Call or pick up an application for a Day Care License at Hillsborough County Child Care Licensing Program  
Address: 412 Madison Street  
Phone No.: 272-6487

Be sure to:

- a) request a licensing application
- b) set time and date for Consultation Class for Family Day Care Home Operation
- c) return completed application back to the HCCL Office
- d) attach a \$25.00 Check or Money Order to the application. (Cash will not be accepted.) Make it out to the Board of County Commissioners (BOCC). This is an annual fee.

**Step Two:** Obtain Screening and Finger Printing approval. Each of the following persons must be included in this process.

- a) Owner of the Day Care Home
- b) Substitute or Back-Up Worker
- c) Anyone in the household over the age of 18

Make a \$34.00 Check or Money Order for each person being screened. Make it payable to Health and Rehabilitative Services (HRS) District 6.

**Step Three:** Call Fire Department at 227-7000. Request a Work Order for Inspection. Someone will call you back and set up an appointment for your inspection. Make a \$25.00 Check or Money Order payable to the City of Tampa. This is an annual fee.

When the Inspector comes to your home, request that you be licensed for Night Time Care. Make sure that this is written on your pink copy. It is your responsibility to request it.

When the Inspector arrives, you must have the following items in place.

- a) One stainless steel garbage can in the kitchen.
- b) One stainless steel garbage can in the nursery.
- c) One flashlight that is working.
- d) A smoke detector that is working.
- e) Two fire extinguishers that are working.

f) Three gates: one at the kitchen door, one at the bathroom door and one at the stairway entrance.

e) A First Aid Kit that is complete.

**Step Four:** Be sure to obtain the following indoor and outdoor equipment and supplies. These are mandatory and will be inspected by the Hillsborough Child Care Licensing Agency, the Central Agency Inspector for Title XX and the Fire Marshall.

#### Outdoor Equipment

- a) A safe fence.
- b) A "Today's Kid Busy Center" - cost \$85.00
- c) Non-toxic plants and flowers

#### Indoor Equipment

- a) A working telephone number. Emergency numbers should be listed next to the telephone.
- b) Three gates: one placed at the bathroom door, one at the kitchen door and one at the entrance to the stairway.
- c) One refrigerator thermometer.
- d) Soap, cups, and disposable towels for the kitchen and bathroom.
- e) One diaper changer.
- f) Controllable air and heating systems. Note that the temperature inside the home must be maintained at 65 degrees fahrenheit. When the temperature is less than 65 degrees fahrenheit outside, the temperature inside should never exceed 85 degrees fahrenheit.

**Step Five:** Designate Parking Lanes for clients in front of the Family Day Care Home. One lane must be clearly marked and reserved for the handicapped.

**Step Six:** The Owner and workers must enroll in First Aid and CPR classes. Enroll with the

American Red Cross, Tampa Chapter  
Community Health Service  
217 North Howard Avenue

Speak with Sandy or Marie. You may call 251-0921. They will tell you when the next Saturday class is scheduled.

The fee, which includes the cost of the book, is \$32.50.

**Step Seven:** Take a TB Skin Test. When you take the Test, you will have to return within two days to be checked for the results. The fee is \$5.00.

Go to the Hillsborough County Health Department\*  
 Address: 1105 East Kennedy  
 Phone: 272-6380  
 or  
 Lee Davis Neighborhood Service Center  
 Address: 3402 North 22nd Street  
 Phone: 272-6463

\*The Hillsborough County Health Department is opened 5 days a week between the hours of 7:30 a. m. - 12:00 noon, and 1:00 p. m. - 4:00 p. m. It is closed from 12:00 noon to 1:00 p. m.

**Step Eight:** The owner and workers must enroll in the Childcare Food Program Training Class. Ruby Castro is the Director. She may be contacted at 287 - 2373.

The classes will be conducted during the morning. Please call to obtain a schedule. The classes are held at

Lutheran Ministries of Florida  
 3825 Henderson Boulevard, Suite 204

**Step Nine:** The owner and workers must enroll in State Required Child Care Classes (30 hours). The Enrollment Fee is \$8.40. The Teacher/Trainer is Janet Aversa. She may be reached at 276-5771.

Call for a class schedule for Saturday classes (usually held from 9:00 a. m. to 12:00 noon) and Tuesday/Thursday classes (usually held from 6:00 p. m. to 9:00 p. m.)

**SUPPLIES NEEDED\***

First Aid Kit  
Gates (3)  
Smoke Detector  
Fire Extinguisher (2)  
Soap Dispensers (2)  
Towel Dispensers (2)  
Disposable Towels (as needed)  
Cup Dispensers (2)  
Disposable Cups (as needed)  
Diaper Changer  
Toy Chest  
Wall Center/Cubbies with 5 Openings  
Stainless Steel Garbage Cans (2)  
Flashlight  
Picture Frame(s) for Displaying Licenses and Other Essential Documents  
Fire-Proof Carpet for Nursery and Living Room  
Controllable Air and Heating Systems  
File Cabinet - four drawer  
Book Case  
Washer  
Dryer  
Microwave Oven

**OUTDOOR REQUIREMENTS**

Your yard must be landscaped according to the texture as prescribed by the Hillsborough Child Care Licensing Agency.

\*In addition to the purchase of supplies and equipment, other start-up costs must be incurred. In THA communities this amount is estimated to be approximately \$30,000. (Please note that THA assumed the costs associated with necessary renovations. This made the opening of family day care homes affordable for owner/operators and the residents in THA communities.)

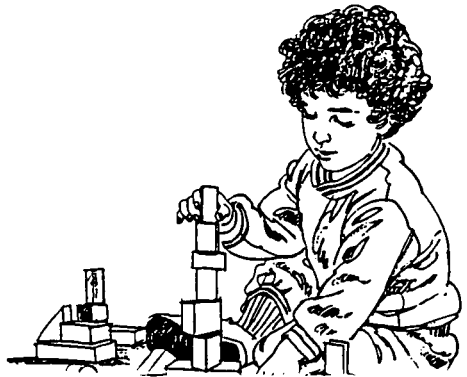


**ESTIMATED COST OF CARE FOR CHILD PLACED IN A  
SUBSIDIZED CONTRACTED FAMILY DAY CARE HOME\***

The following figures project an estimated cost of care for one child placed in a subsidized contracted Family Day Care Home. The actual cost of care is influenced by the age of the child, absences and duration of contractual relationship with the child's guardian.

	Day	Weekly	Monthly	Annual
Infant (0-12 mths)	14.00	70.00	303.34	3,640.00
Toddler (12-24 mths)	14.00	70.00	303.34	3,640.00
Preschool (2-5 yrs)	13.00	65.00	281.67	3,380.00
After School				
(5-12 yrs, p/t)	6.00	30.00	127.50	1,560.00
(5-12 yrs, f/t)	13.00	65.00	281.67	3,380.00

\*This information was supplied by the Director of the Division of Supportive Services, Early Childhood Learning Services Officer on March 25, 1992.



NEWS ARTICLE



# Sentinel Bulletin

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## THA Day Care To Be National Model

(SEE STORY ON PAGE 2)

### Miss Gussie's Day Care Will Be National Model During Confab

MONICA HAMILTON  
Sentinel Staff Writer

With a fax machine at her disposal, the phone constantly ringing, and dozens of visitors dropping by throughout the day, anyone would declare Gussie Livingston was president of the United States.

But Livingston would have it no other way. After a job injury left her with a chronic back disorder in 1986, she was determined to fuel what energies she had left into other directions—to improve the quality of life for the residents of public housing.

And Livingston has done just that as president of the College Hill Resident Council and owner of Miss Gussie's Day Care.

It took months of research and arguing with people who opposed the idea for her to open the first day care home in public housing in 1989. Today, there are 20 other day care home providers that she has helped get started.



GUSSIE LIVINGSTON

"It's so rewarding making your own money," Livingston said. "That's why I know that if people searched deep inside themselves, they wouldn't just settle for welfare."

As a result of the improvements and impact that the 21 day care homes and 17 other businesses under Tampa Housing Authority's Project Resident Enterprise Assistance Program (REAP) have made in public housing, peo-

ple will visit the various business sites as part of a two-day national convention. Miss Gussie's will serve as the national model.

The U.S. Department of Housing and Urban Development (HUD) is co-sponsoring the self employment training conference April 8-10 in conjunction with the National Association of Resident Management Corporation and the THA.

"This means that self-sufficiency will work to economic empowerment if people will give residents of public housing an opportunity to express their creativity, skills and the know-how," Livingston said. "I'm pleased to know that people all over the country feel like our programs in Tampa are working."

More so than that, Livingston is celebrating her third anniversary as owner of Miss Gussie's. As owner, she oversees four day care home providers and cares for five children.

SENATOR SARBANES. Thank you very much. We very much appreciate not only your statement, but the document that you prepared that outlines the program and has the testimony from the other providers as well.

It is very helpful to have that material, and I know the time and effort that went into putting it together.

Mr. Evans, did you want to add on to the testimony?

Mr. Evans. Yes, I prepared a little add-on to Ms. Livingston's presentation.

SENATOR SARBANES. We would be happy to hear from you, sir.

**STATEMENT OF AUDLEY EVANS,  
EXECUTIVE DIRECTOR, HOUSING AUTHORITY,  
TAMPA, FLORIDA**

MR. EVANS. Thank you, Mr. Chairman, and members of the Joint Economic Committee.

My name is Audley Evans. I am the executive director of the Housing Authority of the City of Tampa. Before I begin my presentation, let me take this time to thank you for the opportunity to address this body on such an important matter that affects all of our lives.

As Ms. Livingston has stated in her testimony to you a few minutes ago, there is hope. There is a way to change people's lives. There is a viable method established that can have a positive impact. The method being used in Tampa will by no means solve all economic problems of public housing, but it is a proven method.

What we have established, in fact, is a business incubator that helps residents through their developmental process to become viable businesses. The curriculum we use is culturally specific and tailored to preparing the residents on the requirements of owning and operating a business.

I know there is a lot of talk these days about improving living conditions and creating homeownership opportunities for the poor. But I submit to you that all this will be in vain if the basic skills of survival in the economic world are not cultivated.

Yes, in the decades past, the need for social mobilization was important, and it continues to be important. But the economic viability of a family is much more crucial in present days.

The method I am presenting to this body does not call for new funds. It does not call for new taxes or total restructuring of any department. It only asks that we go back to the basics that govern the way we do business in public housing.

I have copied for you, in my presentation, a quote from 24 CFR—Section 3 of the Housing Act. I'll read a part of it for you. As a result of the Kerner Report of 1968, this portion of the Act was developed.

Section 3 of the Housing and Urban Development Act of 1968, as amended by Section of the Housing and Community Development Act of '74, requires that in the administration of programs providing direct financial assistance, including Community Development Block Grant, aid of housing, urban planning, development, redevelopment or renewal, public or community facilities, the Secretary shall:

1. require in consultation with the Secretary of Labor that to the greatest extent feasible, opportunities for training and employment arising in connection with the planning and carrying out of any project assisted under any such programs be given to lower income persons residing in the area of such project; and
2. require in consultation with the administrator of Small Business Administration, that to the greatest extent feasible, contracts for work to be awarded to business concerns, including but not limited to individuals of firms doing business in the field of planning, consulting, design architecture, building construction, rehabilitation, maintenance, or repair, which are located in or owned in substantial part by persons residing in the area of such project.

I won't bother to read the balance of Section 3, but I subscribe to you that housing authorities have moved away from this. The dollars we spend daily for goods and services can be better directed to benefit the poor that we serve.

I think the time has come for both the Senate and House of Representatives to ensure that the rules are followed as these programs are carried out.

I have capitalized on the energy generated by the Secretary of HUD to find new ways to do old business. I have also been fortunate to have an area manager, Mr. Jim Chaplin, and a regional administrator, Mr. Ray Harris, who are willing to work with me to achieve the level of participating that I have with my residents.

But I subscribe to this body that it should not only be their willingness and open-mindedness that stimulates this relationship, but it should be mandated.

I will also caution this body that any housing authority or nonprofit organization that seeks to establish a small business program for residents should have in place a support mechanism that builds infrastructure and capacity, but will not condemn residents to perpetual dependency.

If not, it will just be another experiment or demonstration that failed. It is important that the rules of the program are clearly stated and that it does not become another "hand-out" program. The goal of the program should be to help people from dependency to self-sufficiency and not just another "work program."

As previously stated, we have over 39 businesses established in Tampa. This represents over \$1 million in the hands of residents

annually. These are real dollars. This helps to create assets for the poor. This creates a pathway out of poverty. This creates better self-esteem and dignity among residents and, as I've stated before, I have not used one extra dollar than it normally costs to do business.

As a matter of fact, I've saved money doing business this way with my residents. I've subscribed to you and submitted a copy of my Project REAP concept for your reading when you have some time.

Thank you very much.

[The prepared statements of Mr. Evans, together with attachments, follows:]

**PREPARED STATEMENT OF AUDLEY EVANS**

Mr. Chairman, Members of the Joint Economic Committee, Ladies and Gentlemen:

My name is Audley Evans, I am the Executive Director of the Housing Authority of the City of Tampa, Florida. Before I begin my presentation, let me take this time to thank you for the opportunity to address this body on such an important matter that affects all our lives.

As Ms. Livingston has stated in her testimony to you a few minutes ago, there is hope. There is a way to change peoples lives. There is a viable method established that can have a positive impact. The method being used in Tampa, will by no means solve all economic problems of Public Housing, but it is proven.

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(QUOTE FROM 24 CFR.)

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2. require in consultation with the administrator of Small Business Administration, that to the greatest extent feasible contracts for work to be awarded to business concerns, including but not limited to individuals of firms doing business in the field of planning, consulting, design architecture, building construction, rehabilitation, maintenance, or repair, which are located in or owned in substantial part by persons residing in the area of such project.

Section 3 was again amended in the *HCD Act of 1980*. This amendment specified that, to the greatest extent feasible, "*opportunities for training and employment arising in connection with the planning and carry out of any HUD assisted project shall be given to lower-income persons residing within the boundaries of the unit of local government or metropolitan area (or nonmetropolitan county) in which the project is located. A related amendment extended the priority to business concerns in the same area for contracts issued in connection with the project. This changed the 1968 Act which gave priority to residents and businesses in the project area.*"

(END OF QUOTE)

Housing Authorities have moved away from this. The dollars we spend daily for goods and services can be better directed to benefit the poor we serve. I think the time has come for both the Senate and Congress to ensure that the rules are followed as these programs are carried out.

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As previously stated, we have over 39 businesses established. This represents over \$1million in the hands of residents annually. These are real dollars. This helps to create assets for the poor. This creates a pathway out of poverty. This creates better self esteem and dignity among residents, and as I have stated before, I have not used one extra dollar than it normally costs to do business. As a matter of fact, I have saved money doing business this way.

(Summary information on R.E.A.P. attached)

**OVERVIEW**  
**OF**  
**THE RESIDENT ENTERPRISE ASSISTANCE PROGRAM**  
**PROJECT REAP**

**THE HOUSING AUTHORITY**  
**OF**  
**THE CITY OF TAMPA**

**1800 North Rome Avenue**  
**Tampa, Florida 33607**

## **RESIDENT ENTERPRISE ASSISTANCE PROGRAM PROJECT REAP**

The Housing Authority of The City of Tampa (THA) having recognized that the only way to effect change in public housing was through the interactive involvement of residents and the elimination of the lack of income amongst residents, which is the greatest obstacle preventing its residents from making the transition out of public housing. It decided that, it must utilize its resources to form the catalyst that spurs economic activity and create income through entrepreneurial opportunity; thereby, shifting its focus away from income maintenance to asset building. Consequently, on May 10, 1988, we launched the Resident Enterprise Assistance Program (Project REAP), to provide management and technical assistance to residents desiring to own and operate their own businesses.

### **Project Goals and Objectives**

The long range goal is to decrease the level of drug and criminal activity, the sense of despair, hopelessness, low self esteem, and the lack of income among our residents, through the identification and creation of business and employment opportunities.

The broad goals of the project are:

- (1) To increase small business ownership among THA residents.
- (2) To increase employment through entrepreneurial opportunity.
- (3) To expand, retain and insure the survival of THA resident business.
- (4) The development of skilled labor force in THA communities.
- (5) The economic revitalization of THA communities.

### **Expected Results and Benefits**

If the objectives are successfully achieved, they will deliver the following results:

- (1) Pride in business ownership
- (2) Education and understanding of business entrepreneurship
- (3) Improve family relationships and parental control.
- (4) Increase self-sufficiency among THA residents
- (5) Improve social and physical environment.
- (6) Increase the availability of service providers to deliver prevention, early intervention and services to families.
- (7) Enhance accessibility and utilization of existing support services within the community.
- (8) Enhanced appreciation for cultural roots and sense of self.

## **THE PRINCIPAL COMPONENTS OF PROJECT REAP ARE AS FOLLOWS:**

### **The Business Incubator Center**

Our project is housed in a renovated warehouse owned by THA, and located across from our Administration Building. This property is used as Project's REAP Business Incubator Center, staffed by THA to provide management and technical assistance in such areas as bookkeeping, marketing, bid preparation, clerical support, tax counseling and such other services that are needed. Additionally, the center provides a suite of offices, conference and classrooms for use by the resident business owners.

### **Comprehensive Technical Assistance and Skill Training:**

This is a comprehensive training and technical assistance program which is culturally specific training tailored to preparing the residents on the requirements of owning and operating a business. Our program consists of structured classroom lectures, exercises, field and specifically tailored skill training, to address each participating business need. The program is supported by comprehensive training material and administered by a staff of instructors who are proficient in the subject matter and are qualified in professional teaching methods and techniques.

THA's philosophy is that successful implementation of any training requires the support and confidence of those directly affected. Consequently, prior to the actual classroom training, THA administrators and training staff meet with residents, individually, to discuss true expectations. All performance objectives are clearly stated at the outset so that participants have an understanding of each segment of the program. There are several levels of training, on the job and employability training for unskilled entry level positions; on the job and classroom skilled training for trade positions; and business skills training for business ownership.

The program incorporates a balance between theory and real life experiences and expectations, delivered over eighteen months.

The Key features of our program are:

- (1) **Self-Identification:** Designed to enable the individual to see what others see in them, and stress the importance of effective communication.
- (2) **Developing Self-Esteem:** Designed to instill strength and confidence that will enable an individual to take responsibility for his or her own actions, and gain a sense of direction.

- (3) **Business Etiquette:** Designed to present the participants with the "Big Picture" of dealing in the world of business.
- (4) **Business Skills Training:** Designed to provide participants with the basic business skills necessary to legitimately operate a business. It provides prospective from both a small business owner and an employee closely associated with business operations. This segment incorporates textbook theory with real life experiences by presenting representatives from various areas to provide real world experiences, insight and expectations.
- (5) **Business Automation:** Designed to introduce participants to the use of computers.
- (6) **Skills Training:** Designed to stress the importance of knowing and thoroughly understanding their trade.
- (7) **Individual Consultation:** Designed to provide each participant with specific training tailored to their needs.

### **The Revolving Loan Program**

In establishing our lending program, we chose to make technical assistance and training a nucleus for its program by first establishing the Resident Enterprise Assistance Program (REAP), whose purpose is to provide management and technical assistance and training to all THA residents desiring to own and operate their own business. It is a prerequisite for all potential participants in our lending program to have been a REAP graduate and continue to receive technical assistance during the life of any credit extended.

The initial capitalization of our funds was obtained through the authority granted under The U.S. Department of Housing and Urban Development, Comprehensive Improvement Assistance Program (CIAP), which allows each PHA to utilize up to ten percent (10%) of their CIAP grant for management improvements, as an economic development activity.

The THA Revolving Loan Program is intended to provide short term financing to resident owned businesses during their infancy. In addition, our goal is to access conventional sources of capital, thereby, assisting the resident business owners to establish credit with traditional lending institutions.

Applications for financing are only accepted from residents of THA, who have successfully completed REAP's training. Loans are granted in amounts for a term based on a realistic evaluation of the applicant's ability to repay the loan.

Credit extended is for seasonal working capital, fixed asset financing, loan guarantee, and letters of credit to back performance bonds. All credit facilities are subject to review annually. Credit is extended for up to a maximum of \$10,000, to any single borrower for a maximum term of 36 months. All credit facilities carry a fixed rate of interest for the life of the loan, based on 2.0% over the prevailing bank U.S. Prime Rate of Interest at the time of the loan, and/or THA's prevailing cost of funds.

The THA lending program follows strict loan enforcement and collection procedures, as a demonstration to our borrowers that repayment is expected, and that funds loaned are not grants or gifts.

Our lending program is administered by a conventional local banking institution, under our established guidelines and credit policies, coupled with standard banking practices, and in compliance with any federal or state regulations governing the use of federal funds. However, a special lending committee has been established with a bank, comprising of banking officers and THA representatives, which will adhere to sound lending practices with innovative financing approaches to extending credit.

The initial capital of the THA's revolving loan fund is placed with a local banking institution in an interest bearing secured investment. The funds are used as collateral for loans extended to our resident business owners and to secure additional funds from the lending institution.

The administration of THA's revolving loan program through a conventional banking institution, provides our resident business owners immediate experience in interacting with traditional institutions and in establishing a relationship with such institutions.

The administering banking institution is responsible for the monitoring and administration of each borrower, as it would any of its regular customers. The bank assigns an account officer, who is responsible for seeing that all borrowers receive continuing attention during the term of their loan, and said officer is responsible for understanding and maintaining the entire banking relationship with that borrower.

#### **Impact on Residents**

Our project serves all residents of Tampa Housing Authority, located principally in the City of Tampa, within Hillsborough County, serving some 12,355 residents, housed in a total of 4,936 dwelling units in twenty four communities.

The benefits and the economic impact on the authority and our residents is significant, in that it has a direct effect on the delivery of service to the entire resident population and improves our



relationship with the residents thereby impacting the quality of life within our communities. Economically, since the inception of our program, we have established 39 resident owned businesses, and our resident businesses have obtained in excess of \$2,000,000 in contracts from THA and Hillsborough County Public Schools, while creating employment in excess of 100 residents of public housing.

#### **Future Direction of REAP**

While Tampa Housing has made significant strides in the past three years, the incidents of criminal and drug activity in or around our properties, still represents approximately 25% of all offenses committed in the City of Tampa. The root of the aforementioned conditions is still the lack of income and skill. Therefore, the only solution that Tampa Housing Authority has found to counter these conditions is the expansion of our program. Consequently, THA must continue to utilize its resources to be the catalyst that spurs economic activity.

The program's initial focus has been on individual economic empowerment. However, the next logical step, is expanding its scope to the economic development of a targeted community by creating the incentives that encourage and attract job-generating manufacturing companies to relocate, grow and prosper in an area that is rich in human resources but lacks economic activity. The aim being the "social and economic restitution of a community, replacing maintenance programs that foster dependency."

#### **TAMPA HOUSING AUTHORITY HYDROPONIC GREENHOUSE COMPLEX**

The Housing Authority of the City of Tampa, proposes to develop a Hydroponic Greenhouse Complex to be owned and operated by a co-op. This complex will be comprised of 16 modular greenhouses designed to utilize the futuristic hydroponics growing technique. The plan is to construct this complex on approximately three acres of vacant land owned by THA, located adjacent to it's North Boulevard Homes Development.

This complex will initially engage in the year-round growing of vegetables (tomatoes and cucumbers) and commercial plants, for wholesale to supermarkets, restaurants, produce dealers, landscape companies and developers.

A second phase of this project will be the creation of a manufacturing operation of home hydroponic equipment. This phase will allow for the establishment of a sales and marketing program to the public. The manufacturing operation will have an exclusive license to manufacture and market the AQUA-VEG FAMILY FOOD FACTORY for the home owner.

### What is Hydroponic ?

Hydroponic is defined as "the cultivation of plants without soil using a nutrient solution with or without an inert medium to provide mechanical support". This innovative method of growing, enables the farmer to control his plants' environment relative to climate, water, nutrient and water pH. All nutrients are released for benefit to plants by the action of water and, as its name implies, hydroponics operates on the basis of this essential ingredient. The principal advantage of hydroponic is that you can grow plants in and out of season, year-round.

Hydroponics culture is not new. Discovered by the Egyptians, used during World War II by the United States troops, hydroponics growing has slowly been perfected by commercial growers. However, after the Korean War, hydroponics was all but forgotten. It was not until 1966 that the commercial possibilities of hydroponics began to be studied. Hydroponics has been effectively used as an alternative to conventional agricultural growing methods, by Walt Disney World Co. and by countries where the soil is poor, where land is scarce or its cost prohibitive, where water resources are limited and where pesticide use would present a hazard.

### The Advantages of Hydroponics

The minimal land, water and energy requirements coupled with consumer demand for higher quality of environmentally safe products, has in recent years made farmers see the commercial value in hydroponics. The advantages of hydroponics are as follows:

1. Optimum feeding and environmental conditions.
2. Superior taste, quality, appearance and extended holding quality.
3. Year round production.
4. Growth intensive-crops grow 20% to 30% faster than those grown by conventional methods.
5. More energy efficient than conventional methods. Because of the controlled feeding techniques, many of the uses of energy required for conventional method are eliminated.
6. Greater yield per acre than conventional growing methods. Hydroponics growing produces nine times as much as soil in the same amount of space.

### Benefit to the Residents of Tampa Housing Authority

This project is the next logical step in impacting an entire community. It is projected that this project will employ in excess of 50 residents initially.

The proposed site of this project is ideally suited. Located on a major thoroughfare in West-Tampa, near Tampa's established commercial centers, with a minimum amount of preparation this site can house sixteen hydroponic structures, containing one thousand plants without a problem of direct sunlight. It is an ideal site not only because of the above specifications, but because it will be adjacent to THA's largest and one of the oldest properties, housing approximately 2,200 residents.

In preparation for the development of this project, REAP has trained 24 residents and developed an operation and procedures manual to prepare the residents in the use of the technology and in operation of this form of enterprise.

In summary, this project offers the residents of public housing an entry into the field of agribusiness and an opportunity to be on the cutting edge of technology at a minimum cost.

SENATOR SARBANES. Thank you for a very helpful statement. We appreciate both you and Ms. Livingston for being with us.

I am going to direct a few questions to members of the panel, and then I am going to yield to my colleague, Congressman Mfume. We are very pleased that he has been able to come over from the House side to be with us for this important hearing.

These are programs, many of which he has not only had a keen interest in, but has played an important leadership role.

I want to get right to an important, fundamental question.

I am very impressed by the community involvement that is reflected in the activities that you have reported here today. One of the things I respect about the Industrial Areas Foundation, and those who work with it, is the way in which you marshal your community and get people really involved, in order to try to improve things.

What I want to focus on, though, is the fact that some say that if you can just get a change in attitude and marshal the community, they can do it for themselves. This is the thousand points of light, and therefore the government does not really need to be in this effort. In other words, let us find ways to activate these communities, and then the community can go ahead and do the job.

However, that is not the reading I get from what is reported. The reading I get is that community involvement and marshaling and energizing is critical because you often are able to break through old ways of doing business that are not working.

But for your efforts to work, you have to find resources from somewhere. You can not simply create them, as it were, out of nothing. Many of these resources have come, or still come, from the Federal Government. As important as it is to establish the community involvement, in terms of the delivery and the execution of the programs, you still have the question of where the resources are coming from, in order to make this possible.

Ms. Ramirez, as you testified, I noted the sources of funds to which you made reference. You talked about Wagner-Peyser funds, as I recall. It was in your testimony. The state has committed \$2.5 million of Wagner-Peyser funds—those are federal funds that come to the state. The City of San Antonio has committed \$2 million of general revenue. San Antonio Works Private Industry Council has committed \$2 million of JTPA training funds. Of course, they also come to the industry council also from the Federal Government in the JTPA program.

Is it the case that you need these public funds in order to make your programs work?

You have structured a good delivery system, but where do the resources come from that will make it possible to deliver these services?

MS. RAMIREZ. This is what we're talking about. These are the monies that are going to be used to deliver these services. The \$2.9 million that

is coming from the government is to create a one-stop agency. What we're doing is, we're not creating an agency, we're creating workers.

At this time, we see that people have to go through four or five or six agencies to be able to get these types of services. So that means that we're creating one where we don't have to spend all this money on administration. At this time in point, the money coming from the city is going as stipends to the families so that they can work and support themselves.

This is a new pilot program that we are very anxious to make work. And this is why we're putting COPS in the metro lines. We're putting in the sweat equity in order to ensure that people who are going to come to these programs are very committed to going through the training.

We're hoping that in the future, there will be a change in the JTPA program so that we're able to fund, so we don't get \$20 million in San Antonio, which is not for the participant. And that there will be some changes, maybe, in the national laws. That's what we're looking for.

SENATOR SARBANES. You want the changes so that the funds are used in a different way.

Ms. RAMIREZ. Yes, exactly.

SENATOR SARBANES. What would be your situation if the funds were cut back or eliminated? Would you be able to do your job?

Ms. RAMIREZ. Well, we're hoping that the City of San Antonio will commit more money to continue this type of training. But at the national level, there are monies that are cut naturally.

We're hoping that there's more emphasis from the state level to do this kind of training. The money needs more emphasis. If it's cut from the Federal Government, we might be able to look at another strategy, and to look at different ways.

But we think that at this time, \$20 million that comes in to the city has to be better used.

SENATOR SARBANES. Father O'Connell, you talked about a \$100 million program here over five years. Where are the resources coming from?

FATHER O'CONNELL. What we need here is a partnership, on the local level, in our parishes and in our communities. We're willing to put people power into the work with the gangs, and to develop a relationship with young people.

But some of the money is going to come from our own pockets—\$2.5 million. But from the city, we're going to need almost \$3 million; from the county, \$4 million; from the state, we're looking for almost \$5 million; and from the federal level, we're looking for almost \$6 million.

So we're willing to put all the human resources into this mix, but we do need the federal hope and the local political help in order that resources are diverted to helping our young people.

SENATOR SARBANES. Yes. So what you're doing is, you are providing the human talent to make the program work, but in order to have the

resources to make the program work, you have to have the public support. Is that correct?

FATHER O'CONNELL. Yes, that's right.

SENATOR SARBANES. Failure to get that public support, no matter how solid your human resources are, is not going to give you a program. Is that correct?

FATHER O'CONNELL. Exactly. We'll be severely handicapped if we don't have the federal resources or the political resources.

What we're saying here is that by doing things this way, we will maximize the amount of benefit you get from your federal dollar, or from your local dollar, by putting all our human resources into this mix.

SENATOR SARBANES. Yes, I think that is a very good point.

I wanted to ask one question that diverts a bit from the one I am going to put to the rest of the panel. Do you have a theory as to why you have such a significant youth gang problem in Los Angeles, as compared with some other cities in the country? I am curious on that.

FATHER O'CONNELL. There are a number of factors. One is that we have a huge breakdown in our educational system in the LA Unified School District. We have over a 50 percent failure rate and drop-out rate for our young Hispanic and Afro-American young people.

I think we have a huge immigrant population, where parents don't have the skills in order to parent their children in the kind of culture that we have in Los Angeles.

We have the crack cocaine problem, which has added fire power, money, and huge stakes involved in the gangs fighting for turf in Los Angeles County.

I think some of these factors put into the mix are exacerbating the situation there. But I am surprised to hear that other communities with some of the same problems don't have the extent of the gang violence we have.

Somebody even mentioned that in Los Angeles, we have an ideal climate for cruising at all times of the year in order to be doing gang killings and gang violence. Maybe, even bad weather keeps people off the streets. I don't know.

But we certainly have a lot of the factors that are really exacerbating the situation.

SENATOR SARBANES. Okay. Ms. Reckling, let me refer you back to the question I have been asking.

I take it that you have a limited amount of money that comes into the CollegeBound program. And you are using it to close the final gap in enabling young people to go to college. Is that right?

MS. RECKLING. That's correct.

SENATOR SARBANES. Now, if the Pell Grants were cut back significantly, or the federal loan programs, or the work-study programs, were cut back significantly, what would that do to your program?

Ms. RECKLING. It would significantly increase the demand on our limited funds.

I have a chart that shows the percentage of funding by category that went to 167 students who were CollegeBound-eligible, who received CollegeBound funding. And 13 percent of that funding came from Pell Grants. Eleven percent was CollegeBound-less dollar financing.

So you can see the impact that that would have. Unfortunately, it may force us to limit the guarantee that went to all students who applied to college and were accepted. We may have to come up with another criteria that defeats the purpose of the program.

The young people have responded, are doing exactly what we determined they would do, given an incentive and the proper attention.

Now, our hands are tied.

SENATOR SARBANES. Yes. It is a very important point because I am very strongly in favor of trying to work out a lot of these methods that have been developing in order to help deliver the services and respond to the beneficiaries. But I want to be careful that it does not get translated into the assumption that these groups can also produce the resources with which to do the job, and therefore suggesting that we can eliminate the public role, which is what some people have been seeking to portray.

It seems to me very clear that if you have the public cutbacks, it is going to add to your burden, which is already overwhelming.

I take it, you would not be able then to service anywhere near as many students if you had to increase the amount of your grants to each student because the federal support through Pell Grants or loan or work-study was being reduced.

Ms. RECKLING. If I read the needs of our country and economy, our goal should be to have every student aspire to higher education and training. We will have to provide for that. If we do a good job in education—this is in the public interest, by the way. So, should it have public support? Absolutely.

We can clearly distinguish public interest when we look at what is happening in the Soviet Union, and we can identify that dollars spent are in the public interest. The same is required here.

SENATOR SARBANES. Mr. Domenech, that was a nice statement on what this means in terms of housing, and I am impressed by how your neighborhood gathered together in order to bring some of these community problems under control, which were affecting the quality of your life.

You have a nice house, but what was happening around your house made it not such a nice place to live. So you all went out to do something about that.

MR. DOMENECH. That's exactly true. East Brooklyn is an area where it was devastated, with no hope at all. And the Nehemiah program not only put houses into the community, but builds leaders. So, after

Nehemiah, we're now building a community and taking care of various issues that would not be taken care of had Nehemiah not been there.

So, in spite of all the violence and everything you hear about in Brooklyn, the inhabitants all look to Nehemiah as a sign of hope. Why the Federal Government is not interested in becoming a partner with us is just to my amazement. I can't understand it, because it is working.

It's working so good that when I tell people what I pay for a mortgage in New York, they flip out. They don't believe me.

So it's unheard of. We're not asking for a handout. We did it without the Federal Government, but we want a partner.

SENATOR SARBANES. Well, you have one. You did it in Brooklyn on your own with the state and local governments helping, of course. On the basis of the example you set, we were able, at least for a limited period of time, to have a specific Nehemiah program at the federal level. I know something about it because I was very much involved, and Baltimore has participated in that program.

In Baltimore, there is federal money, state money, local money, church money, sweat equity money. Money comes from everywhere you can look and think of, in order to make this thing work.

MR. DOMENECH. Exactly.

SENATOR SARBANES. It is working very well. It is a real success story, as you have demonstrated, not only physically, but in terms of the attitude of the community and in the leadership that develops. You turned the whole thing around.

MR. DOMENECH. Exactly.

SENATOR SARBANES. Ms. Livingston, in Tampa, did you all push the housing authority to do this, or did they come forward on their own? Or was it a combination of things?

MS. LIVINGSTON. It was a combination of things. I was suffering from an on-the-job back injury and from being a former employee of Tampa Housing, and I had gotten discouraged because I couldn't go back to work.

I looked into the areas of what I could do in a troubled community with a high rate of crime, gang wars, and crime all around us.

We got together and went to the executive director, Mr. Evans, and said, we must do something in order to put our AFDC recipients back to work and give them some incentive of the child care and transportation problem in our community. And then the family day-care home concept.

It was not easy. We had to go through all of the rules and regulations to get the county commissioners and the state licensing people to understand that we needed to have on-site child care on our housing properties.

SENATOR SARBANES. Mr. Evans, you are using CIAP funds for this?

MR. EVANS. I use CIAP funds for the basic funding of the administration of the program. Basically, at this time, the program is a support



mechanism, as I've described. It's a business incubator that helps residents sustain business. The child-care component started after the other parts started.

SENATOR SARBANES. If you did not have the CIAP money, what would you do?

MR. EVANS. I see the federal participation in this as very, very important, Mr. Chairman. It is the only way to keep the structure in place and to provide a support mechanism that we need.

But I am in a situation, whereby I am in an industry that for years has somewhat been abused by some administrations, some local, all the way to the federal level.

What I am looking at, at least in the housing authority, since I started—I started REAP almost from the time I got to the housing authority five years ago—is that a lot of the dollars that we get can be reprogrammed to help the people who we're supposed to serve.

Section 3 of the Housing Act does describe that, but it has moved away to where it helps other people in the surrounding community rather than the immediate housing community by several and various amendments that have taken place, that moves it from what the original intent was.

I am subscribing that we should move back to the original intent, and maybe we could better serve the people in public housing by redistributing the dollars that you are going to spend, whether or not to do business buying goods and service.

That's what we've tried to do in Tamps, and we're now a national model with this program. A lot of HUD housing authorities have tried to do it.

We just hosted a conference in Tampa three weeks ago. We had over 500 people from different housing authorities attending. I noticed a lot of housing authorities are looking to do it.

So we believe that the federal dollars are very, very important in the whole process. But the redistribution, after dollars, within the confines of the housing authority has to take place.

And other obstacles like, for example, the break-even point for the subsidy level, which our residents receive from the different social programs like AFDC or whatever, you have to come up with some sliding scales that encourage the people to go back to work.

Presently, residents don't want to get involved in business or in work because they'll lose all their benefits. And it's hard to encourage them to get back into being useful residents in the community when they're going to lose their benefits.

So, somehow, the entire reorganization has to include some welfare reform that comes up with a sliding scale that encourages the people rather than penalizing them to get back into the work place.

SENATOR SARBANES. I take it that all of you would agree that working through the systems you all have established, you can get more benefits

for the same amount of money than if you did it in the traditional way. Is that correct?

MR. EVANS. Definitely.

MS. RAMIREZ. If I may, Mr. Chairman, I want to rephrase a little bit of what I said today, that if this government is serious about breaking the poverty level here in the United States, we have to invest in people. The government has to want to invest in people. And that means dollars. That means investment in job training so that people can get a better quality job, so they can support their families.

SENATOR SARBANES. It is interesting because it raises these possibilities.

We give the same amount of money, we work through these systems, and therefore we get a little extra benefit. We cut the amount of money, but these systems work better, so we get the same benefits but for fewer dollars. Or, alternatively, having found systems that work very effectively, we give them additional dollars, which therefore enables us to significantly increase the amount of benefits.

In other words, you get criticisms that these programs do not work. Now, you are finding structures that make these programs work. Then someone comes along and says, now that we have these structures, let's save some money. These people are doing more with their money, so we will give them less money. We will still get the same amount we will get done, but we will give less money. Then, the amount that you are able to do falls well short of overcoming the problem.

Does anyone disagree with that? Is there anyone on the panel who thinks that they're working at a level equal to the problem that confronts them?

[No response.]

No. I think we need to establish clearly that as effective as you are, you can not do your job if the resources to do the job do not come with you.

Congressman Mfume, please proceed.

#### OPENING STATEMENT OF REPRESENTATIVE MFUME

REPRESENTATIVE MFUME. Senator, thank you for the opportunity to talk just a bit, and thank you for holding this hearing.

We here on Capitol Hill, both in the House and in the Senate, talk about different issues with a lot of different people. It is moments like this, and perhaps issues such as this, that somehow find, in the maze of all we do, a ringing chord on that one magical day and at that one magical moment where the necessity of the hearing and the subject matter are of extreme importance.

So I want to commend Senator Sarbanes for not just this hearing, but for understanding over and over and over again the need, at least, in this body, to provide forums for this discussion, whether or not people

show up, so that we might be able to continue to push and hold high the banner of change that is so desperately needed in this country.

I want to thank the witnesses who are here. I came in late, but I either heard your testimony or, by now, I've read it all. I commend you on collectively and individually working as you do, without a lot of form or fashion or special attention to get things done, because you believe it is the right thing to do.

I mentioned the title of this hearing and let me just go back to say that new responses to community distress, particularly, is ironic for me today, Mr. Chairman. I don't come with questions. I think I understand academically, and I feel intuitively, the positions of the persons who are here. They're positions that I share over and over again. But I come here with a comment only because I come out of a very real situation.

The Rodney King matter is community distress evidenced in its most highest form. I read Ms. Reckling's remarks, where she suggested that while LA burned, the President slept.

Let me just say that her words were prophetic, and she uttered better than we all knew.

For many people in this country, community distress is the norm. It is not something out of the usual. They wake up with it. They live with it all day long, and then they go to bed very, very stressed.

And so, for them, to look at what we have just witnessed yesterday evening is belief and ratification of a belief that justice is blind, in some respects, and that pain is real, and that the misery index in this country is rising.

You have all come here to valiantly argue on behalf of the downtrodden and the disposed and the dispossessed. Those who despair in our Nation and those who look with disdain at the dangerous drift that this Nation has fallen victim to.

We have educational shell games from an educational president. Inadequate and unaffordable housing still abounds, year after year, but even more so, decade after decade now.

There is no concern about prenatal care in this government. Show it to me if it's there. No concern about nutritional health programs for women. Lip service in many instances about the drug problem that pervades this nation, about diseases that cripple and kill people day in and day out, while we proclaim the fact that we are, in fact, given some special blessing, or ordained in some special way, because we happen to be a great democracy.

It is shameful that if we are a great democracy, we allow such things to happen.

We give more attention to the space station and to S&L bailout funding than we do to the problems that hurt people in this country.

This notion about having more will than wallet is a misnomer. It is a lie, and the President ought to stop saying it. We don't have a national will to do what we ought to do to help urban areas, to help people

—black, white, brown, yellow and red—to relieve the suffering that's less than a block away from this building.

We don't have that national will. We talk about it. We don't have it. You have it in what you are doing day in and day out, and thank God for you and thank God that you've not let go of it.

So the real fight is for the soul of America. We have to talk about this stress and what contributes to it, but, more importantly, what's happening as a result of it. Racial polarization is increasing, not decreasing, in the United States. Racial disparity and mortality tables and income and education and health access.

In 24 years, we haven't learned the lesson of the Kerner Commission Report. We all read it. And we who are academicians give it to our students to go back and read. We talk about how it was written and what it meant, but we haven't learned the real lesson.

And so we all hurt—black, white, brown, yellow and red. Cities die in the process, or are left to wither. I stand before this Capitol and before this government and wonder, what are all the things that contribute to this drift?

It's like trying to figure out a mystery and a riddle wrapped in an enigma. It is paralyzing in many respects.

For me, Mr. Chairman, it is disgusting.

As I said, I don't have questions today. I have a need to say what's in my heart and a desire that we embrace people like this, those who are before us, that we find ways to encourage them, that we continue as you are doing, bringing them before this Congress to shame, if you will, some of our colleagues into understanding that there are other things more important in this life than whether or not we get re-elected.

So I commend you for the hearing. I thank the witnesses for listening to my monologue. But understand that my pain is your pain. I fought many of the battles that you have fought. Life is short. All of us are going to be gone one day. I don't treasure at all, or want to believe, that going to that grave, which we all will go to, that things will still be the same, the day that they bury me and the day that they bury you.

I don't want that, and I know that you don't want it. So I yield back, Mr. Chairman, and I thank you for the opportunity to make some remarks.

SENATOR SARBANES. Thank you very much, Congressman.

We thank the panel very much. You have been very helpful, and we particularly appreciate the obvious care and attention that has gone into preparing your statements. The full statements will all be made part of the record.

We have established a very important record here this morning. Thank you all very much.

If the next panel would come forward and take their seats, we will resume.

[Pause.]

We want to welcome this panel to the Committee.

Mr. Chambers, let us we start with you. Edward Chambers is the executive director of the Industrial Areas Foundation. We will proceed straight across with Professor Orfield, and then with John Berthoud.

Mr. Chambers, please proceed.

**STATEMENT OF EDWARD T. CHAMBERS, EXECUTIVE DIRECTOR,  
INDUSTRIAL AREAS FOUNDATION NETWORK**

Mr. Chambers. More than 35 years ago, I began my career as an organizer, working with Black tenants in the Harlem tenements who were trying to resist the forces of slum clearance, led by Robert Moses and the powerful agencies of the City of New York. My mentor was Dorothy Day, the leader of the Catholic Worker Movement. We were experimenting with tactics promoted by Saul Alinsky, who learned many of his best lessons from John L. Lewis.

In the years since I began, many other names have been added to this list. You have met four leaders here today. Most recent teachers and heroes are people like Andy Sarabia, Grace Trejo, Johnny Youngblood, Vernon Dobson, John Heinemeier, Arnie Graf, Ernie Cortes, Carol Reckling, Bishop Francis Mugavero—current examples of the greatness of our Nation, of the richness of our diversity, of the ability of various races and faiths to work together. The last individual, Bishop Mugavero, died ten months ago, but not before leaving two rebuilt communities in the toughest and poorest sections of East Brooklyn.

As I thought today, about my remarks, I wondered what I would say, what the focus should be. I have lived a long time listening to the voice inside of me which shouted: Stay away from Washington. That shout was echoed by one of you three years ago. A distinguished senator spent two hours with our national staff listing why it was critical that our leaders and staff spend as little time as possible within the beltway.

Hearings, experts, huge staffs, procedures with little products, these distract us from our work of training and developing citizens to understand why they are being pushed around, and to develop the capacity to push back and build decent, dignified lives. So I listened to my instincts and the instincts of my teachers and mentors, and I basically stayed away. And so did the IAF network. When we came, we came to work with you on specific issues and then went back to East Los Angeles, or to the Rio Grande Valley, or Memphis, or Baltimore, or to the Bronx, to get back to our basic business.

But today we did come, in the spirit of Day, Dr. King, Sarabia, Alinsky, with several of our staff and our leaders, to spend with you. You may not like to hear what we have to say, and maybe you'll be glad that we don't come too often for long stays. But let's see.

I have a couple of points.

The first is that in spite of the best attempts of the recent administrations and corporate sectors to redline and neglect American cities, the cities of this country are ready and able to be rebuilt and made liveable again. Most metropolitan areas revolve around our major cities. Nearly 75 percent of our citizens live in the metropolitan areas. Our leaders and organizers have spent 20 years working in the worst sections of our cities, and we know that some things work and other things don't.

More bureaucracy doesn't work. Another alphabet soup of programs, masking patronage give-aways, doesn't work. Aggravating dependency doesn't work. Asking families to buy dangerous rat traps doesn't work. Victorian volunteerism is a joke and doesn't work.

Strategies rooted in the iron rule—never doing for others what they can do for themselves—work much better. Ownership and equity work. Low density works. Backyards work. Community policing works. Lower student-teacher ratios, smaller schools, parent involvement work. Primary relational health-care works. Tight links from high school to college and employment work. We know these things work because we have done them all in many of our cities. We have done these things—or pressured municipalities to do them—only after protracted struggles.

Most of our experiments depend on a vision of government not focused on Capitol Hill, but on the quality of the relationships between the line workers of all society—the cops, nurses, social workers, teachers, housing managers—and the citizens of our cities, rural areas, and towns.

Our democratic process is infected with the same disease that has stricken American business: it is focused on the top. It has lost touch and contact with its real customers. And it is tangled in procedures at the expense of production. IAF has built a network with precisely the opposite values and vision. We are focused on what some people call the "have-nots" of society. We are committed to our customers. And we believe passionately in the production of decent Nehemiah homes, Commonwealth jobs and scholarships, healthy children in remote Texas valleys, community policing in Prince George's County, and job-training accounts in San Antonio.

The fortunate economic fifth—that is, those on top—are trying to privatize the public good. Having made us sovereign in the consumer plastic world, they now want to eliminate democratic participation in the public and privatize our social capital—our precious human, democratic, American capital of human capital and moral capital. Our political vocabulary is scrubbing out the public realm and replacing it with private and market-force talk. Private prison cells in place of public housing units. There is little or no discussion of central cities, the working poor, the poor, the common good or the public person. Elected officials are no longer called public servants and few act like it. The top fifth—the haves—want to shrink as much of that social capital as

possible into the private realm, squeezing the have-nots to work for their poverty. This drive has a number of roots, but the one big trunk root is racism—skin color as stigma, permanent underclass talk. The Rodney King travesty.

We have been on the front lines of cities for 20 years, and we have seen and still see violence and neglect of staggering proportions. But we do not come here embittered, cynical or beaten. We come here confident and clear. Our cities are rebuildable. Our urban centers can be made livable. This Nation is not as far away as this charade of a presidential season makes us all feel, from being able to renew both its physical and moral lives.

The second point is that this renewal will not be led from Washington. Don't look to the team you have here to be helpful. The army of experts, the so-called think tanks and hangers-on, will only distract, disrupt, or destroy radical renewal and rebuilding of American cities.

Since we have worked with some of you for many years, and since we know and respect several of you well, we invite you to leave this place, to vacate the District of Columbia. You can leave it in two ways. One way is to resign and return to the cities and states that sent you here, and attack these fundamental problems with us and with people like us from the ground up.

A second way is to create a different culture of leadership. Let us redline and neglect the Federal Government's bureaucracy. Our nomenclature is equal to that of the former Soviet system, and you know what happened to it. Our disgraceful and immoral foreign policy will never be any good until our domestic policy is central, paramount and based on the self-interest of its actual citizens rather than on the greed of the capital gains crowd and their corporate personae.

Come draw off from the beltway game and pretense—with fax and telephone, you can still get a beltway fix occasionally.

Cut staff. Reduce your time in Washington to no more than one-third of your year and refocus your schedules and energies and talents back home. We know some of you well enough to declare that you are not weak, not passive, not victims.

Get off the treadmill. Redefine your roles. Lead by example. We will re-elect you.

The third major point is that nothing will change for the better in this country without great press, tension and sacrifice. What Lech Walesa, Nelson Mandela, and Vaclav Havel have taught us is that progress only comes as a result of enormous personal risk and cost, and that the momentum of progress can only be maintained at the expense of ongoing social risk and social cost.

These men believe in the common good.

This is the lesson that Dorothy Day and Saul Alinsky and Martin Luther King also taught. It is not the lesson of martyrdom, but the lesson of intense personal investment and sacrifice.

In Washington, we know how pressed and tired and stretched people are. But we also sense that they are not ennobled here. They are not nourished here, not enriched here, not challenged in the way that they can and should be.

Many of you came here to do good things. This is not the primary place to do them. Come back to the cities, the towns, the forgotten rural communities. Return to the customers and the citizens of the country. Help them, help us, produce a society that's decent and dignified.

We in the IAF are honored and privileged to do this difficult and challenging work. We look forward to working with you in the months and years ahead.

[Mr. Chambers' statement was read in its entirety:]

SENATOR SARBANES. Thank you very much.

Professor Orfield, please proceed.

**STATEMENT OF GARY ORFIELD, DIRECTOR,  
METROPOLITAN OPPORTUNITY PROJECT; AND  
PROFESSOR OF EDUCATION AND SCIENCE  
POLICY, HARVARD UNIVERSITY**

MR. ORFIELD. I have a statement for the record and I'll try to summarize it.

When I was a graduate student, Senator, and Congressman Mfume, I was a researcher in Watts the summer of the Watts riots, and I was there when the riots went out of control.

Last night's images, of course, brought it all back to me very intensely.

I remember the second day of the riots, I went up in the Hollywood Hills to look out over the city and to see how it looked, because there were thousands of fires burning and it was out of control. I was shocked to see suburbanites up there laughing at people who were burning down their part of the city.

It seems to me an enormous tragedy that after Watts, we learned a lot about what needed to be done in our cities. In all of the tragedies that happened in the next three years, as city after city burned, the Kerner Commission, the Eisenhower Commission, the Douglas Commission on Urban Housing, they found out what was going on. They told us how the country was dividing. They told us what we needed to do if we were going to make progress. And we did none of it.

We dismantled many of the efforts that we had initiated in the 1960s and early 1970s. We shut down the poverty program. We loaded up the Supreme Court with opponents of minority rights. We dismantled many of the efforts that came out, even in Watts, right after the riots. We never redeveloped the buildings that were burned. There was no economy created there. There was no access to suburban jobs created.



In a period of incredible wealth in that part of the country, the inequalities were never addressed specifically, or even indirectly. And they're much worse now than they were then. The unemployment levels are much worse. The hopelessness is much worse. The crime is worse. The drug culture is deeper. And they are going to continue to get worse. We need to seriously think about where we're going as a country.

I was visited by a researcher from the Soviet Union, when there was a Soviet Union, about seven or eight years ago, who asked me about my work on urban inequality and racial differences. He said, no one in our country has ever been allowed to study those issues. He said, every sane person who has any education knows that's the real danger to our country. That's what will decide whether we even have a country.

And, of course, he was right. All of the experts at the CIA and the Defense Department were wrong.

We didn't win. They collapsed, and they collapsed in good part because they couldn't deal with the internal divisions in their own society.

We're a society that's going through tremendous demographic transformation. California, for example, has over 60 percent nonwhite children in its public schools now. We are shutting out the majority of that society from any real opportunities. We're increasingly dividing our country by ethnicity, by class, separating out people in metropolitan areas, putting all the opportunities where all the privileges and income are, and cutting the bridges out of the ghetto and the barrio that we tried to build a generation ago.

I think that this is a reckless policy, and it's a policy that's been very intentional. It's been a policy that's been used politically very effectively in this country.

Out of Watts came Ronald Reagan, who was elected as governor of California after opposing fair housing and bitterly fighting the 1964 Civil Rights Act on a strategy that played on racial fear and division.

Five of our last six presidential elections have been won on that kind of a strategy. We have dismantled many of our urban policies. You're going to be seeing some preposterous data from the next witness that suggest that federal aid to cities hasn't deteriorated seriously. That's because Medicaid and many other things are mixed into it.

Actually, when we looked at the cities that we're examining around the country, there's an incredibly dramatic dropoff, beginning in the late 1970s and accelerating in the early 1980s, in job training, in housing, which were the two areas that were cut most radically by the Reagan budgets, but in many other areas of urban policy as well.

There's very few tools left for city administrators to deal with urban problems, or to rebuild on any serious scale.

In the area of housing, there's almost no money for major new construction for poor people, and the housing affordability crisis has become much more devastating in the last generation.

We knew what we needed to do. We needed to try to attack racial division and to build up inner city communities. And we've done neither. We've cut off the civil rights enforcement, and we've cut off the programs that were designed to compensate and to rebuild central city communities.

In doing that, we've also redirected the blame for urban problems on the victims of those problems themselves. We've had presidents run about black rapists. We've had senators run against affirmative action, and national administrations play on those kinds of fears, even as job discrimination is increasing and income inequality is growing.

We've had now a campaign against welfare, against welfare recipients who are receiving about half of what they were receiving 20 years ago in the society, and who find it, if they live legally, impossible to provide the basic necessities of life for their families.

We have today before us a lot of people who have been doing remarkable things. They are found in almost every city in the country, and have found some way to do a constructive and important job with almost no help and in very desperate situations.

I think that this work has to be admired tremendously and honored and supported. But it's not work that happens, as Senator Sarbanes' questions pointed out, in the absence of government activity. It's only possible to do if there are resources somewhere that intelligent and skillful local leaders can use.

You can't do housing for moderately poor people or working class people without getting your land written down. You can't get it without a tax break. You can't get it without special financing of your mortgage. You can't get it without a lot of things that these organizations have put together.

You can't do it for really poor people at all without direct, strong, deep subsidies. And these programs don't work for people who are desperately poor.

In some of our central city school systems, we have two-thirds or three-quarters of the families on free lunch, living in poverty and unable to be reached unless we have a direct housing subsidy program.

We can't get people to college unless we have aid programs. Colleges all over the country have raised their tuition much faster than family income in the last generation, and Congress hasn't kept up with the Pell Grant. The Pell Grant is the only basic source of aid for most students going to college, even today.

People are putting packages together to try to chase an accelerating tuition rate and can't do it without congressional assistance.

Job training resources in Chicago were cut by over two-thirds between the late 1970s and early 1980s, in real dollars. You can't do long-term training for people to give them the basic skills that they need with the kind of short-term money and silly requirements that are built

into JTPA. Only by tremendously skillful administration can it work at all.

What I am saying is that there has to be federal policy. The Federal Government is the only major actor in job training and housing assistance for poor people, in college assistance and medical assistance for poor people, and in civil rights enforcement.

If those things aren't done by the Federal Government, they can't be done at the neighborhood level alone. It has to be those things together with effective organization.

The last point I'd like to make is that there are issues about opening up suburban opportunity that have been totally taken off the political agenda in the last generation, issues that Robert Embry, for example, from Baltimore was very actively pursuing when he was assistant secretary of HUD.

We have to refocus on what's happening to our society and to look at the lessons that we've learned. We happen to know what will work in many areas of policy today. We have demonstrable success in Head Start, but we stop it by kindergarten. It has to be extended.

We know Job Corps works. It has been proven. We do it only for a tiny fraction of the people who could profit.

We know Upward Bound works for college access. We serve only a tiny fragment of people it could help. We have that kind of knowledge in many, many areas of policy, and we do nothing about it.

I'd like to encourage this Committee to help develop an agenda of what really has happened and what needs to be done in a way that one of my heroes, Senator Paul Douglas, did for an earlier generation—helped set the stage for those reforms that were so badly needed then.

Thank you.

[The prepared statement of Mr. Orfield follows:]

## PREPARED STATEMENT OF GARY ORFIELD

AS THE UNITED STATES HAS BECOME AN OVERWHELMINGLY METROPOLITAN SOCIETY WHOSE YOUNG PEOPLE ARE INCREASING TRAPPED IN CONDITIONS OF URBAN POVERTY OUR POLITICS HAS IGNORED THE CITIES AND INCREASINGLY RESORTED TO ATTACKS ON PROGRAMS SERVING MINORITIES AND THE POOR. WE ARE DENYING THE FRIGHTENING REALITY OF DECAY AND HOPELESSNESS THAT IS SO PREVALENT IN OUR LARGEST CITIES AND EXPLOITING THE FEAR AND THE STEREOTYPES OF SUBURBANITES, WHO NOW DOMINANTE OUR POLITICAL LIFE. IF WE CANNOT FIND WAYS TO TALK ABOUT AND FORMULATE SOLUTIONS FOR CITY PROBLEMS, WE WILL FACE VERY SEVERE SOCIAL AND ECONOMIC CRISES IN OUR FUTURE. WE NEED TO LISTEN TO THE VOICES OF THOSE STRUGGLING TO MAKE SMALL GAINS IN URBAN NEIGHBORHOODS TODAY AND BEGIN TO THINK ABOUT WHAT IT WOULD TAKE TO RESTORE OPPORTUNITY IN OUR CITIES.

NOT SINCE 1980, WITH THE PUBLICATION OF PRESIDENT CARTER'S LAST URBAN POLICY REPORT HAS THERE BEEN ANY SERIOUS DISCUSSION OF THE CONDITION OF AMERICAN CITIES AND THEIR RESIDENTS BY THE WHITE HOUSE. NOT SINCE 1974 HAS THERE BEEN MAJOR HOUSING LEGISLATION PROVIDING RESOURCES TO BEGIN TO ADDRESS THE RAPIDLY INCREASING PROBLEMS OF LOW INCOME RENTERS. NOT SINCE 1965 HAS A PRESIDENT OF THE U.S. GIVEN A SERIOUS SPEECH ABOUT URBAN RACE RELATIONS AND NOT SINCE THE REAUTHORIZATION OF CETA IN 1978 HAS THE CONGRESS SERIOUSLY DEBATED POLICIES FOR PUTTING JOBLESS CITY RESIDENTS TO WORK FOR PUBLIC PURPOSES. IN 1981, HOUSING CONSTRUCTION AND REHAB POLICIES FOR FAMILIES WERE GUTTED, THE PUBLIC SERVICE EMPLOYMENT PROGRAM WAS SHUT DOWN, FEDERAL CIVIL RIGHTS AGENCIES WERE TRANSFERRED TO THE CONTROL OF CIVIL RIGHTS OPPONENTS, AND URBAN LEADERS WERE ASSURED THAT ECONOMIC GROWTH AND THE MARKET WOULD SOLVE THEIR PROBLEMS. HUD WAS CORRUPTED AND LOOTED FOR

PARTISAN POLITICAL GOALS WITHOUT THE SLIGHTEST SENSITIVITY TO THE REAL NEEDS OF THE URBAN POOR AND THE NATION'S SYSTEM OF MORTGAGE LENDING INSTITUTIONS WAS MISMANAGED IN A TRAGIC DEREGULATION CRUSADE THAT IS COSTING THE NATION MANY TIMES AS MUCH AS HAS BEEN "SAVED" BY CUTS THAT HAVE TORN APART LOW INCOME URBAN FAMILIES AND THEIR NEIGHBORHOODS. EFFORTS TO PROVIDE FOR THE BASIC NECESSITIES OF URBAN RESIDENTS, SUCH AS DECENT HOUSING, WERE LEFT TO LOCAL INITIATIVE AT A TIME WHEN URBAN GOVERNMENTS HAD TO FIGHT THEIR WAY THROUGH TWO SEVERE RECESSIONS, WITH GROWING SOCIAL PROBLEMS AND DIMINISHING LOCAL RESOURCES OR GRANTS FROM OTHER LEVELS OF GOVERNMENT.

POLITICS HAS INCREASINGLY ATTEMPTED TO REDIRECT ATTENTION AND BLAME FROM THOSE WHO HAVE DISMANTLED FEDERAL PROGRAMS BY EXPLOITING RACIAL FEARS AND BLAMING PEOPLE ON WELFARE FOR THEIR OWN IMPOVERISHMENT. THIS HAS BEEN EFFECTIVE IN THE LAST THREE PRESIDENTIAL ELECTION CAMPAIGNS BUT IT HAS BEEN EXTREMELY COSTLY FOR OUR CITIES AND THEIR PEOPLE.

POLICY FOR THE CITIES HAS BECOME A KIND OF "POINTS OF LIGHT" POLICY. WE ADMIRE AND HIGHLIGHT THE ACCOMPLISHMENTS OF INCREDIBLY PERSISTENT AND SKILLFUL LOCAL LEADERS WHO MANAGE TO ACCOMPLISH SOMETHING IN SPITE OF THE DETERIORATING ECONOMIC CONDITIONS AND SHRINKING FEDERAL AND STATE ASSISTANCE. THIS IS TOTALLY APPROPRIATE BECAUSE THEIR ACCOMPLISHMENT IS RARE AND DESERVES HIGH PRAISE. WE MUST NOT, HOWEVER, ASSUME THAT EFFORTS OF THIS SORT CAN ACTUALLY SOLVE THE PROBLEMS OR EVEN THAT THEY CAN ARREST THE FURTHER DETERIORATION OF THE CONDITIONS OF URBAN FAMILIES AND COMMUNITIES. BUILDING 400 AFFORDABLE HOUSING UNITS IN A CITY IS A TREMENDOUS TASK WITHOUT MASSIVE FEDERAL AID, BUT THAT SAME CITY MAY WELL SEE ANOTHER 600 PEOPLE BECOME HOMELESS AND SEVERAL THOUSAND MORE BECOME UNABLE TO PAY THE RENT FOR HOUSING MEETING MINIMUM STANDARDS IN THE MEANTIME.

ON CLOSER INSPECTION IT BECOMES APPARENT THAT EVEN THE "POINTS OF LIGHT" ARE NOT TRULY INDEPENDENT OF GOVERNMENT. THEY HAVE USUALLY MANAGED TO PATCH TOGETHER BITS OF SUBSIDY FROM LOCAL, STATE, AND FEDERAL GOVERNMENT, FROM BANKS, FROM NONPROFIT INSTITUTIONS, ETC. TO MAKE THEIR RELATIVELY SMALL PROJECTS WORK. THEY CANNOT BE BROUGHT TO THE SCALE THAT WOULD ADDRESS THE UNDERLYING PROBLEM NOT ONLY BECAUSE OF THE SHORT SUPPLY OF THE KIND OF EXTRAORDINARY LEADERSHIP THAT IS NEEDED BUT ALSO BECAUSE OF THE SMALL ABSOLUTE AMOUNTS OF RESOURCES THAT CAN BE TAPPED BY

EVEN THE MOST SKILLFUL ORGANIZATION.

THE FUNDAMENTAL PROBLEMS ARE THAT WE HAVE BEEN ENGAGED FOR TWELVE YEARS IN POLICIES THAT HAVE BEEN REMOVING BASIC ESSENTIALS OF LIFE FROM POOR PEOPLE AND BASIC RESOURCES FROM THE INSTITUTIONS THAT SERVE THEM. WELFARE PAYMENT LEVELS AND MINIMUM WAGE LEVELS HAVE FALLEN FURTHER AND FURTHER BEHIND THE RAPIDLY RISING COST OF RENTAL HOUSING IN THE LAST DECADE. INCOMES OF WORKING FAMILIES WITH HIGH SCHOOL DEGREES HAVE DECLINED SUBSTANTIALLY. FEDERAL RESOURCES FOR NEW FAMILY SUBSIDIZED HOUSING OR MAJOR REHAB HAVE VIRTUALLY DISAPPEARED. THE IDEA OF PLANNING FOR A DECENTRALIZATION OF SUBSIDIZED HOUSING TO CREATE ACCESS TO BETTER SCHOOLS AND JOB OPPORTUNITIES FOR POOR PEOPLE HAS BEEN ABANDONED. THE FEDERAL GOVERNMENT HAS FOUGHT AGAINST STRATEGIES TO BREAK UP SEGREGATED AND UNEQUAL NEIGHBORHOODS AND SCHOOLS AND TO OPEN UP SUBURBAN OPPORTUNITY. WHILE DECIMATING THE RESOURCES CITIES HAVE TO REBUILD IN CDBG AND IN THE UDAG PROGRAMS, TAX INCENTIVES AND JOB TRAINING PROGRAM INCENTIVES TO MOVE JOBS OUT OF CITIES HAVE BEEN LEFT UNTOUCHED. WE HAVE INVESTED BILLIONS IN THE WORLDS LARGE COMMITMENT TO IMPRISONMENT AS A SOCIAL POLICY WHILE PROVIDING ALMOST NOTHING TO BUILD UP JOBS IN THE COMMUNITIES WHERE THE PRISONERS COME FROM AND WHERE THEY WILL RETURN IN A FUTILE SEARCH FOR SOME KIND OF LEGAL WORK AT A DECENT WAGE.

THIS COMMITTEE NEEDS TO LISTEN TO REPORTS FROM THE FIELD ON COMMUNITY DEVELOPMENT STRATEGIES IN TWO WAYS. FIRST, THOSE WHO HAVE FIGURED OUT HOW TO OPERATE WITH VERY LIMITED RESOURCES HAVE IMPORTANT IDEAS BOTH ABOUT HOW TO MAKE MORE SMALL EFFORTS FEASIBLE NOW AND HOW TO RUN LARGE PROGRAMS MORE EFFECTIVELY IN THE FUTURE. IT IS VERY IMPORTANT, HOWEVER, THAT THIS COMMITTEE DO SOMETHING MORE--TO EXPLORE THE SYSTEMATIC DECAY OF OPPORTUNITY IN OUR CENTRAL CITIES AND THE INCREASING COLLAPSE OF BRIDGES FROM POVERTY TO OPPORTUNITY FOR POOR PEOPLE. I BELIEVE THAT WE KNOW FAR MORE ABOUT WHAT COULD BE DONE TO ADDRESS ISSUES OF URBAN POVERTY, RACIAL DISCRIMINATION, AND CITY DECAY THAN WE DID WHEN THE ISSUES LAST RECEIVED SERIOUS ATTENTION. LEGISLATIVE COMMITTEES OF CONGRESS ARE SO TRAPPED IN THE BUDGET MORASS THAT THEY CANNOT THINK ABOUT THE URBAN AGENDA; THE WHITE HOUSE WILL NOT. I HOPE THAT THIS COMMITTEE WILL DO WHAT SENATOR PAUL DOUGLAS AND OTHERS DID SO WELL IN THE 1950'S AND EARLY 1960'S--TO UNDERSTAND THE BASIC FORCES THAT ARE DEVASTATING OUR CITIES AND PARTS OF THE INNER SUBURBS

AND TO DEVISE A SET OF WELL-RESEARCHED PRIORITIES THAT CAN INFORM DEBATE AS THE COUNTRY TURNS ITS ATTENTION BACK TO THE ROT THAT HAS OCCURRED DURING OUR FOCUS ON INTERNATIONAL MILITARY CONFRONTATION AND OUR FAILED BET ON THE CURATIVE POWERS OF UNREGULATED MARKETS AND GOVERNMENTS SUBSTITUTING FEARS AND POLARIZATION FOR RECOGNITION OF SERIOUS PROBLEMS AND SYSTEMATIC DEVELOPMENT OF WORKABLE POLICIES AND PLANS.

WE NEED A HOUSING POLICY THAT BUILDS ON LOCAL EXPERIMENTS AND TAKES ADVANTAGE OF THE COLLAPSE IN THE PRIVATE REAL ESTATE MARKET NOW TO OBTAIN SUBSIDIZED HOUSING STOCK IN PLACES WITH GOOD SCHOOLS AND REAL JOB MARKETS. WE NEED A SCHOOL POLICY THAT TAKES THE LESSONS OF HEAD START AND EXTENDS THEM INTO THE ELEMENTARY SCHOOL. WE NEED A MUCH LARGER JOB CORPS AND A REVIVAL OF PUBLIC SERVICE EMPLOYMENT, AS PROVIDED IN THE 1978 CETA LEGISLATION. WE NEED TO GET PEOPLE TO THE JOBS OR JOBS TO THE PEOPLE WITHIN THE METROPOLITAN AREAS. WE NEED SERIOUS ATTACKS ON THE CONTINUING PATTERNS OF JOB AND HOUSING DISCRIMINATION WHICH DENY ACCESS AND OPPORTUNITY ON PURELY RACIAL GROUNDS. MOST OF ALL WE NEED A NEW LANGUAGE, RECOGNIZING THAT WE ARE ALL PART OF THE SAME SOCIETY AND THAT WE MUST APPLY THE LESSONS FROM SUCCESSFULL PROGRAMS TO BUILDING A NEW VISION OF OUR URBAN FUTURE.

# CHALLENGING UNEVEN DEVELOPMENT An Urban Agenda for the 1990s

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edited by Philip W. Nyden  
and Wim Wiewel



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## FOREWORD

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The 1980s were grim for cities and city neighborhoods, and the 1990s began the same way. No strong national political leadership had been dealing with problems of urban decay since the 1960s. By the end of the 1960s the war on poverty, the civil rights movement, and urban riots had convinced experts that massive efforts were needed both to upgrade lower-income urban communities and to break down the racial barriers limiting education, housing, and job opportunities. The election of Richard Nixon in 1968, however, brought an end to the expansion of federal intervention. The trends were toward block grants first and then reductions. Subsidized housing commitments were suspended in 1973. The recessions of the 1970s and early 1980s sped the deterioration of central city neighborhoods and the flight of urban employers.

By the 1980s, the problems were much worse than those that had seemed so threatening in the 1960s. But no one seemed to care. The dominant political movement of the 1980s was toward less government and more control by private markets. Urban programs were sharply reduced, particularly in housing and job training, and government actively opposed enforcement of civil rights laws, including those providing affirmative action, school desegregation, and support for integrated neighborhoods. Negative economic trends, negative government, and private markets that continued to move resources and jobs out of central cities combined to create a massive challenge to urban advocacy. The cities, their neighborhoods, and their impoverished minorities were on their own, seeking survival strategies. Many researchers followed the new political agenda; as funding for work on urban policy and poverty dried up, they shifted to studying public-private partnerships, Catholic schools, privatization, drugs, or one of the other topics on the conservative agenda.

Neither national party paid serious attention to the urban crisis in the 1980s. Both were competing for the increasingly dominant suburban vote and both were committed to low taxation and fought only at the margins of each year's budget. There were no major new urban policy proposals; there were large cuts in constant value dollars in existing ones:



to communities or of the possibility that communities can have a positive, powerful role. That is not to say that studies of policies at higher levels of government are not also vitally important.

The articles show that, even when one starts at the community level, it very soon becomes necessary to discuss city, state, and national policy. Community groups fighting disinvestment are critically dependent on data collected by federal agencies under federal law and on regulations allowing them to challenge lenders who want to merge or expand. Better housing policies require federal subsidies; advocates are seeking new state programs and faster release of tax default land from the county; and many groups want new city building codes permitting less expensive maintenance and rehab. Given the complexity and fragmentation of the governmental structure and the need to leverage many forms of private action, a successful neighborhood-based strategy requires layers of research and action.

Anyone who thought that urban policy in the 1990s was simple or that there was one basic solution may well be discouraged by the complexity described here. Anyone, on the other hand, who has been observing the decay and the incoherence of national policy toward cities and their neighborhoods since 1980 would have to be reassured by the intelligent and thoughtful steps toward a new, well-grounded urban agenda presented in these pages. This book, and the project that produced it, shows that in Chicago, and in other cities, there are groups of community leaders and researchers ready to roll up their sleeves and try to clear away the debris of the past decade and develop urban policies that respect the people of urban communities and seek practical answers to fundamental problems. I hope that it triggers similar efforts in other cities and helps to reawaken the interests of university researchers.

Gary Orfield  
June 1990

Gary Orfield is Professor in the Departments of Political Science and Education, and the College at the University of Chicago. He has published extensively in the areas of school integration and fair housing. In 1985-86 he coordinated a collaborative researcher-practitioner project on "Fair Housing in Metropolitan Chicago: Perspectives after Two Decades" for the Chicago Area Fair Housing Alliance. This research effort, involving seven research projects directly responding to needs of community-based fair housing planners, was used as a model for the process that produced the chapters in this volume.

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# 1 INTRODUCTION

Wim Wiewel and Philip W. Nyden

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The process of transition from a working-class, manufacturing city to one oriented to white-collar service jobs is not smooth and even. It is full of conflicts over the direction and pace of change. This process of economic restructuring, and its attendant change in urban and neighborhood structure, is occurring in many cities in the world. In each locale it is influenced by different institutions, faced with their city's own unique economic, physical, and social structures. The opportunities that this era of change presents depend on the interaction among local circumstances and institutions and the larger social, economic, and political environments within which we function.

For growth-oriented politicians and urban planners, gentrification, neighborhood revitalization, the new service economy, and white-collar job growth have been the optimistic catchwords of this process of change. Construction of downtown office buildings, the opening of new retail stores, the return of middle-class residents to "hot" neighborhoods undergoing extensive housing rehabilitation, and the conversion of industrial property to new uses are seen as signs of a city's rebirth. However, clearly not all sectors of the urban community are benefiting from this rebirth. Although there is reinvestment in many neighborhoods, one of its side effects has been displacement of residents of communities now invaded by young professionals. While we are seeing a shift to service jobs in cities, the blue-collar workers and communities surrounding the factories that were bustling a decade ago are often in worse shape than ever.

Measuring the quality of life in American cities solely by the amount of new construction, the number of new middle-class residents, or the growth of service jobs ignores the negative consequences of urban restructuring. Implicit in this pro-growth ideology is an acceptance of uneven development—an acceptance that there will be winners and losers,

that some people will benefit while others will not. This volume is a challenge to this pro-growth notion—not at a theoretical level, but a challenge at a very practical and programmatic level. Chapters in this volume represent progressive blueprints for policy research and action with a particular focus on two areas: (1) gentrification and displacement in city neighborhoods, and (2) economic restructuring—the decline of the manufacturing sector and the growth of the service economy.

### The Growth Machine

Instead of viewing the social and physical structure of the city as a product of "natural" ecological forces, an increasing number of urban scholars and planners have argued that the city has been shaped by a collection of interest groups or a "growth coalition" that views the city as a place that can be used to enhance their personal or institutional well-being. This growth coalition or "growth machine" is a loose network of financial, commercial, and real estate interests that has been the main proponent of real estate development and downtown growth. To them, the city is a growth machine that, if properly manipulated, can improve individual and institutional wealth. In their recent book, *Urban Fortunes*, John Logan and Harvey Molotch state that

With rare exceptions . . . one issue consistently generates consensus among local elite groups and separates them from people who use the city principally as a place to live and work: the issue of growth. For those who count, the city is a growth machine, one that can increase aggregate rents and trap related wealth for those in the right position to benefit. The desire for growth creates consensus among a wide range of elite groups, no matter how split they might be on other issues. [Logan and Molotch 1987:50–51]

The "consensus" takes many forms. One of its important elements is an emphasis on a "good business climate" as essential for city survival. The costs of labor and the influence of labor unions are questioned, but the maximization of return on investment and the prerogatives of investors are not questioned. The yardstick used to judge urban reform and urban development is the extent to which the proposed change will improve the business climate—the extent to which the policy will oil the

growth machine. From this perspective, schools are defined as in crisis not because they are failing to give inner-city youth the skills needed for self-development, or even advancement in today's society, but because they are failing to give future workers the skills needed by service sector employers. Property taxation policies are not evaluated on the basis of how well they redistribute resources within the metropolitan area but by whether they encourage new housing development and service sector growth. The effectiveness of laws and policies regulating the real estate market is measured by the profitability of the market, not by the extent to which affordable housing is made available or neighborhood racial and ethnic diversity is encouraged.

The growth ideology that dominates most American cities has produced an environment where policies that promote growth (and profit opportunities) have been seen as good. Those who have accepted this mind set criticize as obstructionist or backward any policy proposals that promote more even development, any civic organizations that question unfettered growth, or any community organizations that try to moderate the negative effects of redevelopment. Ironically, critics of the growth ideology are painted as self-serving leaders just trying to protect their political base. In many media accounts, these community activists are seen as the villains, while the thoroughly self-interested character of the growth coalition is ignored (or even celebrated under the banner of "progress") (McCarron 1988).

This book represents an effort to make a case for the alternative side of the urban policy debate and to make it more visible. It is an alternative view consistent with what Pierre Clavel describes as progressive politics. In his study of the new policies adopted in Hartford, Cleveland, Berkeley, Santa Monica, and Burlington during the 1970s and 1980s, Clavel writes that

The main features of progressive politics as practices in these cities included attacks on the legitimacy of absentee-owned and concentrated private power on the one hand, and on nonrepresentative city councils and city bureaucracies on the other. These attacks led to programs emphasizing public planning as an alternative to private power, and to grass-roots citizen participation as an alternative to council-dominated representation. In most respects, these new programs produced a flood of institutional inventions. [Clavel 1986:1]

The "inventions" can include proposals for more affordable housing (e.g., limited equity cooperative), linked development (the taxing of downtown development to fund development in other neighborhoods),

more direct community voice in planning and zoning decisions, and city control of utilities.

This volume contains pieces of an urban policy that include some of these "institutional inventions." This agenda is oriented to those who, unlike the actors in the growth coalition, do not define the city merely as a place to manipulate for personal profit. Rather, it is oriented to people who define the city as a place to *live and work*, the people who have the largest stake in improving the quality of life. These people are not merely treating the city as an urban, high-rise stock exchange in which to invest their money with the expectation of generous returns. Instead, these people are putting their families and careers on the line; these people are investing in the viability of their communities.

In fact, these are people who often do not think in the traditional terms of business "investment." A major investment to this larger population is buying a home. Among such homeowners there is usually a deeper, longer-term interest in the community than there is among real estate developers seeking to maximize profits. To still another sector of the urban population, investment is an unfamiliar or hostile term. To many lower-income families and individuals, the present city landscape provides few opportunities or choices; to them survival is a central issue. To them investment is something that takes place in *other* neighborhoods. When it does happen in their neighborhood, it can translate into displacements. This book does not accept the traditional definitions of positive investment or the current arrangements as the best available to us. This book is an agenda for change. It is an agenda for survival and for new choices.

### Chicago and Alternative Models of Urban Development

Chicago has always received a disproportionate amount of attention from writers and researchers. From the poetry of Carl Sandberg and the writing of Richard Wright to the novels of Saul Bellow and the oral histories of Studs Terkel, Chicago has been in the literary spotlight. Within the social sciences, the Chicago school of sociology represents a strong tradition of community studies that started in the 1920s and continues today. Chicago has been seen as tough, hardworking city—the "hog butcher of the world" or the "steel capital of America." Less flattering have been descriptions of Chicago as the most segregated city in the nation. Equally sobering is the statistic that ten of the sixteen poorest neighborhoods in

the United States are in Chicago (Ziemba 1984). Whatever positive image there was of the city's educational system evaporated a few years ago when U.S. Secretary of Education William Bennett branded Chicago as having the worst public school system in the country. The city and state have since embarked on one of the boldest, most radical school reform programs undertaken in any American city. From the days of the Richard J. Daley machine to the days of Harold Washington's reforms, and now in the days of Mayor Richard M. Daley (the late mayor's son), Chicago has received its share of attention.

More important to the context of this book, in Chicago, the struggle between the growth machine and the neighborhood movement has an unusually long and visible history. Compared to most cities, Chicago has a very rich tradition of strong, community-based organizations. The settlement houses that Jane Addams built in Chicago not only highlighted the social ills of American cities in the late 1800s and early 1900s but also presented a way of dealing with these problems. Decades later, the battles between Saul Alinsky's Industrial Areas Foundation and interests threatening the community—whether they were city hall or large corporations—became legendary in American community politics.

The continued strength of community leaders in Chicago is borne out by the fact that community organizations played an important role in the rise of Harold Washington to formidable political strength. Harold Washington was probably the most progressive of big city mayors elected in the 1980s. It was no coincidence that such a political leader emerged in Chicago rather than in some other city. Many community leaders had a friend in City Hall. That friend was unusually sensitive to the needs of a broad range of Chicago neighborhoods. Although it did play ball with the powerful growth coalition, the Washington administration also underwrote urban policy plans that represented alternatives to the growth ideology. The voices of progressive urban policy could be heard in the mayor's own cabinet. In some parts of Chicago's city government, the progressive planning process described above by Pierre Clavel did emerge. Because this reform initiative took place in one of the nation's largest cities, a number of researchers have stressed the importance of studying the case of Chicago (e.g., Clavel and Wiewel 1991; Gloth and Betancur 1988; Squires et al. 1987). With Mayor Washington's sudden death came the collapse of the delicate political alliance he had built—but not the end of its constituent elements. Regardless of the twists and turns of Chicago politics or the outcome of future elections, Chicago will continue to be strongly affected by community-based organizations, as this book indicates. It contains urban policy discussions of what may be described as the shadow government in Chicago—the

voices from community-based organizations. Represented here are not only views and recommendations of use to grass-roots observers in this midwestern city but also policy discussions of use to community leaders in other cities.

### Urban Planning in Chicago

Like urban planning in most U.S. cities, comprehensive plans drafted in Chicago from the 1950s through the early 1980s emphasized development downtown rather than investment in the scores of Chicago's neighborhoods in need of resources. The plans have also expressed a need for middle-class housing as well as a view that the shift from manufacturing to service and finance sector jobs is inevitable. For instance, the 1958 Development Plan for the Central Area focused on the transportation needs and laid the basis for the network of expressways and rapid transit lines directed at serving the Loop, Chicago's central business district. In 1960, the city's comprehensive plan argued for the need to bring about a demographic balance required by business—the need to retain and attract younger, middle income families. This plan called for a blueprint to be drawn for the central business district as well as proposals for individual neighborhoods.

The central business district model was written by the Central Area Committee. This group was the epitome of growth coalition cooperation. A private business umbrella organization, it consisted of representatives from the major department stores, banks, newspapers, utility companies, and other major companies headquartered downtown. The resulting document, the *Chicago 21* plan, conceptualized the downtown area as a regional and nationwide administrative and financial center. It also proposed several housing and transportation improvements that have since been realized. For some neighborhoods adjoining downtown, this plan produced fear of gentrification. This stimulated community protests, which led to participatory planning efforts in some neighborhoods, particularly those adjacent to the central business district. However, in the world of downtown-based, pro-growth politics, these community-based proposals were pushed aside.

In the 1980s, the growth coalition agenda took the form of support for a 1992 Chicago world's fair. In *Make No Little Plans*, a group of business leaders argued the case for a world's fair. Outside the business community this design was viewed as an effort to build, at public expense, the

infrastructure required to redevelop the land south of downtown. Its proponents heralded it as a showcase for the "new Chicago" of the twenty-first century. A coalition of community organizations raised numerous questions about the expected costs and benefits of a fair. This, combined with a lack of support from newly elected Mayor Harold Washington, undermined political support for the fair and resulted in the refusal of the state legislature to provide further planning funds (McClory 1986).

Regardless of the negative outcome of the pro-growth, pro-world's fair initiative, it is significant that a traditional voice in shaping Chicago's pro-growth policies, the industrial sector, was silent. In fact, the group who wrote *Make No Little Plans* (1984), the Civic Committee of the Commercial Club, pointed to financial services, health care, high tech, and other service sector businesses as areas that the city should encourage. The report did not mention manufacturing and had no recommendations for the preservation of this traditional source of well-paid jobs for relatively low-skilled residents.

Because the Commercial Club's report appeared during the period in Chicago politics when growth policies were increasingly questioned, alternative, community-based plans emerged, some from the mayor's office itself. The Washington administration's official Chicago Development Plan, *Chicago Works Together* (1984), advocated "balanced growth." This meant a greater emphasis on manufacturing, small businesses, minority-owned businesses, and neighborhood development. It emanated from the ideas that had been developed by community-based economic development organizations in the previous ten years. These ideas had been formalized in the platform of the Community Workshop on Economic Development, a coalition of community organizations formed in 1982. Many of the initiators of this coalition joined the Washington administration in policy positions and carried the agenda with them.

### Challenging the Growth Ideology

Although the Washington administration provided a more favorable climate for the neighborhood movement than had previously existed, the struggles had by no means ended. Two key issues which highlighted the clash over different visions for Chicago's future were "protected manufacturing districts" and "linked development." Following the example of Boston and San Francisco, the Washington

linked Development Commission to develop a program that used surcharges on major downtown real estate development to finance neighborhood economies. Although the commission's majority report recommended a system of per-square-foot fees to be used for construction of low-income housing, developers on the commission issued a minority report strongly opposing any mandatory program. The developers also orchestrated a massive campaign that buried the idea before it was even introduced in City Council.

However, in a struggle over a plan to retain manufacturing, the pro-growth coalition that favored a strong move toward service sector employment was not so successful. The issue of retaining industrial jobs was first raised by the Local Employment and Economic Development Council (LEED Council), a community oriented, economic development group on Chicago's Near Northwest side. Manufacturing companies in this area were increasingly displaced by conversion of factory space to office, retail, and residential uses. Through a lengthy educational and lobbying campaign, the LEED Council, assisted by others, was able to make this a citywide issue and gain passage of a Planned Manufacturing District ordinance. The most outspoken opposition came from the *Chicago Tribune*, which, in editorial after editorial, berated neighborhood organizations and the city's Department of Economic Development. The newspaper's view was that opposition to market forces would ultimately spell economic doom for the city. Ironically, research on the loss of manufacturing firms had shown that it was not exclusively market forces that were contributing to the switch from industry to service sector firms. Active government intervention, in the form of Urban Development Action Grants (strategically granted or denied) and selective building inspections, were contributing to the industrial displacement process (Culoth and Betancur 1988).

All of these issues, from the world's fair and *Make No Little Plans* to linked development and planned manufacturing districts, increasingly showed the close interrelationship between changes in the overall urban economy and the economic and social character of particular neighborhoods. As manufacturing jobs declined, stable blue-collar and minority neighborhoods experienced economic decline. Residents who were now unemployed or in lower-paying jobs could no longer maintain their houses as well, no longer support the neighborhood commercial strip, and no longer pay rents needed to maintain apartment buildings. Indeed, the per capita income (adjusted for inflation) in Chicago declined by 6.6 percent from 1979 to 1985, compared to national growth of 3.7 percent (Wiewel 1990). On the other hand, those who held the well-paying jobs in the growing service industries bid up the price of housing in the most

desirable areas. As happened elsewhere, the city landscape was increasingly a picture of diverging groups (Harrison and Bluestone 1988).

During the 1980s, broad outlines of this process became clearer to many in the city. However, many specific issues remained obscure. Policy responses were only tentative or, as in the case of the planned manufacturing districts, won only at a tremendous cost in time and energy. The hopes that the newly emerged alliance of progressive community and economic development interests could pressure the city into dealing with these development issues were dashed when Harold Washington died suddenly on November 25, 1987. Little new policy development occurred during the interim mayoralty of Eugene Sawyer, as everyone waited for the elections in early 1989. In this void, the pro-growth coalition redoubled its efforts to fend off the community-based critics. For example, in mid 1988, a *Chicago Tribune* series entitled "Chicago on Hold" attempted to paint the proponents of balanced development either as self-serving community leaders seeking to preserve a dwindling constituency or, at best, as wild-eyed idealists who had no sense of how the economy works (McCarron 1988). The series seemed to be aimed at influencing the agenda for the special 1989 mayoral election. This included discrediting those who had provided many of the ideas for Washington's neighborhood and economic development policies, as well as driving a wedge between the various components of Washington's coalition: community organizations, leaders of grass-roots movements in the African-American community, African-American political leaders, and the progressive white community.

## The Research and Action Project

The project that produced the chapters in this book was initiated by the John D. and Catherine T. MacArthur Foundation along with the Joyce Foundation. The foundations were particularly concerned with recent criticisms of the economic development strategies based on balanced growth—strategies used by many of the progressive community-based organizations that they have funded in recent years. The foundations felt that there was a need to look systematically at a number of issues raised in the course of the pro-growth versus balanced growth debate. The foundations were not interested in just more research on various topics but in research that was anchored in the real concerns of

community organizations—organizations that are on the front lines every day. On the other hand, there was a realization that the broad view of urban policymakers and academic-based researchers could provide a systematic understanding of specific policy issues.

It is on this basis that we developed a collaborative process involving community leaders and predominantly academic-based researchers. From the beginning, the Project for Chicago Research and Action in the 1990s sought to involve representatives from community-based organizations, civic organizations, government agencies, labor unions, and academic institutions. With the incentive that results of the project would be used in guiding foundation funding decisions in certain areas, we achieved participation at all levels.<sup>1</sup>

The project aim was to identify the urban issues of greatest concern among the groups listed above. Once they were identified, the project would commission briefing papers that would present the state of the art and discuss what was known about the issues—both general knowledge and specific models for social change. This same process would identify gaps in this knowledge and pinpoint areas where no workable models for social change exist.

### Areas of Focus

From the beginning the project focused on two broad areas: (1) gentrification and displacement and (2) economic restructuring. We were not looking at these areas through the rosy glasses of a pro-growth ideology—a view that sees only neighborhood revitalization and new white-collar jobs. We were interested in the costs of these changes (both economic and social) and more balanced, even-growth solutions. Each area was described in terms of the questions that needed answering.

We recognized that gentrification often had been viewed only in unquestioning and positive terms. Gentrification has usually been associated with good outcomes, for example, economic development, neighborhood improvement, a better quality of life, improved housing, more opportunities for employment, stabilization of the tax base, rejuvenation of neighborhoods, and revitalization of the city. These phrases do capture one part of the gentrification equation. However, improvement for one

family may not be an improvement for another, particularly if it means being forced to move out of a neighborhood and not being invited to share in the benefits of community revitalization. We directed attention to the effect that redevelopment and gentrification has had on those who benefit from the process *as well as* the effect they have had on those who have not benefited and who have been displaced by them. What are the consequences for racial segregation in the city and suburbs? For the availability of low- and moderate-priced housing? Who benefits from the redevelopment and gentrification, and who bears their social and economic costs? What are the prospects for a more even development process in the city and in the metropolitan area, that is, how can all neighborhoods and communities share in the prosperity that has been concentrated in a limited number of communities? What are the prospects for intervention in neighborhoods undergoing reinvestment to assure continued socioeconomic diversity? Since economic development is often a metropolitan area-wide process, what is the relationship between economic development in the city and growth that occurs in the suburbs? What role do and can the suburbs play in facilitating a more even economic development?

The focus on economic restructuring took in the complex changes that many urban areas are facing as the economy (particularly in employment opportunities) shifts away from manufacturing and becomes much more of a service-industry economy. As one of the nation's major manufacturing centers, Chicago has had a particularly wrenching experience as manufacturing employment has declined and service employment has grown.

We asked a number of questions about the nature of economic changes and the influence that they will have on the economy. Is the shift from manufacturing mostly one of relative employment, or does it reflect a real decline in manufacturing production? How much of it is due to a statistical reclassification of workers when a "manufacturing" company eliminates part of its operations and contracts with "service" companies to provide the same services, that is, when the same job once done by a manufacturing sector worker is now done by a service sector worker? What is the linkage between manufacturing and service growth? Has service sector growth (in jobs and revenue) compensated for the loss in manufacturing firms and jobs? How important is it to retain manufacturing activities; and, if it is important, how can this best be done? Will the growth of service employment continue, or is it a temporary phenomenon? How accurate are the stereotypes of the full-time, secure, well-paid manufacturing job versus the low-paid, part-time, insecure service job? What kind of education, training, and retraining is needed to prepare for labor force needs of the future? What are the distributional implications

and there was very little discussion of any sort about the deepening racial cleavages or the problems of the surging Hispanic communities.

In a period devoid of national leadership, it is extremely important to learn from those who are struggling to help urban neighborhoods and understand urban trends under such circumstances. The urban agenda for the next political cycle will be deeply affected by their experiences.

Chicago is a very good place to examine. It is a vast city with particularly acute social and economic challenges, and it has an unusual concentration of neighborhood activists and urban researchers. Contained in the metropolitan area's more than 1,400 census tracts are some of the nation's poorest and some of its richest. Chicago is the home of the tough-minded school of community organizing developed by Saul Alinsky, the place where urban sociology was born, and the base of the vibrant black political movement that elected a black mayor, Harold Washington, with strong support from community organizations. Chicago is a city with an intense sense of localism, and a city where many important national trends are born.

The 1980s saw a massive boom in Chicago's Loop and the continuing deterioration of many of the city's neighborhoods. Probably no city in the world has so intensively documented a history of its neighborhoods in the twentieth century. The best Chicago leaders and researchers have persisted in their work through all the reversals of the Reagan years and have much to contribute to the development of a contemporary agenda for research and action.

Local insights and research are especially important now because the federal government's role as a source of reliable basic information and research funding was abandoned in the 1980s. HUD studies and even publications of basic statistics were radically curtailed; the annual *HUD Statistical Yearbook* ceased publication after 1980. The government did not collect basic data about tenancy of subsidized housing. The mass media, in general, followed political trends. They dealt much less with urban problems and more with items of interest to upscale suburban readers. They raised few troubling questions about the social and economic despair new suburbanites had left behind. As attention turns back to solving urban problems, we need practical judgments about what is possible now.

The bankruptcy of the conservative model should by now be apparent. Business deregulation brought about the biggest scandal in American financial history—the massive collapse of the savings and loan industry, which had been the backbone of home finance. The dismantling of housing and urban programs at HUD, combined with cynical political manipu-

lation of the small amount of remaining funds for partisan purposes often provided millions for unjustified and unviable projects recommended by powerful Republicans. The sweeping promises of enterprise zones and industrial development policies produced tax losses and gains for the many state and local governments who tried them. The market did very little for low-income renters. The number of families trying to carry impossible burdens of rent—two-thirds or more of come for families below the poverty line—soared in the 1980s. As housing crisis deepened, the trickle-down, "filtering" model of market-oriented economists made little sense. In fact, in gentrifying neighborhoods, housing was moving in exactly the opposite direction, past poor and middle-income families to those with high incomes.

The articles herein do not provide all the answers. In fact, many of them arise from a philosophy that is against any simple set of across-the-board answers and insists on input from the grass roots. These articles, however, suggest the range of issues, the variety of tools available and the multiple levels of necessary government, community, and private involvement. One of the basic themes—natural after a decade of conservative policy—is the need for mobilization of research and organization to prevent additional damage to threatened urban communities. The interesting discussion of tactics ranging from intervention in urban law use practices to organized community and governmental efforts to avert the disastrous consequences of traditional ghetto expansion by maintaining stable integration. We see exploration of the effects of taxes, development strategies, housing subsidies, zoning, lending policies and practices and many other forces. Clear evidence in several papers shows that effective communication is beginning to take place between the world of research and of community organization. Activists cite research, and researchers search for ways to confront the problems most immediately threatening communities. The interactions between both groups in Chicago project and in an earlier collaboration on issues of housing discrimination have helped clarify the issues.

Neighborhoods and investigators are most aroused when a clear, dramatic set of changes and overt conflict or crisis occur. The articles in this book tend to focus on the forces related to and the policies for correcting several basic problems—the displacement of families and workplac from gentrifying neighborhoods, the lack of resources in the declining inner city communities, and the possibility of preventing a destructive form of ghetto expansion. These papers are useful correctives to the analyses written from aggregate economic data or from the perspective of citywide economic development without serious treatment either of c-

in regard to race, ethnicity, gender, and geographic area? Are there ways in which the gains of some areas or groups can be captured and redistributed to others? What can be done about any of it by local governments, community organizations, educational institutions, unions, civic groups, or business organizations?

### Organization of This Book

We do not pretend to answer all of these questions in this book. Moreover, part of the purpose of the chapters included here is to tell us what is known and what needs to be known before adequate answers or solutions can be found. However, by the time the reader finishes this book, he or she will have a sharper understanding of even-growth strategies. The dimensions of a balanced growth agenda should come into clearer focus.

In the second chapter, Mel King, a longtime community activist in Boston, discusses the ideology of community redevelopment. He demonstrates how pervasive and persuasive the growth ideology really is. The growth machine defines the language of the urban development debate. Communities come to be defined as "bad" communities or slums by real estate interests—interests that are constructing a political justification for "developing" the community and making a profit. King warns that urban development and social policy debates are not just made of bricks and mortar and loan packages. They are related to how self-conscious a community is about its strength and how able it is to muster the resources to protect its interests. The following chapter, by Teresa Cordova, more specifically addresses how communities can mobilize resources and play a more active role in the reinvestment process. Cordova provides a road map to the strategies available to communities in gaining control over their future development.

At first glance, the need for preserving racial diversity may seem to be unrelated to the investment and development issues raised in the other chapters. However, as demonstrated in the fourth chapter, housing integration (or lack of it) is intimately linked to community reinvestment issues. Gentrification and displacement most often mean that black residents are being replaced by predominantly white homeowners and renters. The exodus of middle-class homeowners from the city and the erosion of the middle-income tax base is often described as white flight from the city to the suburbs. As Lauber argues, until the issue of racial

diversity is dealt with directly, until political and racial divisiveness of blockbusting, racial steering, and racial exclusion is eliminated, communities will be unstable. Stronger, more explicit policies to maintain racial diversity will not only provide more housing options to a broader segment of society but will also eliminate a primary element of destabilization in urban communities.

Historically related to integration is the role of lenders in shaping the urban landscape. The denial of mortgage loans or insurance to homeowners in certain communities—redlining—has been the source of grass-roots battles against a key sector in the urban growth coalition—banks and insurance companies. The national anti-redlining campaign of the late 1970s and early 1980s, which resulted in federal legislation, was heavily influenced by Gale Cincotta and the Chicago-based National Training and Information Center. The Woodstock Institute has carried on the tradition of gathering and analyzing information as a means of giving communities control over local investment. Chapter four points out that the changing structure of the residential credit industry—particularly the more prominent role played by mortgage bankers—is providing a new challenge to urban communities wishing to attract investment in housing. The abandonment of communities by the banking community often sets off the downward economic spiral that ultimately makes the community ripe for gentrification and redevelopment. Although this may sound like a neat and clean economic process, it encourages disinvestment in housing and commercial property, displacement of one population (ostensibly through "voluntary" flight from the area), deterioration of once-useful buildings, and, when reinvestment takes place, displacement of yet another population. Although mortgage bankers cannot be blamed for this upheaval, this chapter further underlines the fact that it is the lack of government regulation and the lack of community input into economic decision making that has produced instability in urban communities.

Chapter six represents one of the more detailed urban policy analyses in the book. Tax issues vary from city to city, but as Arthur Lyons shows, taxes shape markets for private homes, rental property, commercial buildings, and industrial sites. For example, he points out that the lower tax rate for condominiums compared to rental properties can result in a rapid rate of condominium conversions—and a displacement of renters—in certain communities. Property tax remains the mainstay of local government finances; thus, it is the keystone of urban policy. In the absence of a correct understanding of how a tax system really works, we run a very high risk of implementing "solutions" that make matters worse because the information on which they are based is wrong.



Economic restructuring—the move from a manufacturing economy to more of a service economy—is obviously affecting all sectors of the nation. Changes in the job market obviously have profound effects on communities. Mel King's discussion of linked development and the importance of jobs for inner-city residents is a case in point. In the context of Chicago, Wintermute and Hicklin discuss the dimensions of this change in chapter seven. What effect will the growth of service sector occupations have on employment opportunities for blacks, Latinos, and women? Some signs are not overly positive. How stable are employment opportunities in these areas? The authors of chapter seven argue that mediating institutions—training and placement agencies, usually based in the local community—can play an important role in favorably translating changes in the broader economic structure into jobs and income for community residents.

Chapters eight and nine approach the land development process from local government and community perspectives, which have often been opposed to each other. Control over the development of land is intertwined with control over communities. Historically, city governments and community organizations have not agreed on economic development priorities, especially on the development of new housing and commercial properties. In many communities, it is in the land development process that the growth ideology manifests itself. Local government is often the agent of the growth coalition. At the center of major community battles in recent years is land development—and, often, government support for resident-displacing development. Particularly symbolic of this has been what may be described as the tale of two stadiums in Chicago. After the displacement of black homeowners, a new Chicago White Sox stadium has been built with the help of the city and state governments. A proposed new Chicago Bears stadium on the West Side triggered a battle between black community leaders and city officials and Bears owners. Although the pro-growth rhetoric has asked that these communities sacrifice for the good of the larger city, the selection of low-income, black communities as development sites underlines the inequities and unevenness of the politics of growth.

In the boldest development plan of all, the newly elected mayor has proposed construction of a major airport within city boundaries. Whether or not the \$5 billion, fourteen-square mile airport is ever built, the proposal to demolish 8,500 homes and 47 businesses employing 9,000 workers is a case study of the limits of the growth machine. Although the examples we have given here are "blockbuster" development projects, the smaller, day-to-day development decisions also have a profound effect on community economies and are as much a product of the

growth ideology as are the larger, more visible projects. Two chapters discuss the contexts in which city government and community organizations do and can intervene in the land development process. Chapter eight provides a catalog of local government approaches to land development, while chapter nine provides some provocative arguments for community based planning.

Chapter ten sums up many of the issues raised throughout this book as a guide to the actors and the strategies of the community development process. While we began with a critique of the growth ideology and the growth coalition has had negative effects on local communities, chapter ten represents the optimistic side. This is a down-to-earth case useful to those working to establish a community-based economic development process and agenda. It is the framework for a progressive development planning agenda.

## NOTES

1. More information on the details of the research and action process, particularly the discussion of collaboration between community leaders and academic researchers (individuals who sometimes are at odds with each other), is available from Philip Nyden, Department of Sociology and Anthropology, Loyola University of Chicago, 6525 North Sheridan Road, Chicago, Illinois 60626; or Wieslaw, Center for Urban Economic Development, University of Illinois at Chicago, 815 West Van Buren, Chicago, Illinois, 60607.

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# THE CLOSING DOOR

Conservative Policy and  
Black Opportunity

Gary Orfield and Carole Ashkinaze

With a Foreword by  
Andrew Young

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8

## The Lessons of Atlanta: An Agenda for Urban Racial Equality in the 1990s

After decades of attack on the social policies adopted during the five years of the Great Society, it is time to run the tally on the policies adopted during nearly two decades of conservative political domination. Conservatives have been remarkably effective in blaming social problems on a few years of liberal domination in the mid-1980s, while downplaying their own much longer control of the federal administration, many state and local governments, and their growing influence in other institutions. This book examines the conservative proposition that the market would solve problems of inequality by race given abundant economic growth and reasonable access by minority leaders to local political power. The data from metropolitan Atlanta show that the market did not solve the problems. In fact, conservative policies have deepened the inequality of opportunity.

Analyses of the housing, schools, colleges, job training, and employment patterns of the region document the shrinking of black opportunity in the 1980s. The stories of families giving up their dreams amidst the prosperity and exuberant economic growth of the period show some of the human costs. This chapter reviews the basic assumptions of the conservative program, summarizes our findings, and suggests an agenda for reopening paths out of the ghetto and into the mainstream of society.

### The Conservative Program

The federal and state policy changes successfully implemented by conservatives entailed a total redefinition of the problem of racial inequality. Throughout government and in the management of many major institu-

tion, the belief that further governmental action for racial equality was necessary simply disappeared. Although the issue of civil rights had been at the very top of public concerns in the polls briefly in the mid-1960s, it went to the very bottom by the early 1970s, and surveys showed that whites believed the problems had been solved. Almost three-fourths of the whites surveyed in 1989, for example, believed that opportunities had improved for blacks during the Reagan era (*USA Today*, 22 September 1989: 1).

Within a few years the perception of the late 1960s that America faced a fundamental racial crisis was replaced by the belief that everything reasonable had been done and that, in fact, policies had often gone so far as to be unfair to whites. Conservatives argued that the policies were even hurting the intended beneficiaries and that minorities would be better off if welfare programs and policies such as affirmative action and school desegregation were abandoned. Officials holding these views took charge of the major social policy and civil rights agencies of the federal government.

Within a few years, the liberal belief that white institutions were fundamentally responsible for urban racial inequality, set forth in the 1968 Kerner Commission report, gave way to a totally different dominant understanding. The black community was seen as responsible for its own problems.

Assumptions that the remaining problems stemmed from deficient minority aspirations, culture, and family structure dominated the federal executive branch in the 1980s, giving great prominence to such neoconservative researchers as Thomas Sowell, Charles Murray, and Glenn Loury, who argued that the civil rights and social policies of the past had led to welfare dependency. Soft-headed liberalism was seen as responsible for destroying black families and black aspirations. By the mid-1980s, tremendous interest had developed in efforts to describe the pathologies of the ghetto underclass and to develop coercive solutions for them. Welfare reform, for example, focused on pressuring mothers of young children to work, not on raising the level of payments. In Georgia in 1987, for example, the maximum AFDC payment for a family of three was only one-third of the poverty-line income level (*Atlanta Constitution*, 10 May 1989).

Problems of the welfare system, teen pregnancy, juvenile crime and drug addiction were dealt with through punitive measures and advocacy of better values. Welfare was made less desirable by cutting the real level

of benefits and imposing work and training requirements. Teen pregnancy was attacked by reducing benefits and health care while advocating chastity. Crime was to be reduced by increasing the severity and frequency of sentences for convictions and building more prisons. Drug abuse was to be stopped by stepped-up law enforcement and by public relations campaigns against drug use.

The basic idea was that if social policy became tough enough, social decay would stop and poor black people would behave more like the white middle class. If they did, the policies assumed, they would have the same opportunities whites had. A key assumption in the entire argument was that discrimination was no longer structural but only a secondary problem that could be dealt with by taking action against those few individuals who discriminated.

Similar approaches were adopted in the schools, colleges, and job training institutions. Since large numbers of inner-city students were failing to meet the standards for graduation, the problem was assumed to be permissiveness and the standards were raised. Diplomas were withheld from students unless they completed more course requirements and passed more standardized tests. Colleges decided they could upgrade the quality of their student bodies by substantially raising admission requirements, sometimes requiring courses not even available at many inner-city high schools (Orfield and Mitzel 1984). It was assumed that the schools would respond by providing them.

Public universities moved to phase out their remedial programs and their special admissions and outreach efforts for minority students, assuming either that the problem of declining minority admissions would eventually be eliminated by the tougher high school graduation requirements or that the two-year colleges could pick up the slack (*ibid.*). New policies were often adopted without discussion of their racial consequences or analysis of the capacity of the institution serving minority youths to make the necessary changes. Test requirements were raised.

Tuition and financial aid policies were changed so that it was impossible for many low-income students to attend college unless they obtained federally insured student loans from banks, loans that were huge compared to their families' incomes and net worth. The new policies assumed that low-income families would take out such loans, despite evidence to the contrary. When many former students at black colleges and technical schools were unable to repay these loans, the government announced plans to prohibit future students of those institutions from re-

ceiving federally guaranteed loans, with the stated purpose of forcing the poor and their colleges to be more responsible.

In other words, after making it impossible for many black students to attend without taking out loans that would be difficult to repay, the government of policy would continue to punish those who came after them.

Moreover, financial packages for minority students assumed that they would have substantial summer earnings, making no distinction between students living in jobless ghettos and those living in the job-rich suburbs.

There were similar policy changes in job training. The idea of paying a stipend for young people not on AFDC to live on while they received training—an important feature of the old training programs, was rejected and food, for day care, counseling, and other support services were radically reduced in its successor, the Job Training Partnership Act (JTPA). These were seen as frills. Training time was sharply curtailed and training of the hard-core unemployed deemphasized. Businessmen were put in charge.

Trainers were punished rather than rewarded for trying to train those lacking basic skills. If their placement rates were not high enough, and their costs were not low enough, the training organization would lose its contract. Naturally, the training organizations that survived were those which excluded the people who were hard to train in favor of those who were job ready.

By the late 1980s some of the consequences of a generation of profoundly conservative policies were apparent. Nearly twenty years after fair housing laws made discrimination illegal, for example, the average family had moved at least three times and great numbers had moved into metro Atlanta from somewhere else; but there was more profound isolation of ghetto residents, and poverty was up sharply in the inner city.

After a generation of real accomplishment in raising the academic achievement of the most disadvantaged groups, the federal government reduced both funds and targeting. Across the country, in spite of the issuance of the "A Nation at Risk" report in 1983 and reforms in almost all of the states, there were no national educational gains in the 1980s according to the National Assessment of Educational Progress. Education Secretary Lauro Cavazos concluded that the "haphazard and piecemeal" reforms had not raised the "dreadfully inadequate" scores for reading and writing (*Education Week*, 17 January 1990: 1, 21).

After nearly two decades of learning through experience what was needed for more effective job training and public employment policy, the federal government adopted an approach in 1982 that did just the oppo-

site. By 1980 even the U.S. Department of Labor was conceding the need for substantial revisions in the Job Training Partnership Act, which had been hailed in the 1980 presidential campaign as a central achievement of the Reagan administration, particularly by its author, Vice-President Dan Quayle.

During the 1980s these conservative trends reached their apogee. In a rare and sweeping ideological turnaround, both the civil rights policies aimed at ending racial separation and the substantive policies aimed at ameliorating ghetto conditions and building bridges of opportunity to mainstream society were reversed suddenly in 1981. Liberal policies holding back the market and individual initiative gave way to a full-blown reliance on toughness, market forces, and local initiatives. The effects on opportunity in metropolitan Atlanta are spelled out in terrifying detail in this book.

### The Abandonment of Civil Rights

One assumption that permeated all areas of policy in the federal executive branch in the 1980s was that civil rights enforcement was no longer needed. Under the Reagan administration, there was no serious enforcement against civil rights violations by schools, colleges, or job training institutions. Instead, civil rights agencies slashed data collection, investigations, and public release of information. The U.S. Civil Rights Commission, the Justice Department's Civil Rights Division, and other key agencies were put under the authority of officials who attacked the goals of the nation's major black and Hispanic organizations. Civil rights research funding was reduced or eliminated in federal agencies. Some research was commissioned to provide ammunition for the Justice Department's attack on previously established school desegregation orders.

Although the laws were still on the books, the basic attitude was to minimize enforcement. Nothing was done. In the job training program enacted in 1982, civil rights regulations were never even issued in spite of the 1964 Civil Rights Act's prohibition against discrimination in federal programs. In higher education there were no sanctions against colleges. In fact, the Justice Department successfully urged the Supreme Court, in the *Grove City College* case, to narrow its interpretation of the sex discrimination and civil rights law. Then, citing the *Grove City* decision to justify its inaction in other civil rights cases, it simultaneously opposed Congressional attempts to strengthen the law. Congress finally enacted the 1990 Civil Rights Restoration Act over the President's veto, but the administration continued on the same course of nonenforcement.

Under the Reagan administration none of the basic elements of an effective civil rights policy were in place in educational and job training programs. To make matters worse, the administration often placed civil rights agencies under the leadership of harsh critics of civil rights, officials who used their authority and public positions to resist civil rights enforcement by the federal courts. In a concerted effort to alter the direction of the federal courts, President Reagan named most sitting federal judges by the end of his term through a process of unprecedented ideological screening. This effort, which culminated in massive battles over Supreme Court nominations, was intended to change the whole context within which issues of social change were debated in a way that would endure long after the Reagan administration.

Change in civil rights enforcement policy not only affected the operation of institutions but also reduced the possibility that the courts would challenge the residential and educational segregation on which so much of the self-perpetuating inequality was based. The basic conservative policy was acceptance of the ghetto system as natural and denunciation of policies intended to challenge or end the color line—such as busing, dispersion of subsidized housing, and tough fair-housing enforcement—as unworkable and unfair to whites. During the Nixon, Ford, and Reagan presidencies, the basic policy of the federal government was to preserve the racial status quo in metropolitan areas.

As the federal government withdrew from civil rights enforcement, the policies of state governments became much more important. As the state of Georgia took over job training, the education block grant, and other programs, civil rights enforcement disappeared as a serious goal. No significant mechanisms for finding or correcting racial discrimination were implemented.

#### High School Inequality

There was both intense segregation of black students in the high schools of metropolitan Atlanta and a powerful and continuing relationship between race and income. These in turn were very strongly related to academic achievement and to dropout rates. In other words, minority schools were almost always low-income schools and were very likely to have low achievement scores and high dropout rates. White schools, on the other hand, were almost certain to have few low-income students and to do better on all measures of school success. This was true in spite of the strong and nationally publicized leadership of School Superintendent

Alonzo Crim, a black, Harvard-educated intellectual who considered no child "ineducable."

Metropolitan Atlanta high school students became more segregated in the 1970s and 1980s both by race and income. The data showed clear trends toward increased isolation of inner-city students from the black middle class as well as from whites generally. Although the suburban black schools were less isolated and far less poor than those in the city, a new crop of severely disadvantaged and low-achieving black schools emerged. By 1986 just over half of the region's black students were enrolled in schools outside of Atlanta. Even some of the middle-class, segregated suburban schools had low achievement scores.

Civil rights organizations had shared the dream of transforming the segregated and unequal schools of Atlanta into integrated schools offering black students access to better opportunities. The strongly conservative federal district judges in Atlanta, however, moved slowly and left segregation largely intact until 1971. By that time, the city schools were overwhelmingly black, and black leaders worked out a bargain to forego desegregation in exchange for black control of the local school district. Later, when a poorly financed American Civil Liberties Union lawsuit attempted to merge city and suburban school districts, it failed. The only Democratic president since the 1960s, Jimmy Carter, was governor at the time and a supporter of the compromise which ended the pursuit of integrated education in Atlanta. As president, the man he singled out to be his attorney general was Griffin Bell—the judge who approved the ruling.

A number of the most prominent neoconservative critics of school desegregation testified in federal court against a desegregation plan that would have bussed children across city-suburban lines, arguing that segregation was natural and that any attempt to change it would be counterproductive. Under black leadership, the Atlanta schools tried to implement much of the conservative agenda of self-reliance, intense focus on basic skills, and flunking students who did not meet minimum test scores. By the mid-1990s, the city schools had become virtually irrelevant to metropolitan Atlanta's whites, 98 percent of whom were in suburban schools, and the city schools were rapidly losing the remaining black middle-class students.

For years, reports of high achievement levels by Atlanta students helped make the compromise seem successful. According to the city school district's statistics, the district had performed the remarkable feat

of bringing a school district composed largely of highly disadvantaged students above the national norms in just a few years. The city's school district also reported few students dropping out of school, gleaming favorable publicity for itself across the United States.

Much of this accomplishment was more apparent than real. Although the city schools did make progress with dropouts between the early 1970s and the early 1980s, both the test scores and the dropout data were presented to the public for years in an extremely misleading form. Even if Atlanta city schools could have been shown to be performing modestly better than inner-city schools elsewhere our study found city high schools inferior to suburban white schools in the metropolitan area by every measure, and the large majority of the city students were below national norms on achievement tests. In the upper grades, the gaps were extremely large after fifteen years of the neighborhood-school, basic-skills educational strategy favored by the Reagan administration. This did not mean that the strategy was a harmful one but only that the inequalities were deeply rooted in community conditions. There was no reason to believe that a bootstrap approach could work or even that it was in the power of the schools to provide genuinely equal opportunity in the context of profound and deepening racial inequalities.

The Atlanta area schools were among the most segregated in the nation at the start of the period under study, and they became more segregated even as extremely rapid black suburbanization took place. Suburbanization did not bring the same opportunities for blacks as it had for whites.

Georgia, like almost all other states, enacted a package of important educational reforms in the 1980s. The Georgia law, the Quality Basic Education Act (QBE), raised high school graduation requirements and imposed new test requirements that reflected conservative assumptions about what was necessary to motivate low-income students. The Atlanta Public Schools had earlier adopted punitive, test-oriented policies of retaining large numbers of students in grades for more than one year to try to coerce learning. Both sets of policies reflected the conservative assumptions dominant in the public policy of the period.

In the early 1980s, however, dropout rates began to rise again and the gap between suburban and city rates increased. The teacher test mandated by the law took teaching credentials from a substantial number of black teachers in Atlanta—although many returned to Atlanta classrooms as substitutes. A very large proportion of Atlanta students were not in the

grade normally attended by children of their age because of the retention policies, a trend almost certain to produce further increases in dropout rates as they reach high school (Shepard and Smith 1989). The basic character of the reforms has been to punish victims of inequality without doing anything to change the structural forces in which inequality is rooted. The assumption is that progress can be achieved by threats.

The school reforms did lead to a better understanding of the problem. Publication of more accurate achievement data, required by the reform law, showed Atlanta's much-vaunted claims to be without foundation. In fact, Georgia pushed the test craze to an extreme, excluding a large number of children from first grade on the basis of standardized tests. But no substantial resources were targeted for inner-city schools and nothing was done to provide inner-city students with the opportunity to attend the region's more successful schools.

Liberal reforms, such as compensatory education, desegregation, and Head Start were often denounced as failures by conservatives because they did not end educational inequality in a few years. The best recent evidence, however, shows real long-term benefits from those reforms, particularly for young southern blacks (National Assessment of Educational Progress 1985; Koretz 1987). And our findings in both the high schools and colleges suggest that the conservative "reforms" made a bad situation worse in key respects.

#### College Access

There was an across-the-board slippage of access to college in the metropolitan area for young blacks, most dramatically for males and inner-city residents. Access rose for whites. Contrary to our expectations, the decline during the period studied was most drastic in historically black institutions that primarily served the local black community, particularly at Morris Brown College. The public higher education institutions declined in black enrollment faster than the private white institutions. Atlanta Junior College (now Atlanta Metropolitan College), the one low-cost, public two-year college available to inner-city students, experienced a sharp plunge in enrollment.

Young black men were less likely by the mid-1980s to be admitted to college and much less likely to make regular progress through college if they got in. Given the obvious importance of college training for employment, income, and access to the most desirable jobs and to leadership positions in society, the consequences will damage the men, their fami-

lies, and the community. There has been no significant policy initiative to address this crisis, although private efforts at a few black colleges showed some progress in the late 1980s.

#### FINANCIAL AID AND REMEDIAL PROGRAMS

National research shows that tuition levels and financial aid have large effects on the black college-attendance rate. The failure of the federal government to adequately increase Pell grants for low-income students as the costs of college have risen and the strong tendency of colleges to rely more on tuition increases and less on public funds has meant a rapidly growing gap between college costs and available assistance for many students. Georgia has many low-income young people and has substantially raised its tuitions, more than doubling costs between 1982 and 1989 (*Atlanta Constitution*, 11 April 1989: 1). The lack of general support and research funding for colleges has also shifted a growing share of total college costs to the students.

This increasing gap between aid and costs, which has to be filled by income from jobs, family support, and student loans tends to work against black students in several ways. Black family wealth in the United States averages at a level less than one-eleventh the resources of white families, and few have large assets, such as equities in substantial homes, to draw against. This book shows a recent decline in black homeownership in metropolitan Atlanta and shows blacks living in homes of much lesser value. Many live in communities with few opportunities for good part-time and summer jobs. Many have divided families, which complicates the completion of paperwork and financial disclosure forms. Many black families have no reserves to draw on and the ability of their children to obtain higher education depends on public policy.

Another very important policy change is simple but basic. State government is now investing less in programs designed to let young blacks know that they really can go to college and to help them survive if they get in. The most important public university in the area, Georgia State University in downtown Atlanta, cut back its special admissions and strictly limited the duration of student remediation, no matter how needy a student might be or how much basic intelligence he might have. Such limitations tend to punish inner-city high school graduates for the had educations they have been given.

Two key community- and parent-related differences between white and urban black students are information and encouragement. Whites are much more likely to be in the middle class and to grow up in families

where information about colleges, saving for college, and preparation for college tests is discussed. In low-income neighborhoods with few adult college graduates, students must rely more on school and college personnel for information and they typically receive much less. Students and families need not only information but also active encouragement to try college, and they need technical help with financial aid, particularly now that financial aid is less able to cover soaring college costs.

When students get to college, those who have weak high school backgrounds, no support systems at home, and personal and financial problems need special counseling and support to avoid being knocked out of school. These programs have been reduced or eliminated in many cases.

#### THE IMPACT OF MILITARY RECRUITMENT

Military recruitment practices may contribute to the college-attendance rate of young black men. The armed forces' advertising campaigns persuade many eligible men that they will be able to learn a skill in the service and receive support to go to college later. This promise may be particularly enticing to young black men, who make up a disproportionate share of the enlistees, far more than their share of the high school graduate population. (More than nine-tenths of the recruits are high school graduates.) Black male high school graduates, who form the college-eligible population, are much more likely than similar white males to enlist in the military (Jaynes and Williams 1989, p. 71). The promise of scholarships after service is more enticing, particularly to those who do not know how much less probable it is to complete college in one's late twenties. Significantly, military recruiters are often very active in schools where college recruiters are not.

We need to understand how and why the choices of young black men diverge from those of young whites in the Atlanta metropolitan area. It is important that they be offered the full range of choices and information about the likely consequences of their decisions.

#### CIVIL RIGHTS ENFORCEMENT

The public colleges of the metropolitan Atlanta area were under a court order for fifteen years to increase their minority enrollment. The university system that runs all public colleges in Georgia negotiated a plan with the federal government with goals for progress at each institution. None of the institutions have achieved their goals and most have been running backward in recent years. Yet the federal Office for Civil Rights took no action to enforce the agreements or federal civil rights law after the

Reagan administration, and one of the early acts of the Bush administration was to free the university system from the obligation of meeting its goals.

The reform movement of the 1980s has also affected Georgia higher education. Standards for college entrance were raised. Georgia continues to employ a rising junior test that makes it impossible for a good many students to reach the upper division of their colleges. The negative effects of this test on black students were anticipated and the use of the test challenged by civil rights advocates; the federal government refused to act although it was a public policy that had the clearly foreseeable effect of making things worse for blacks in state universities in a state with a history of de jure segregation and obligations under the 1964 Civil Rights Act.

The state's teacher certification test (TCT) is having negative effects on teacher training programs in a number of black institutions in the state. The disproportionate number of blacks failing the test and the fact that graduates of predominantly black institutions' teacher training programs experienced serious problems discouraged blacks from considering teaching as a career and undermined the programs at those colleges. The effort to raise standards was not accompanied by either major new resources for the education schools or by strong pressure on the white schools to increase their black enrollments in teacher training. A number of key institutions, including the area's most important general purpose public institution, Georgia State University, raised standards in ways that reduced the number of black students enrolled.

Each of these policies was designed, of course, to address real problems and we have found no direct evidence of racial animus. Some teacher training institutions were inadequate, some remedial students were admitted without any real chance of success, and all college faculties want better-prepared students. It is a good thing to try to raise the standards of achievement in educational institutions, but doing this by raising barriers and ignoring the racial inequalities in the process only increases those inequalities. The net effect on minority access is strongly negative unless there are large new programs implemented to make sure that black students will be able to clear the rising barriers. Neither the state nor the federal government had policies requiring such programs.

#### Job Training Programs

In a metropolitan area with a high dropout rate and a very rapidly changing and expanding labor market in which most decent jobs demand at

least a high school education, job training those otherwise doomed to marginal employment. Each young person who falls through the large cracks in the educational system experiences a tremendous loss of potential income and ability to support a family unless he or she acquires basic skills and gets started on a job which offers some hope for mobility. Neighborhoods where most people lack skills and decent jobs face massive social and economic problems. Young blacks without diplomas, basic skills, or good work histories living far from areas where new jobs are being created face the worst problems. Within the city of Atlanta at least one-third of the young people face all of these burdens. If they are not reconnected with the normal economy, they will find a less socially acceptable way to survive.

Job training should offer another chance. Research shows that the greatest long-term benefits accrue when basic skills are provided to those who have none. This study found a drastic decline in government job training resources and almost no basic skills training for inner-city dropouts. Only about one-sixth of the trainees in the city program were dropouts, that is lower than any other inner city studied by the Metropolitan Opportunity Project and below the national average. The program in the inner city concentrated its resources on training black women with high school degrees for traditional low-wage, dead-end, entry-level jobs, a substantial number of them as hotel maids. There was very little serious-long-term training and no effective linkage between the job training institutions and the public school systems. The division of the metropolitan area into separate job training areas, done at the instigation of Atlanta's mayor, served to separate the poor blacks needing training from the areas needing workers. There was no civil rights enforcement within the federal job training program.

#### Housing and the Changing Color Line

Location is a key element of opportunity in contemporary metropolitan Atlanta, and the supply of housing grew very rapidly from the mid-1970s to the mid-1980s, permitting the black community to expand far beyond its previous boundaries. But the pattern of segregation has also expanded far into the suburbs. The black middle class, a generation after its white counterpart, has largely left the city, but in a different direction. It has been moving south while the white middle class, the money, and the booming job markets have been concentrated along the northern perimeter highway and beyond.

After a period of expanded opportunities for homeownership in the



1960s, spurred in part by white flight from the city, blacks faced shrinking opportunities in the 1980s. And this was not primarily because of income differences. Even compared with whites with the same income and family situation, the opportunity of black households to own their own homes was declining. *The Atlanta Journal and Constitution* won the Pulitzer Prize in 1989 for its investigation proving that mortgage lenders made very little capital available in black neighborhoods.

For blacks concentrated in the rental market, things got even worse. The boom in the economy drove up the competition for housing and the resulting cost burden of those whose incomes had not kept pace. Blacks with incomes above the poverty level were paying more for housing of lower quality than that occupied by poor whites and were doing so in neighborhoods served by less effective public schools and which offered fewer job opportunities. Renters do not accumulate housing wealth and have very little opportunity to live in the communities served by the most competitive schools because of suburban land use policies excluding affordable rental housing.

Families below the poverty line faced the most drastic problems. Those unable to obtain subsidized housing—and there was no significant new construction of subsidized family housing in the rapidly growing Atlanta area—faced impossible cost burdens that may worsen as competition for the limited supply of low-cost rental housing intensifies. The maximum AFDC payment for a female-headed family with two children in Georgia in 1985 was \$208 a month, hardly enough to subsist in a booming metropolitan U.S. House Ways & Means Committee 1989, 540). Families below the poverty level were forced to spend more than two-thirds of their incomes for housing costs by the early 1980s. Such families had no housing choices and no ability to meet those costs and provide other basic essentials for their children.

Those who were able to reduce their financial problems by finding subsidized housing found it concentrated in areas without connections to the mainstream society. A black mother moving into one of Atlanta's major housing projects cut her housing costs, but only at the price of raising her children in intense isolation from middle-class life in neighborhoods served by some of the area's worst schools.

#### Isolation, Crime, and Fear

Low-income blacks were not only confined to neighborhoods with inadequate schools and jobs, but they often became virtual prisoners in their

homes because of the risk of crime. A 1990 survey of inner-city blacks, for example, 53 percent of low-income blacks said that they would be afraid to walk within a mile of home at night" (*Atlanta Constitution* staff 1981, "Black and Fear," 17).

FBI reports showed that the city had the nation's highest rate of violent crime in 1988, up 23 percent in a single year. Atlanta's rate was twice that of Washington, D.C., and much higher than Chicago or New York's (*New York Times*, 27 April 1989). Atlanta led the country on this measure again in 1989, well ahead of Miami, which was in second place. Violent crime increased 13 percent that year (*Atlanta Journal*, 9 April 1990). While disputing the statistics, Mayor Maynard Jackson's office pointed out that crime prevention had been his leading campaign issue and the "central issue" of his first months in office. The Mayor was supporting a staff increase of nearly one-third in the police force (ibid.). Just between 1988 and 1989, drug prosecutions increased 150 percent in Fulton County (*Atlanta Journal and Constitution*, 17 January, 15 March, and 26 March 1990).

Things were worst where the poor were most concentrated and isolated. Residents in Atlanta Housing Authority projects called on the government to declare a "state of emergency" and send in the national guard to act. There had been more than fifty people killed in drug-related violence in the projects in a year. There were massive police sweeps in early 1990, but the additional effort was only temporary (*Atlanta Journal and Constitution*, 17 January 1990).

The problem was not likely to yield to laws requiring longer imprisonment. The state's prison population soared by 58 percent from 1978 to 1988 under the impetus of conservative law and order policies. By the end of the decade, the state was involved in a \$150 million prison construction program, was holding 4,000 state prisoners in inadequate county jails, was planning to release thousands of prisoners early, and was seeking more alternative solutions. State Department of Corrections Commissioner David Evans observed, "We're never going to build our way out of the problem" (*Atlanta Constitution*, 23 April 1989). The state had been following a policy of putting large numbers of young people, including a very high fraction of young black men, in prison, but crime continued to soar. One problem was that most prisoners and all juveniles serve their term and are released after a few years, but there were no major programs to get the growing numbers of ex-offenders to work and back into the society. The state's overflowing prisons were turning con-

vict-free before completion of their sentences to avoid building still more facilities. By early 1990, however, about one-sixth of those released the previous year had already been caught and sent back for new offenses (*Atlanta Journal and Constitution*, 3 April 1990).

The Atlanta experience strongly suggests that the conservative theory of deterrence through rigid mandatory sentencing without rehabilitation was not working. Hundreds of millions of dollars were committed to this theory in Georgia and most other states in the 1970s and 1980s. There was no serious evaluation by state government of its efficacy and the responsible officials now have little confidence in the basic assumptions. Strict and punitive imprisonment without policies for rehabilitation, re-employment, and strong parole supervision constantly pump back into the most depressed parts of the urban economy and society large numbers of people with advanced training in crime, networks of criminal connections, and virtually no marketable talents or possible employment in the private economy that would enable them to support themselves and their children.

#### Recognizing the Racial Dimensions of Urban Problems

There is a self-perpetuating and deepening cycle of inequality that maintains segregated and fundamentally different societies within metropolitan Atlanta for blacks and whites. Even under economic conditions so favorable that most American cities have no real hope of equalling them, many young blacks were shut out. Assumptions that a prosperous free market and a less coercive government would close the gap have not been fulfilled. Nor have suggestions that a planned economy with low overall unemployment would solve black problems.

The Atlanta experience shows that it is essential to confront the issue of racial discrimination directly, as the color line remained an extremely powerful force in distributing opportunity and destroying aspirations. Young blacks did not have equal preparation or opportunity at any stage of life.

#### Beginning Again

It is much easier to describe problems than to prescribe changes. There is no way of being certain about the impact of a new policy. There is often a kind of bias in policy discussions that limits possibilities to what has already been tried. If a tentative, short-lived version of a social reform

failed to produce results, we may assume that the approach was worthless, rather than that it must be tried in a more intensive way for a longer time. Neither proposition, of course, is necessarily true. Atlanta has seen no serious efforts to attack the urban color line, leaders of both races as well as federal and state authorities have tacitly accepted racial separation on an ever expanding scale on the assumption that fairness could be achieved, somehow, in the absence of integration. They assumed that separate could be equal in contemporary metropolitan America, even though there is no evidence that this has ever been true in any American city.

Nationally, the late 1960s through the early 1970s was a period of experiments with job training, but the results may be unduly pessimistic because it was a period of declining economic growth with an expanding work force swelled by the simultaneous impact of the postwar baby boom generation coming of age and the flood of women into the workforce. A series of recessions in the 1970s and the worst recession in fifty years in 1981-82 all meant that market conditions were very poor for the absorption of the most marginal sector of the labor market: young, poorly educated blacks and Hispanics living in areas a long way from the outer suburbs where most of the new jobs were being created. Educational and training programs are least effective when labor market conditions are difficult.

Conditions will be more favorable in the 1980s when a drastically smaller cohort of young people entering the labor force will create highly favorable circumstances and a very tight market for entry-level workers if the economy is relatively healthy. Under these radically different circumstances, the economic value of training for the most disadvantaged workers would be higher.

#### What Must Be Done? REVIVING CIVIL RIGHTS

Restoration of civil rights enforcement is a fundamental goal for all programs. Reversing deep and worsening racial inequalities requires investigation of discrimination and a vigorous response where it is found.

Federal civil rights enforcement has been rendered meaningless in the 1980s. Civil rights agencies overseeing housing, schools, colleges, job training, and employment agencies should require those receiving federal funds to develop and implement plans to assure equal access for minorities and to let underrepresented groups know about opportunities.

They should aggressively monitor and punish any clear discrimination by individuals or institutions. The state of Georgia has no significant civil rights enforcement and the city of Atlanta has no capacity to reach the large issues of state policy or the discrimination that occurs in the suburbs where most of the opportunities are located.

The first imperative is the appointment of federal civil rights officials and judges who are familiar with civil rights laws (especially the 1988 fair housing law), who support their enforcement, and who are receptive to evidence of discrimination. Staffs decimated by Reagan-era cuts and demoralized by ideological purges need to be rebuilt.

Federal agencies providing dollars to public schools, colleges, and job training institutions must be redirected and rigorously monitored to insure that minorities are not excluded. Federal agencies should fully enforce outstanding court orders, compliance agreements, and consent decrees to which the government is a party. The 1988 action by the Justice Department advocating dissolution of existing school desegregation orders in various parts of Georgia and the 1989 decision by the Education Department to ignore the failure of the state's higher education desegregation plans were shocking examples of negative federal leadership.

Federal leadership will not, of course, be decisive. Atlanta needs strong private advocacy organizations, with research capability, to work on a metropolitan scale on such serious issues as housing segregation and lack of access to suburban jobs.

More positive approaches are also critical. Under the Nixon administration Congress enacted the Emergency School Aid Act, which provided federal aid to school districts undergoing desegregation and helped in achieving the necessary educational changes and improved race relations. This program was repealed in the first Reagan budget. Under Presidents Ford and Carter, local governments were required to prepare Housing Opportunity Plans that set out methods for helping lower-income families move into their communities as a condition for receiving federal community development aid. That requirement was also ended. Since 1964 there have been federal grants to support preparation, recruitment, and retention of minority college students, but they have served only a very small fraction of those potentially eligible. All of those efforts need to be revived. Institutions should be recognized and rewarded for progress toward equal opportunity and full integration.

Litigation could also become a more effective agent for change, despite the ideological shift in the federal judiciary under Reagan, if advo-

cates of black rights have adequate financing and appropriate targets are sought. The DeKalb County school desegregation order in 1989 shows the continuing possibilities of raising unpopular issues through the judicial forum even in a highly conservative era. In a number of other cities, the inner-city school board has joined with civil rights organizations to sue its state government to obtain resources needed to repair some of the damage caused by separate and unequal schools. The state of Arkansas settled such a case with Little Rock in early 1989. When challenges to even limited gains arise, such as the lawsuit against minority set-aside contracts in early 1989, civil rights policies need skilled and powerful defense. There has been no coordinated program of civil rights litigation in the Atlanta area at any point during the past several decades. As the metropolitan scale of the racial inequalities becomes apparent, this is badly needed.

#### A METROPOLITAN APPROACH

Young blacks in a metropolitan area where economic conditions are among the best in America face a growing racial gap in all the institutions studied. Young black males are especially at risk in education and job training. If these problems are to be addressed, there must be policies that explicitly recognize the racial dimension of the problem, that affect many different institutions in the public and private sectors, and that are carried out on a metropolitan scale.

During the last generation metropolitan Atlanta has been through a massive economic transformation in which the suburbs have clearly become dominant. Racial issues, however, have received very little attention, even in the inner city. The city's black political leadership has acquiesced in the preservation of segregation in the public schools, the largest major urban race issue that has been brought into the federal courts in Atlanta. There has been no significant initiative of any sort to desegregate housing in the rapidly growing suburbs or to increase blacks' access to a reasonable share of the newly created jobs.

Racial equality has not happened spontaneously and does not appear when blacks take over inner-city institutions. It needs to be monitored and planned for, like any other basic urban goal such as transportation or pollution control. It is wrong to think that middle-class blacks who rise in politics or in governmental and educational bureaucracies in the city will necessarily take care of the interests of poor blacks. While they tend to be sympathetic, some are under pressure to keep poor blacks concen-

trated in certain areas, some have even tried to make political hay out of conservative notions. Under black control, the Atlanta school system accepted segregation and, through the use of highly misleading test results, reported that the segregated system was working.

Atlanta is rapidly evolving into an inner city with similarities to Washington, D.C., a community with black leadership but peopled by poor blacks and affluent whites, each participating in an economy requiring highly trained workers. In the suburbs, where more black children and all but a tiny fraction of young whites are growing up, segregation is spreading rapidly. The largest school system in the metropolitan area, DeKalb County, is now majority black and experiencing rapid racial transition. There has been no planning for the integration of schools or housing, and civil rights groups pressing for change in the courts have been stymied by lack of funds.

Public agencies, including the Atlanta Regional Commission, regional educational organizations, transit agencies, and the state job training office need to systematically monitor and report on services to and achievements of blacks and whites in the metropolitan areas and to devise plans for opening up opportunities across racial lines. Private efforts are needed as well—by research centers at universities, by civil rights organizations, and by business leadership—to prepare specific agendas for greater opportunity in each sector of life in the region. If public agencies continue to ignore the issues, private philanthropy should finance investigations and civil rights litigation as this may be the only way to force some of the vital issues of black rights to the point of decision.

#### POVERTY AND INCOME INEQUALITY

At the root of many of the racial inequalities in metropolitan Atlanta are tremendous differences between black and white families in income and wealth. These differences reflect the present-day consequences of discrimination, exclusion, and unequal education in the past. The 1986 data for the entire country show that black families' median income was only 57 percent of the white level, down from a high of 62 percent in 1975. And 31 percent of all blacks in the United States lived in poverty, three times the white level (*Focus*, October 1987: 4, 8). The Annual Housing Survey data on incomes in metropolitan Atlanta between the mid-1970s and early 1980s shows that the racial gap in income increased in metro Atlanta and that black families had an average income only 54 percent of the white level. The gap between city and suburban incomes was becoming wider.

The racial income gap is a basic reason why there is such strong concern about inequalities in education and training programs intended to make opportunity more equal. We need policies to make these programs more equal and to break through the color line separating black and white communities.

Poverty works together with the housing market and with the operation of various major institutions so that those who have the least get the worst housing in the most dangerous neighborhoods and have to move often because they cannot keep up with rent and utility payments. With the worst housing come the worst schools and the most devastating social climate for children to grow up in: high schools where few students are expected to do serious post-high-school work and many are expected to be involved in crime or teen pregnancy. The poorest ghettos are virtually untouched by the metropolitan job boom. Every teenager knows of dedicated, religious, hard-working people who endure long bus rides to be maids in other people's homes and who work full time for poverty-level wages with no benefits or retirement plans; of adults with high school degrees working at minimum-wage, dead-end, fast-food jobs who make less in a week than a street hustler can make in a few hours. There are few intact families, almost everyone who has real prospects for their children has left.

Even those middle-class blacks who come into poor ghetto communities every day as teachers, policemen, and welfare workers may have intensely negative attitudes toward inner-city people. Seldom, for example, does a black teacher entrust her own children to an inner-city school.

The conservative movement of the 1980s ushered in a set of tax cuts for the middle and upper classes and benefits cuts for the poor that made an already skewed income distribution substantially more unequal and then discouraged any serious political debate over those policies. Tax policies increased the share of income going to the wealthiest two-tenths of the population between 1977 and the late 1980s (*Washington Post Weekly Edition*, 23 November 1987; U.S. Congressional Budget Office 1986, 23-38). These growing inequalities, very apparent in metropolitan Atlanta, have obvious racial implications. To believe that the educational and training institutions can create more equal opportunity while we implement policies transferring more income from the poor to the rich is absurd. This trend must be reversed.

There were other policies designed to make the poor poorer. The failure to raise the minimum wage from 1981 to 1989 meant a sharp drop in

real income for millions of people working at or just above that frozen level. The real value of AFDC payments fell by more than one-third nationally between 1970 and 1989. The monthly AFDC payment in 1989 for a family of three in Georgia was \$270 a month (U.S. House Ways & Means Committee 1989, 546-47). The severe reductions of medical care and food stamp eligibility for the working poor, the radical cuts in housing subsidies, and the rent increases for subsidized tenants all made a precarious situation significantly worse (Palmer and Sawhill 1984). As more poor children grow up without basic health care, without secure housing, and without money for decent clothes or school supplies, there are obvious impacts on family hopes and on success in schooling. So long as the black jobless rate is twice the rate for whites, and far higher for young blacks, it introduces an enormous, pervasive bias into the operation of all institutions.

Blacks in metropolitan Atlanta would benefit from a wide range of policies designed to alleviate poverty or improve the life choices of poor people. Vital services—including health coverage, day care, and college scholarships—would help the working poor, who have been hurt severely by the anti-poor as well as the anti-black policy changes of the 1980s. Civil rights enforcement is not enough. Any attempt to make a real difference in the inner city would have to include resources for the provision of affordable housing, transportation to job sites and special schools, upgrading of school offerings, substantial support for higher education, and a very different kind of job training.

#### EDUCATION AND JOB TRAINING

Undoing the deeply rooted inequities woven into many aspects of life and many institutions will require strong and persistent efforts on many fronts. Even if all discrimination were eliminated, the inequalities would be self-perpetuating. If a notice were sent around one of Atlanta's housing projects, for example, that any resident could have free tuition at Georgia Tech, a few miles away, the impact the following fall would probably be negligible because the students living there would not have received the necessary math and science backgrounds in their schools. It is very important to think about the key policies that might begin to produce a change.

#### COLLEGE ACCESS

Although this book shows extremely discouraging patterns of downward mobility for Atlanta area black students during the 1980s, it also contains

clear evidence of the impact of earlier very positive trends. There were extraordinary advances in black access to college from the mid-1960s to the high point in the mid-1970s. Since that time the proportion of blacks in the college-age population has increased greatly, a higher fraction are graduating from high school, and black scores on college entrance exams have improved considerably. If the colleges had not changed their admissions, testing, and financial aid policies, minority access would be increasing rather than shrinking. There seems to be a relatively simple first step toward a solution—reinstating policies and programs that gave poor blacks a chance.

Some of these changes are going to be costly, primarily for financial aid and remediation. Black access was at its peak when federal and state aid were best able to cover the cost of going to college. As Georgia college costs have soared, aid has fallen far behind. Rationing education by price in an area where white family income is almost twice as high as it is for black families means rationing education by race.

The university system and individual campuses have also changed their policies, particularly through entrance requirements and the required test for the upper division, in ways that have reduced black access. State systems of higher education must not be operated on the preposterous assumption that the state has provided a fair system of secondary education.

Each campus needs a plan and the university system needs statewide goals and monitoring. If it was possible to make progress earlier in spite of a much smaller pool of college-ready black students, it can be done again. The federal government should require the submission of multi-year plans to move each college toward better representation of the overall college-eligible population. Lacking federal action, there should be serious consideration of a private suit by civil rights groups against the state university system. So long as a college meets its negotiated goals it should be left with minimal reporting requirements. Colleges are much more comfortable designing methods which suit their own communities than they are facing detailed external decisions. When a college falls seriously behind, it should make changes or face a full-scale compliance review by federal civil rights officials. Federal funds should be cut when reviews show failure to meet commitments.

It is most important to make sure that more of the black high school graduates are ready for college and seriously consider their options for attending college. To be ready, they must be told honestly throughout school what is needed to go to college, be offered real college-prep

courses taught at competitive levels, and have strong counseling. In inner-city high schools where there are so few college-bound students that serious precollegiate training cannot be offered, students intending to go to college should be advised to transfer.

Atlanta students now have only limited opportunities to transfer to more demanding magnet schools. These choices should be expanded and there should be a serious effort to obtain access to available spaces in suburban high schools. Lawsuits by the St. Louis, Little Rock, Milwaukee, and Indianapolis school boards have won such access for substantial numbers of black inner-city students to suburban high schools, with the state government paying the bills. The Atlanta school board should consider this option.

Colleges should inform high schools and parents when their students have not been adequately trained. The state government should reconsider its teacher test requirement, which is shrinking the pool of minority teachers in a state with a very large number of black students. The colleges with the best teacher training programs should be required to establish firm goals for increasing the enrollment and graduation of black teachers, counselors, and administrators to offset the loss of certified black professionals elsewhere.

Colleges could also help expand the pool of blacks fully ready for college through early identification of students with college potential in disadvantaged schools and communities. This has been done successfully on a small scale for twenty-five years under the Upward Bound program, which has demonstrated that students with college potential exist in every inner-city community. Students identified in the late elementary or early high school grades should be provided with special summer and weekend instruction in basic pre-collegiate skills. Many campuses across the United States have successfully run small programs of this sort for years.

Special efforts need to be made to reach young black men, to persuade them that serious dedication to study is an important and legitimate thing, and to show them that it has a high payoff. Many young men in the ghetto have no father at home and are strongly influenced by a peer group which ridicules studying and where the norm is dropping out of school and anti-social behavior. Young men in this setting need targeted efforts to legitimize study and to put them in contact with successful adults. In areas such as Atlanta with predominantly black colleges and powerful black leadership, there are many resources to draw on. The

Atlanta organization, One Hundred Black Men, provides one model of positive community involvement. The last wave of reform in college access, in the late 1960s and early 1970s, was much more successful in increasing admissions than in getting black students through college. Our research shows that retention remains a very severe problem in metropolitan Atlanta. Resources for pre-college remedial work, counseling, peer tutoring, emergency loans, and other forms of assistance to help students survive the transition to a much more demanding environment—more readily available on private black campuses than on public ones—are critical.

#### JOB TRAINING PROGRAMS

The existing federally funded job training programs in metropolitan Atlanta have spent most of their money on superficial training of high school graduates who are not severely disadvantaged and who would probably find work anyway. The most fundamental need is to change the system's focus from one of producing good statistics on high placements at low costs to one of helping those least able to find work to obtain the basic skills and experience that will qualify them for a job. Atlanta area training programs need more effective outreach and support services. They need to build stronger ties with the public schools for dropout prevention and for more effectively linking school performance to summer jobs and eventual full-time employment. The summer job program needs a much stronger educational component.

New performance standards should be developed by state and local officials to address the most severe barriers to employment, including dropouts, people with very low test scores, and ex-offenders. There should be modest living stipends, contingent on regular attendance and progress in training, for young workers who cannot otherwise afford to learn basic skills.

Data should be regularly collected and published on types of training by race and sex. Statistics indicating unequal treatment should be investigated by civil rights officials.

And in order for these programs to be effective, training should be targeted to jobs that provide a reasonable entry-level wage and an opportunity for moving up to a solid income. If these jobs are being created mostly in the suburbs, state, city, and suburban officials should work with job discrimination agencies for the placement of inner-city black workers rather than recruiting whites from other regions.

No employer should be permitted to leave behind a heavily minority work force in an inner city, to move with governmental subsidies to an outer suburban all-white area, and to then use the lack of local black residents as a defense against affirmative action requirements.

It was probably a mistake for the city of Atlanta to insist on separate job training agencies rather than one covering the metropolitan labor market. Business leaders recommended a unified approach in the beginning. In this instance, what would have best served their long-term needs would probably have been best as well for low-income, jobless minority youths. There should be a merged agency or, at least, very active sharing of job training slots and job listings. The well-known difficulties of any inter-agency coordination argue strongly for a single agency with an aggressive policy of connecting workers in need with suburban employers with unfilled jobs. The state government should work to facilitate this effort.

The fundamental mismatch between burgeoning suburban jobs and concentrated inner-city poverty is a root problem for poor blacks in the city. In the future, it may well become a basic problem for businesses in the outlying locations where entry-level workers may soon become scarce. Transportation and affordable suburban housing are long-term ways to obtain suburban jobs. Suburban officials and corporations should be asked to locate large concentrations of jobs where they can be linked through mass transit to the inner city. Even the best education and training systems cannot prepare workers for jobs that are physically inaccessible.

There should also be summer jobs funded by the JTPA summer youth program with strong educational components for low-income city students making satisfactory progress in school. For students with severe basic skills problems who are unable to function in a normal high school, there should be an expanded Job Corps or the establishment of a new program like the American Conservation Corps passed by Congress but vetoed by the President in 1985. Some young people need a radical change in environment and a highly structured program to turn their lives around. Job Corps has the best track record of any federal job training program. When even the most vigorous placement efforts cannot obtain work for a trainee, the government should become the employer of last resort under a carefully targeted and limited public employment program.

#### PUBLIC JOBS

One solution to the problems of poverty and unemployment that was even seriously discussed in the 1980s in Atlanta was the one most favored by local blacks. When asked what was the key to helping the poor middle-class metro Atlanta whites favored education by a large margin. Both low-income and higher-income blacks, however, gave highest priority to government jobs, as did low-income whites. Low-income blacks favored government jobs or jobs in private business over education by a three-to-one margin. Obviously, they felt that jobs were essential for changing their status, and they were not confident that either education or the private market were able to solve their problems (*Atlanta Constitution* staff 1981, "Black and Poor," 28).

The white belief that education would solve the problem of black joblessness was belied by the fact that black unemployment grew as black high school completion rates increased. Throughout the 1980s job training programs were run as if there were adequate numbers of jobs available in all parts of the area; that assumption may need reconsideration in light of the employment and placement data in this book.

#### HIGH SCHOOLS

The data in this study show profound and persisting differences in schooling by race and income, especially with regard to dropouts. Almost 10 percent of city students are lost before graduation and the recent trend is upward. There may well be a link between policy decisions raising standards for high school completion and the recent rise in dropouts. There is abundant research showing that Atlanta's policy of flunking many students and retaining them in grade for a second or third year is powerfully linked to higher dropout rates.

There should be a full-scale evaluation of the impact of reforms in Atlanta Public Schools and in the Quality Basic Education Act (QBE) on the dropout rate. If the policies have increased the dropout rate and significantly increased achievement, they should be reversed.

There must be a large-scale commitment to "at-risk" high schools, focusing on school-work coordination, college preparation and counseling and instruction evaluation, as well as dropout prevention.

High schools should make very strong efforts to retain young minorities and to break the social pressures leading to dropouts. There should

be a similarly urgent effort to prevent women who become pregnant as teenagers from simply checking out. Schools should be evaluated and rewarded for accomplishments in these fields as they are now for achievement scores.

Another very important way to diminish the effects of inner-city isolation is to develop policies explicitly intended to give low-income children experiences in middle-class settings. This is, of course, a principal goal of school desegregation and one of the most important consequences of housing desegregation, particularly of policies that permit low-income families to live in middle-class areas.

If there were not the very close association between race and poverty and unequal education documented for metropolitan Atlanta, there would be far less reason to be concerned about the consequences of segregation. If blacks and whites had similar incomes and family educational backgrounds, there would be no reason to expect sharply unequal schools or any serious concerted campaign to transfer from one kind of school to another. In fact, however, educational and residential segregation by race, superimposed on a system of fundamental economic inequality by race, means that when students are not only kept separate in schools but that the schools are not connected to opportunities in the mainstream society, basic change is needed.

Racial desegregation, particularly on a city-suburban basis, could put significant numbers of low-income young people in predominantly middle-class schools. Low-income black children who cross the color line usually also cross the class line and find themselves growing up in a setting with many more middle-class fellow students than those that remain in the all-black schools.

School desegregation is the only available way to break out of the self-perpetuating cycle of racial isolation on a significant scale in the foreseeable future. It has many limits, of course, including the fact that the child returns from the middle-class school to the poor family and neighborhood each night and spends most of his time in an environment that conflicts with rather than reinforces the school.

Large-scale housing desegregation would have an even greater effect, but is much more difficult to achieve. There is, however, significant evidence to show that desegregation in predominantly middle-class settings from the beginning of schooling can have an effect on academic achievement, on college attendance and success, on employment, and on adult functioning in an interracial setting. These are very important effects and

the extreme segregation of black children in metropolitan Atlanta denies them this opportunity.

Atlanta city officials should seek ways to open up opportunities for education across racial and class lines. Within the suburbs where the racial future is still very much in the balance, black and white leaders within each suburban district and in the metropolitan Atlanta region as a whole need to make it a priority to work for stable school desegregation.

Housing is an absolutely central issue because nothing else so strongly determines the family's situation in the overall community. Without being able to afford housing where the family can stay securely, there is no basic stability in a family's life and no consistent lasting relationship with institutions, friends, and community. Housing determines access to schooling, safety, friends for the children, and the ability to get to work in a reasonable time. Without stable housing, for example, schooling may be constantly disrupted in a way that makes it almost impossible for the child or the school to succeed.

Until incomes rise greatly in metropolitan Atlanta, there will be an enormous unfulfilled need for subsidized housing. This has always been a federal function in terms of financing and regulating the operation of the housing and a local function in terms of selecting sites (with federal approval), renting to tenants, and maintaining the units. Atlanta's massive and turbulent urbanization is occurring in a period when the major resources for creating new subsidized housing for families have been eliminated and civil rights regulation of scattered-site housing has disappeared. Low-income families in metropolitan Atlanta, a very disproportionate number of whom are black, badly need subsidized housing near the job centers. If it is to be accessible to blacks, that construction must be accompanied by strict civil rights regulation on the location and tenant selection policies.

Almost twenty years after the passage of the federal fair housing law it is apparent that the law has had a major effect on the social structure of the Atlanta metropolitan area and on the economic stratification and sub-urbanization within the black community, but almost no impact on the overall severity of racial segregation in the metropolitan area. Under fair housing, the black middle class has found it much easier to expand outward and the boundaries of the black residential areas have expanded very rapidly, well into parts of suburbia. Nothing has been done, however, to produce significant lasting residential integration, and there is almost no organized effort for housing integration.



Research elsewhere has shown that stable integration is far more possible than it was in the past and that it has strong benefits in terms of jobs, education, and investment, but that it rarely occurs by accident. Between 1963 and 1990, for example, the percent of whites who said that they would move out if a black family moved in next door fell from 45 percent to 5 percent. (Gallup Poll in *Minneapolis Star-Tribune*, 13 June 1990, 18a). There are so many powerful forces in the housing market and in peoples' expectations that ghetto expansion is the overwhelmingly likely outcome in the absence of skillful and concerted efforts to maintain integration. A vital part of the strategy for equal opportunity in Atlanta should be integrated housing.

#### LEADERSHIP

Reversing the backward trends of the 1980s will require, at the outset, clear recognition that racial problems have been getting worse, that this threatens the entire community, and that institutions must reach the people who have been excluded. There must be leaders willing to raise large, uncomfortable issues about the need for basic racial change in the metropolitan area. Things are not working out well, and opportunities for young blacks are shrinking in ways that suggest that hard questions have to be faced. Even on less controversial issues, the preparation of at-risk youths for post-secondary schooling and jobs requires special efforts by many people if cycles are to be broken. Leaders must help them understand why and reward successful performance.

The shared sense that the nation as a whole faced a fundamental legal, social, and moral crisis played a vital part in the movement of the last generation toward equal opportunity. That sense has been lost in the 1980s. The clear evidence is that the door to opportunity has been closing for young blacks in metropolitan America and that commitments must be revived and new policies forged to reopen that door. The problems are deep and will require a new vision of a city without rigid color barriers and with many institutions working to make opportunity a reality rather than a tarnished slogan for black Atlantans.

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SENATOR SARBANES. Thank you very much.  
Mr. Berthoud, please proceed.

**STATEMENT OF JOHN E. BERTHOUD, LEGISLATIVE DIRECTOR,  
TAX AND FISCAL POLICY, AMERICAN LEGISLATIVE  
EXCHANGE COUNCIL**

MR. BERTHOUD. Thank you, Mr. Chairman, Congressman Mfume.

I come before you today. My name is John Berthoud. I am with the American Legislative Exchange Council. Professor Orfield has prefaced my remarks. I guess I should say a couple of things about some of the earlier speakers today, and I hope my comments later on will elaborate and fill out some of these details.

I guess, I have mixed feelings on the foreign policy comments, and on some of the remarks on domestic policy.

I do not come before this Committee to say that aid to the states and cities is a bad thing, necessarily. I do not come before this Committee to say that some of the ideas that have been talked about today are bad. I actually heard some very good things today, some very good ideas.

I come with a broader focus which represents my organization, the American Legislative Exchange Council.

The first point that I wanted to make, people in this city, Lowell Weicker back in my home state of Connecticut, and others, have made the point that the problems of the states and the cities—they usually use a variety of reasons—the first, they point to cuts in federal aid or cuts in federal programs.

Our research seems to indicate that's just not the case. I have here Exhibit 1, which shows inflation adjusted and federal aid to states and cities. Bill O'Neal, the old governor of Connecticut, used to bemoan the cuts in the Federal Government aid and say that that was the reason in 1989 that he was having deficit problems.

You can see by the numbers that federal aid had been rising steadily before that, and the big cut he was referring to happened ten years ago. At least I can speak to the experience of Connecticut, that they had, not too long after the cuts were made in federal aid in the early 1980s, substantial surpluses and a lot of money to throw around in Connecticut, which they did.

Exhibit 2 puts an X-axis and Y-axis on federal aid and state budget balances. And you can see, there's no apparent correlation between the two. Some states, in some years, with very high—this is inflation-adjusted federal aid—had low budget balances in the aggregate, and some states, in some years, with very low federal aid, still did okay.

So it's my contention, and there's certainly obviously mandate issues which—

SENATOR SARBANES. I do not understand how that exhibit works.

MR. BERTHOUD. Well, what that is, it's not a chronological ordering of the years. It's the years of the past ten years, ordered by the amount of federal aid in inflation-adjusted dollars. And what you do is, for example, let's say 1990—which is the third point from the right—federal aid, it looks like it was about \$100 billion. States, in the aggregate, their budget balances were about 3.5 percent surplus.

The individual items you are exploring are the particular years. The federal aid juxtaposed to how they did in terms of the states in the aggregate, in terms of their budget balances.

Now, federal aid, which is what many people seem to be claiming, is the sole determinant, or a major determinant, where you would expect to see a line that would go from the lower left corner to the upper right. It clearly is not the case.

SENATOR SARBANES. Why would you expect to see that?

MR. BERTHOUD. Well, a year with higher federal aid, if federal aid was a major determinant, a low year, or a year with low federal aid, would be to the left on the X-axis and state budget balances would, in the aggregate, be very low. If this thesis was correct, a state with a year of very high federal aid, you'd expect to see high budget balances.

SENATOR SARBANES. Are not the budget balances more closely related to the state of the economy?

MR. BERTHOUD. That is certainly a factor. But, Senator, the point I am making—

SENATOR SARBANES. It is a big factor, isn't it, whether the economy is in a recession or not?

MR. BERTHOUD. Absolutely. And Senator, the point I am making is that federal aid, *per se*, while it's a factor, I would say, at most, it's a very small factor.

The economic effects obviously are very important there. But federal aid, in the midst of everything else, seems to wash out.

SENATOR SARBANES. You say that it is a factor, but not the major factor.

MR. BERTHOUD. A very small factor. The claims of those wanting more money to solve America's public policy problems are many. More taxing and spending on top of what happened in the 1980s would impose what I would consider to be an intolerable burden on our citizens.

I am jumping around in my text.

To me, the fiscal problems in the states and, yes, certainly, Dr. Orfield again is correct, the mandates have played a role, but to me, the central problem for state budget balances and limitations on state resources are spending.

I will not recite the numbers. We can discuss them if you like in my text, but they are there.

The bottom line is that the states in the past two years raised \$29 billion in new taxes. And during the 1980s, the amount of state taxes paid per person doubled. Federal money has been coming in. State money

has been coming in. The problem in the aggregate lies, Senator, I believe, in the spending.

And, again, I would say that this is not a categorical denunciation of all spending. Some of these programs, some of the ones today, seem to be very good programs, and this is not to say that they should be cut. But what I would suggest is that we revisit some of the areas where this money is going to.

Education—year after year, in the state legislatures, you hear people coming forward and using the catch-words, we have to invest in America, etc. And that is certainly true.

But, Senator, for 25 years we have listened to the education establishment send money to American schools with, as far as I can tell, in aggregate statistics, very little return.

There are numerous towns in Connecticut, when I did analysis up there, who had doubled their spending per pupil, and that's after inflation during the 1980s and 1970s, with no appreciable return.

Mr. Chambers' comments were intriguing. I would certainly agree with some of them. I would change the focus and say that it's not, let's beat up on George Bush and the Federal Government because the dollars haven't been coming down. The dollars have been coming down. It's a question of reprioritizing them.

We just commissioned a study that looked at compensation in state and local workers. The bottom line is, the state and local workers received compensation far exceeding what their private-sector counterparts got.

If state and local compensation had risen at the same rate in just the 1980s, as it had in the private sector, there would be \$47 billion more dollars in state coffers. And we don't have to go after taxpayers for more dollars for some of these programs that do work.

Privatization was also mentioned earlier today in a critical tone. I am not sure why. Selling your BWI or selling a bridge to let it be run more efficiently through the private sector, in my opinion, is not going to harm the public good, as long as the services remain. If we can do things more efficiently and run things better, that frees up money to either avoid going back to middle America and asking them for more taxes or whoever, or it frees up money for some of these programs that do work.

So I would come before you and say, that is an important exercise to find the programs that work. But I would say there are many places to go before we go after the American taxpayer for more dollars to pay for more programs.

Thank you.

[The prepared statement of Mr. Berthoud follows:]

**PREPARED STATEMENT OF JOHN E. BERTHOUD**

Good morning.

I am John Berthoud, the Legislative Director for Tax & Fiscal Policy with the American Legislative Exchange Council, a bipartisan organization of state legislators located here in Washington, DC.

I come here on the invitation of the minority office to address a broader aspect of these hearings – are the fiscal problems of states and localities due to actions of the federal government or due to their own actions? And given the answer to this question, what is the best remedy for our states' and cities' problems?

Given my organization's interest in state government, this will be the main focus of my presentation.

**I. Federal Government Aid Cuts Are Not The Cause of State Fiscal Problems**

Since the late 1980's, states have increasingly been under the burdens of large budget deficits. Why?

The popular current wisdom, being espoused by politicians such as Mario Cuomo, Lowell Weicker and many members of Congress, holds that federal aid cutbacks are the most important cause of state budget problems of the 1990's. This argument does not hold water.

First, by most historical measures, the states are getting tremendous amounts of money from the federal government. In Fiscal 1991, states and localities will get over three times what they did fifteen years ago. After inflation, state and local aid grew by 10% over the past decade.

Second, the cuts in federal aid, such as they were, happened in 1982. Since then, federal grants to states have experienced almost continual growth. If federal aid cuts were going to cause problems for the states, it would have been in the mid-1980's -- but during this time, state budget coffers were full.

Exhibit 1, which is inflation adjusted, makes clear that federal aid is, by historical standards, quite high. It also makes clear the trend of growth in recent years.

Exhibit 1.

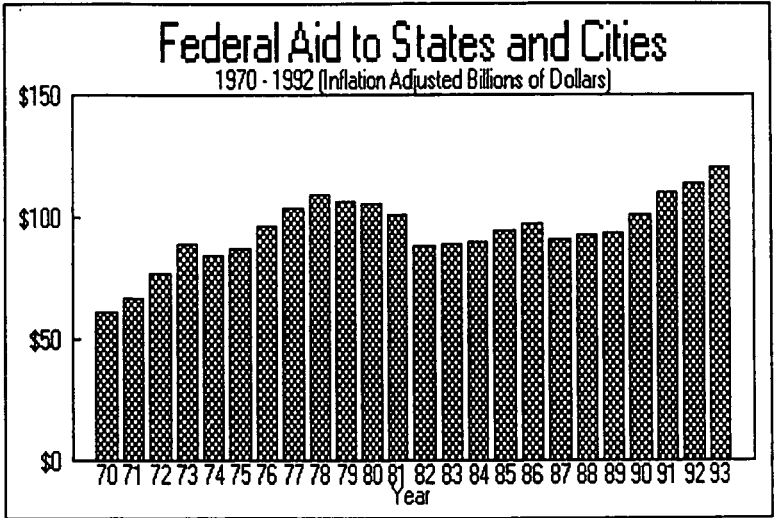
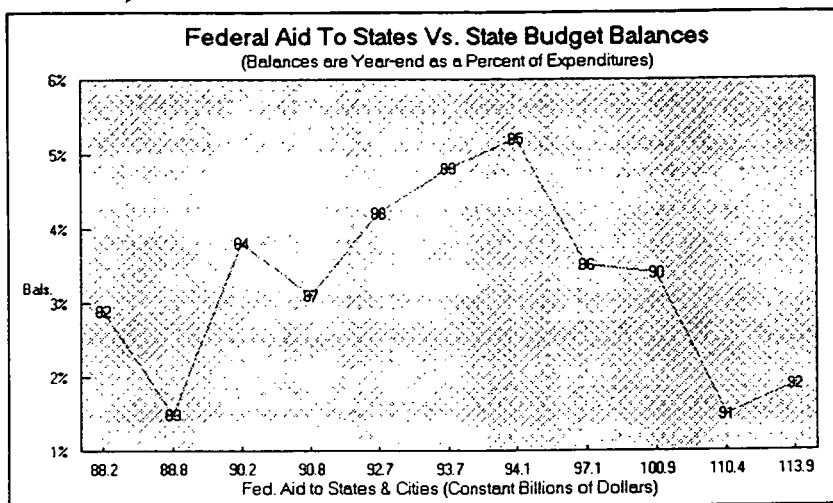


Exhibit 2 provides more compelling evidence. It contrasts year-end state budget balances (as a percent of all state spending – the Y axis) with inflation adjusted federal aid over the past ten years (the X axis). There is no correlation between higher federal aid to the states and better state budgetary outcomes or between lower aid and worse outcomes. There are some years with high aid and low budget balances. There are some years with low aid and high budget balances. There is no clear trend on the chart - a given level of federal aid, high or low, has little to do with state budget balances.

The basic conclusion to be drawn is that state fiscal problems have little to do with federal government aid.

## Exhibit 2.



## II. State Spending Is The Cause of State Fiscal Problems

So federal aid to states has been growing at a healthy clip in almost every single one of the past dozen years and has not been a cause of state fiscal problems.

Could it be that state budget problems are because of a lack of state tax revenues? Are states undertaxing their citizens? No. States have raised tremendous amounts of revenue themselves. Consider these points:

-In the 12 month period ending June, 1991, state and local governments collected \$513.6 billion in taxes.



-From 1980 - 1990, states raised taxes by more than \$100 billion, adjusted for inflation and population growth.

-In the past two years, states raised \$29 billion in new taxes.

-The amount of state taxes paid per person doubled during the 1980's.

It is state spending that is the source of the states' problems. Spending commitments by states have far outstripped state revenues, which as we have seen grew very strongly during the past decade.

According to the Census Bureau, state spending in the 1980's grew by 8.5 percent, double the rate of inflation. After inflation, this translates into annual growth of 3.3 percent every year.

The number of state public employees grew by over one-half million in the same decade. Since 1960, the number of state employees as a percentage of the population has doubled.

Governor William Weld of Massachusetts, when discussing his legislature, summarized the trend of spending excess across the country – state politicians simply lost the capacity to "just say no."

### **III. More Taxing & Spending Is Not The Answer to State Public Policy Problems**

The claims of those wanting yet more money to solve America's public policy problems are many. More taxing and spending on top of what happened in the 1980's

would impose what I would consider to be an intolerable burden on our citizens and businesses. Thus, to meet the truly important demands, state government, like all other levels, should now first be looking at spending cuts and savings.

The states have to make hard choices in terms of spending. Fortunately there are, contrary to the myth being propagated by the big spenders, options for states.

I will mention two. First are cuts in the state work force and their compensation.

The raw numbers of state employees, as I note above, grew at an astounding rate and of course must be examined.

Above and beyond the greatly increased number of state employees over the past decade, the wage and benefit increases that they got were far and above what the rest of society received. From 1980 - 1990, state and local employee compensation increased in real terms at six times the rate of private sector employee compensation. If state and local employee compensation had risen at the same rate as that in the private sector, \$47 billion less would have been spent in 1990. Alternatively, of course, this is money that could have been spent by states in other, more needed ways.

States have got to start saying no to public unions. Some have made cutbacks and enacted some limits, but almost all of the excess hiring and compensation that was enacted through the 1980's remains. Much more can and should be done.

The second area I will mention is privatization. We at ALEC have recently commissioned a study to examine trends and possibilities for privatization on the state and local level. The findings are very encouraging. Some 80 percent of respondents in a 1988 survey of state and local governments on the topic of privatization reported that

they achieved savings of 10 to 40 percent through privatization. States and localities have achieved these savings in a whole host of areas including prison construction and maintenance, highway construction and maintenance and airport building and maintenance. The President's expected announcement today making it even easier for state and local governments to sell assets will help further spur the movement towards privatization in our states and cities.

And of course beyond these two steps, states should examine all programs that they are spending money on. Again, followers of the conventional wisdom are out there calling for yet more increases in the amount we spend on areas such as education. Justifying these claims is rhetoric such as we need to be investing more in America. Well, I would suggest that we pause and look at the investment we have already put in, what we have gotten for it, and where we are going.

In education, for 25 years we have listened to the education establishment say that just a little more money will turn the corner on the problems of the educational system in America, yet for 25 years we have seen almost steady decline. Many communities spend twice as much per pupil (after inflation) on education today than they did 20 years ago but have absolutely nothing to show for it. I suggest that it is not more dollars but more creativity that we need in our education programs, but that is the subject of another day.

In terms of what the federal government can do for states and localities, the most important thing is to ease up on regulations. Since it is excessive state spending that is the cause of state problems, giving them more money, which they have already spent too much of, is hardly the answer.

More state aid will only propagate more wasteful, inefficient spending. And not only does economic analysis dictate that federal tax dollars should be returned to the people and not sent to state bureaucrats, but this is what the people want too. Surveys earlier this year showed of all the options at the federal government's disposal to get the economy moving again, tax cuts were the most popular. 4 in 5 Americans want some type of tax cut to spur the economy.

More generally, if the federal government is interested in getting this economy back on track, it will curb entitlements, cut spending, lower taxes, cut regulation and get out of the way of the American capitalist system.

Thank you.

SENATOR SARBANES. I would like you to read the last paragraph of your statement into the record. I think it fairly encapsulates the theme of your statement, and I think it ought to be in the public record, if you would do that for us.

MR. BERTHOUD. More generally, if the Federal Government is interested in getting this economy back on track, it will curb entitlements, cut spending, lower taxes, cut regulation and get out of the way of the American capitalist system.

SENATOR SARBANES. Okay. Now, first of all, Mr. Chambers, for the record, I think you ought to tell us a little bit about the Industrial Areas Foundation, if you would.

MR. CHAMBERS. Yes. We are 53 years old, a not-for-profit, 501(c)(3). The founder was Saul Alinsky. I worked for him for 17 years and then took over the executive directorship in 1972.

From day one, all of our funds have come from Catholic and Protestant and Jewish groups, and some very small amounts from very small foundations. So the funding of the foundation does not receive any federal monies. The philosophy and the theory of Alinsky has now been developed into broad-based organizations in about 35 organizations in the country.

We have that summarized in a booklet called, "The 50th Anniversary," that we wrote a couple of years ago. We are now looking at expansion. We're looking at, and I am replying directly to the Chairman's urging several years ago when we came down here—why aren't you in more places? We are starting in Philadelphia, operationally. We are starting in Dallas, Texas, operationally. We are starting in Manhattan. We will have efforts in Trenton. We are looking seriously at Atlanta, Georgia, Chicago and Illinois. We're starting in Sacramento and Seattle.

We have some funds to look hard at the State of Florida, and maybe some day, we will look at the District of Columbia, but not the part right around here.

So we're healthy. We're growing. It takes a combination of independent seed money at the beginning for about three years. The sources we go to tend to be organized denominations. We receive money from Catholic, Protestant, and Jewish sources, to put up the seed money for an organizing drive.

After those three years, it is fully expected that our operations are self-financed and self-supporting, through dues generated from the local units. So any of these alphabet soup names you hear around here, there are anywhere from 30 to 65 to 80 different organizations that make up the broad base. And they are local and they support themselves. And so, operationally, they don't need anybody else's money because they make their own.

SENATOR SARBANES. Good. That's very helpful.

Mr. Berthoud, please tell us about the American Legislative Exchange Council. I have to admit, I do not know about this group.

MR. BERTHOUD. We're a small but growing group in town here. We are bipartisan. We have 2,400 state legislators who are members of our organizations. We are a 501(c)(3) educational organization, and we hold conferences and seminars around the country.

The next big thing on my agenda is a meeting in San Francisco in a couple of weeks on ways for states, or options for states, to balance their budgets without raising more taxes.

SENATOR SARBANES. Where do you raise your funds from to support the organization?

MR. BERTHOUD. All our legislators are members, and we also get some private funding from foundations and corporations.

SENATOR SARBANES. How much of your funding is from your membership fees, and how much from corporations, and how much from private foundations?

MR. BERTHOUD. I couldn't give you an exact breakdown.

SENATOR SARBANES. I am not asking for exact figures. Just generally.

MR. BERTHOUD. Certainly. Roughly, I think, about 20 percent comes from the state legislators. We have, maybe, another 10 percent that we get from registration fees for our conference. Foundations and corporations give the rest of it. I don't know the breakdown between those two.

SENATOR SARBANES. For the record, I am interested in seeing, once more, the chart showing federal aid to both states and cities, as I understand it.

MR. BERTHOUD. Correct.

SENATOR SARBANES. The real item I am interested in is this one—grants to states for Medicaid. These are constant dollars, and you can see what has happened to Medicaid, which reflects the medical-care crisis that we confront in this country. We are the only major industrial country without a comprehensive health coverage plan for our people, without effective cost containment, and with millions of people denied access to health care.

To the extent that there has been any rise in spending, it has been in Medicaid. But this chart shows grants for community and regional development from the federal level—amounts to state and local areas, and it's in constant 1987 dollars. You can see what has happened to the federal support for community and regional development, which is, of course, one of the prime sources for the funding of the kinds of programs that were talked about by the previous panel.

We have to separate out that chart and look at its component pieces—for instance, housing, or job partnerships—if we are going to address the kinds of issues that were raised particularly by the first panel.

MR. BERTHOUD. If I could respond, Senator. The chart there—

SENATOR SARBANES. I assume it includes Medicaid, doesn't it?

MR. BERTHOUD. Oh, yes, it does.

SENATOR SARBANES. Okay.

MR. BERTHOUD. The chart is looking at aggregates. That chart is meant to look at addressing the issue of state fiscal imbalances. It does not address the disaggregated numbers, which you are referring to.

I think I prefaced my remarks, and I certainly would agree that Medicaid reform is drastically needed, and I certainly would agree that, maybe, there has to be some reprioritizing of federal dollars. That is up to the United States Congress, not me.

SENATOR SARBANES. You are for cutting dollars, not reprioritizing them. Is that correct?

MR. BERTHOUD. I opened my remarks by saying, the most important thing is to reprioritize.

SENATOR SARBANES. But you say at the end that you want to curb entitlements and cut spending. That is, reducing the amount of resources.

MR. BERTHOUD. The spending we are talking about today, when I am talking about cutting federal spending in the aggregate, we can go into all kinds of things, such as agriculture subsidies and so forth. I clearly think there's room for cuts.

Community and regional development is an important thing. The monies that we give for housing or for education, I guess, Mr. Chambers—though he may not want to be associated with my remarks—I would echo him in saying, we have to get back down to the lower levels. We have to get rid of the bureaucrats.

Much of my statement is against bureaucrats, is against the excesses that have happened, the tax dollars. Again, I go back to the number \$47 billion in the states would have been saved last year and available for some of these types of programs that we're talking about here, had state and local employees gotten the raises that were merely comparable and not in excess of what their counterparts in the private sector got.

SENATOR SARBANES. Well, we will give Mr. Chambers a chance because I am sure he wants to establish his own associations.

Professor Orfield, there were two paragraphs in your statement that I would really like you to put into the record.

There is one policy for the states and another policy for the cities. In many parts of the country, you have states in which the general quality of life, in large parts of the state, is quite acceptable, but they have deterioration in the urban centers, which is clearly unacceptable.

If you could just take that policy for the cities, which you discussed and read that for the record, I would appreciate that.

MR. ORFIELD. The policy for the cities has become a kind of points of light policy. We admire and highlight the accomplishments of incredibly persistent and skillful local leaders who manage to accomplish something in spite of the deteriorating economic conditions and the shrinking federal and state assistance.

This is totally appropriate because their accomplishment is rare and deserves high praise. We must not, however, assume that efforts of this sort can actually solve the problems, or even that they can arrest further deterioration of the conditions of urban families and communities.

Building 400 affordable housing units in a city is a tremendous task without massive federal aid. But that same city may well see another 600 people become homeless and several thousand more become unable to pay the rent for housing, meeting minimum standards in the meantime.

In other words, my belief is that the accomplishments are amazing, but the growth of the problems is terrifying.

SENATOR SARBANES. The next paragraph is helpful, too, if you could go on.

MR. ORFIELD. On closer inspection, it becomes apparent that even the points of light are not truly independent of government. They usually have managed to patch together bits of subsidy from local, state and federal governments, from banks, from nonprofit institutions, etc., to make their relatively small projects work.

They cannot be brought to the scale that would address the underlying problem, not only because of the short supply of the kind of extraordinary leadership that is needed, but also because of the small or absolute amounts of resources that can be tapped by even the most skillful organization.

SENATOR SARBANES. That is the thrust of the discussion that we had with the previous panel. I agree it is extraordinary what they are doing, but they are doing it with very limited resources and, in the meantime, the problem that surrounds them is intensifying. Meanwhile, there are many, many cities that do not have programs of this sort underway at all.

What is your view on that, Mr. Chambers?

MR. CHAMBERS. I think there's an old principle of subsidiarity that—I come out of social Catholic teaching—you do not try to duplicate, on any level of society, that which the smaller unit can do.

As the scale of the problems get bigger, there's no question in my mind at all that unless we redirect the Federal Government to look at the scale from the bottom up, from the municipality to the states, then to the Federal Government—and we need everybody's partnership in order to tackle things like health care, schools, you name it, housing—Nehemiah is a pittance. We could build 250,000 Nehemiah homes throughout the government, throughout the country, and we still wouldn't have enough.

First of all, we look upon tax dollars as our dollars. If they don't come back to us, where the hell are they going? Come back to us in the locale, come back to us in the region, come back to us in the state.



They don't exist for anything else except to keep the mediating structure of civil society operative, which basically is family, congregation, working men and women.

American corporations are gutting the trade union movement in this country. Wait until that bill comes home to roost. You can't have a society unless the mediating institutions are nurtured and subsidized.

We have the subsidies going to the top 20 percent. They understand it well. They use them. They take them. I am talking about the four-fifths where the government has to redirect its effort, and where you'll find that the wise programs are not from the posture of the beltway, but you'll find them back in those communities and in those neighborhoods.

We have some members of Congress that see this and operate that way. But the vast majority do not. And that has to change if we want to have a civil society. We see the problem in Eastern Europe. If there isn't a civil society there, it's not going to work. You can capitalize it to death. You can do whatever you want to over there on a free enterprise system. But unless there are mediating structures and institutions, it's not going to fly, any more than it flies here.

SENATOR SARBANES. I would like to make the observation that Walesa, Mandela and Havel, all of whom you cite in your statement, have all come here seeking assistance.

If those of us in Congress all leave Washington, as you suggest, from whom are they going to get the assistance?

MR. CHAMBERS. Pardon me? I understood the first part. I didn't get the second.

SENATOR SARBANES. Walesa, Mandela and Havel have all come here seeking assistance.

MR. CHAMBERS. Yes,

SENATOR SARBANES. I have been in meetings with each of them in which that has been the case.

MR. CHAMBERS. We have to help them.

SENATOR SARBANES. But if my colleagues and I take your advice and go out there, from whom are Havel and Mandela and Walesa going to get their assistance, let alone the people who are here on the previous panel?

MR. CHAMBERS. Well, the people here on the previous panel would probably support ... as long as we have a domestic policy—

SENATOR SARBANES. No, no, no. That is not my question.

MR. CHAMBERS. All right.

SENATOR SARBANES. You are telling me that I ought to go out there, as I understand your statement.

MR. CHAMBERS. Oh, I see.

SENATOR SARBANES. And that has a certain attraction, I have to admit.

MR. CHAMBERS. Well, I didn't necessarily mean foreign travel.

SENATOR SARBANES. What I am saying to you is that Walesa, Havel and Mandela have all come here. I have been in meetings with them

and they have sought assistance. I think the people on the previous panel can use some resources. Now, if we, in Congress, all go out there, where are they going to find the assistance and the resources?

MR. CHAMBERS. Well, I am not recommending a lot of foreign travel.

SENATOR SARBANES. No. Out there means in your bailiwicks.

MR. CHAMBERS. Well, they come here on an appeal to the common good. We have a present administration that doesn't understand any such animal as the common good, because it doesn't have a domestic policy that can stand any kind of scrutiny. It distracts us with Granadas and Panamas and Gulf Coast nonsense.

Some of our institutions are beginning to think that we can play the game in a global economy simply by neglecting our central cities. This will come home to roost.

SENATOR SARBANES. Mr. Berthoud suggests that the government ought to get out of the way, and we can make this thing work. And then he picks up on your comments about the bureaucracy in order to demonstrate some justification for this attitude.

Should the government just get out of your way and let the groups go ahead?

MR. CHAMBERS. Power tends to come in two forms in 1992 in the USA. One is organized money and the other is organized people.

Our little network excels at organizing people with a little money. The entities in our society that have lots of organized money is the government because we pay the taxes to it.

If that money isn't reinvested wisely back into family and congregations, back into communities, back into neighborhoods, back into workers, back into employment, back into health and education, we simply are not going to endure as the kind of country we've known. We will lose out.

And so the principle of the common good must be center stage. The primacy of the social transcends the primacy of politics. The three men who I mentioned understand that.

SENATOR SARBANES. I am pleased to get you here inside the beltway, because I want you to confront some of the stuff we hear.

Now, Mr. Berthoud says cut the taxes.

MR. CHAMBERS. He can't give that speech back home. They'd run him off.

SENATOR SARBANES. He says, cut the taxes. You are saying, you have this money concentrated here. He says, fine, don't take the money, just leave it out there. What happens then?

MR. CHAMBERS. No. You have to increase the taxes. You have to do it progressively. You have to get the top fifth paying their fair share.

This country will adhere to a doctrine of fairness. The mass body of this country will rally. But there's nobody calling for that kind of a rally.

The middle can pay more taxes. The middle is the beneficiaries of the great tax subsidy in the mortgages. I think this gentleman should try to read a book just out by William Grieder called, "Who Will Tell the People?"

MR. BERTHOUD. If I could respond. First, I should say, I've just moved to Washington six months ago. I lived in Connecticut prior to that, so I am not——

SENATOR SARBANES. From Connecticut?

MR. BERTHOUD. Yes.

SENATOR SARBANES. What is Connecticut's rank among the 50 states in the Union, in per-capita income?

MR. BERTHOUD. I believe it's second, Senator.

SENATOR SARBANES. Second or first?

MR. BERTHOUD. Well, second behind the District of Columbia, I believe, and maybe Alaska. I think it goes back and forth.

SENATOR SARBANES. So it is right at the top.

MR. BERTHOUD. Yes, sir.

SENATOR SARBANES. Okay. Thank you.

MR. BERTHOUD. Again, I am saying that Mr. Chambers says, raise more taxes. I am simply saying, and also, I think, if I hear him, get things back to the state and local levels.

I think things are best handled at the state and local level and in the community level. But the taxes, the dollars are out there. Again, \$100 billion in taxes after inflation were raised by the states in the 1980s. If you want money, there's money out there.

I would ask you to look at options such as privatization. I would ask you to look at things such as reforming of entitlements.

Senator, if you'd like to come forward and say, cut entitlements for upper-class Americans to redirect some of that money, I would be in favor of that.

The number, again, \$47 billion, just in 1990, went to state and local employees in excess salary increases, which they got in the 1980s.

SENATOR SARBANES. I have been looking at that figure and I want to know the basis of it. We have run some very quick figures that show that the total compensation in the private sector increased 88 percent between 1980 and 1989, and compensation in the public sector increased 95 percent.

MR. BERTHOUD. In what years were you looking at?

SENATOR SARBANES. 1980 to 1989.

MR. BERTHOUD. Well, I am not sure about your numbers, Senator. I do not have it with me. I can supply this Committee subsequently with a copy——

SENATOR SARBANES. You have it in your statement here. What is the basis for the assertion that state and local employee compensation increased in real terms at six times the rate of private-sector employee compensation?

MR. BERTHOUD. What I am trying to tell you, Senator, is that your numbers do not reflect that because they probably look at the total amount of dollars that went to private-sector people, and at the total amount of dollars that went to public-sector people.

What we did was, we broke it down and said, we didn't look at the total amount that went to wages and salaries in 1980 and 1990, and factored out inflation.

We looked at the composition, the type of people—teachers, so forth—and their numbers, and broke it down to a micro-level, and looked at the specific categories, tried the best we could to make comparability estimates.

SENATOR SARBANES. Who did you compare when you said that? If you took an individual teacher and the increase in that salary, who did you compare them with in the private sector? The CEO who went from \$200,000 to \$5 million?

MR. BERTHOUD. Senator, I am just simply going to have to say the facts.

SENATOR SARBANES. Well, what are they?

MR. BERTHOUD. The facts are that we looked at ... you are correct. There's no direct comparability, but we're talking about ... I think I probably misspoke when I said we compared teachers to teachers.

The comparability was that we looked at teachers as a whole and at their increases. And I should say that teachers in Connecticut, despite the money they have gotten—and states vary on what they've done on this—the teachers' salaries have risen at a very high level, and that's repeated around the country. But among the different groups, within the public sector, teachers were not the highest.

SENATOR SARBANES. Who did you compare them with in order to make the assertion that they are getting a six-fold increase compared with the private sector?

MR. BERTHOUD. What we're comparing is, you had teachers, transportation employees, health-care workers, and so forth. We took them and said that there were, let's say, 100,000 transportation workers in 1980 and 150,000 in 1990. What did that group do, *per se*? There's no obvious comparability between teachers and teachers. But we kept it—

SENATOR SARBANES. Which groups did you compare to conclude a six-fold increase?

MR. BERTHOUD. We summed and aggregated. What I am telling you, Senator, is we broke it down ... I guess I am not making myself clear.

SENATOR SARBANES. No, you are not.

MR. BERTHOUD. We did not simply take the sum total of dollars spent on wages—private-sector wages, public-sector wages. I am not expressing myself very well.

The categorization I am talking about, again, is not comparing teachers in the public sector to teachers in the private sector. The only reason we did the categorization was to look within the levels.

Let's say there was 1.1 million—and these are purely random numbers—1.1 million state employees in 1980 and 1.5 million in 1990, and there were the same number of private-sector employees in each of the two years. The growth in just the raw numbers of the public sector would be the cause for a greater total payroll. We factored that out, is all I am trying to say.

SENATOR SARBANES. Then what did you compare?

MR. BERTHOUD. We compared just that. After you take out the increase in personnel, or decrease, or whatever.

SENATOR SARBANES. And then you compared the total figure?

MR. BERTHOUD. Yes, that's correct.

SENATOR SARBANES. If you do that, the total figure is even less than the figures that I gave you.

MR. BERTHOUD. I am sorry. Could you repeat that?

SENATOR SARBANES. The total compensation for the private sector increased 88 percent, and the total in the public sector increased 95 percent. This has not factored out the increase in the number of employees. If I factor out the increase in the number of employees, then the increase in the public sector is going to be less than the private sector. Yet, you are asserting that state and local employee compensation increased, in real terms, at six times the rate of private-sector employee compensation.

MR. BERTHOUD. Senator, all I can do is——

SENATOR SARBANES. How can you substantiate that?

MR. BERTHOUD. I stand by my numbers and I will be happy to, or at least this afternoon, bring you a copy of my testimony.

SENATOR SARBANES. Well, no, you are here. You have put it in your statement and made the assertion, and I am now pressing you to think hard to try to explain how you did it. They are your figures and it is your statement, and you ought to be able to explain it.

MR. BERTHOUD. Senator, the only way I can do it—and I am sorry I cannot—would be to look at the aggregate number of state and private-sector employees in each of the two years, and then at the total payrolls, and then at the wage and benefit packages. I do not have those.

SENATOR SARBANES. All right. I am telling you that what the figures show is that between 1980 and 1989, the total compensation for the private sector rose 88 percent and the total compensation in the public sector rose 95 percent.

Now, that is not six-fold. That is almost about the same. That is what I am telling you that the figures show. Now, I want to know where you get this six-fold figure from?

MR. BERTHOUD. Senator, our numbers come from the Census Bureau.

SENATOR SARBANES. I don't need that. I want the rationale that led you to make this statement.

MR. BERTHOUD. We can make this a circus, Senator, but I do not have the numbers.

SENATOR SARBANES. Pardon?

MR. BERTHOUD. I do not have those numbers. I can supply them subsequently. But those are what our analysis has showed.

SENATOR SARBANES. Did you expect to come in here and make these statements, and not be able to back them up in the public hearing?

MR. BERTHOUD. Senator, this is the best I can do for you. And I would like to correspond with your staff, and if you guys read this, I'd like to hear your response once you read our report.

SENATOR SARBANES. All right. Mr. Chambers and Professor Orfield, let me put this to you.

Do either of you think that these groups that were here in the previous panel can make their programs work if they do not have the public resources? They can, perhaps, become the delivery systems. But where are the resources to come from to enact these programs if, at least, a fair, or significant, portion of the resources do not come from the public sector?

I know they have raised some private-sector money out of the churches and out of community contributions, but how can the job be done?

MR. CHAMBERS. It can't be done without city, state and federal help. And the federal amount should invest in what I call the communities that are organized. The federal amount should not go to disorganized communities. A community that, in a certain sense, can't get itself together in enough fashion to demonstrate a base and a network and a series of relationships, money should not be poured in there. It will go down the drainhole.

You have to invest behind local initiative, and you have to have some kind of guidelines, like you wrote into the Nehemiah Housing Act, to make sure that the community component is not a federal one, that it's a local one, and that it's independent of the Federal Government. It does not become some of the weaknesses of the antipoverty program, where the federal monies bought out, in a certain sense, men that I knew, and women that I knew that were making about \$4,000 a year, were offered jobs to make \$18,500 as assistant directors. They were dark-skinned people, and they said to me, what should I do? I said, hell, take it. You'd be stupid not to move to an income like that.

But that drained off lots of community leaders that were working and doing good things right on the local level.

So, there is no question that the role of the Federal Government is to see that the taxpayers' money be used on the rebuilding and reconstructing of cities. We have done it in the past. We have to do it in the future.

The problem is that our cities are no longer predominantly white. And this institution is predominantly white. So this institution, as it was compassionate for the Jews and the Italians and the Irish—where I come from and where my daddy came from, Slavs, Poles—this same

kind of care and consideration on the Federal Government should be shown to our new immigrants, to our dark-skinned brothers and sisters.

So this is not the time to disinvest from central cities. It's a time to reinvest and rebuild them.

MR. ORFIELD. I would say that the lesson you should take from what you've heard today is that where there is a group like this, which is doing this kind of work, they should get preference as a delivery system.

That's a very good way to do it. And they will use the money more carefully and skillfully, in all likelihood, and leverage other money at the local level and so forth.

But the vast majority of urban communities in the country—neighborhoods—don't have groups like this. And there's lots of things that can be done well in other ways, too.

For example, college aid. It's very good to have a group that packages it, but it would be even better to have a system that didn't have to be packaged so much, where you had an easier way to get into the financial aid system, where the Pell Grant was more adequate, where work-study was more directed at poor people.

There's a lot of policy dimensions at the federal level that are extremely important and that will help, whether or not there's a local organization that can do it. But where there is one, it's foolish not to use it and to reinforce it, and encourage more of them to develop.

SENATOR SARBANES. The local organization may well have to devote its talents to getting people to finish school, to open them up to the opportunities that are available. And instead of imposing on them the burden of coming up with this extra money to fund the education, have that burden met for all people through the public sector. That is what all the European countries do.

MR. ORFIELD. Exactly.

SENATOR SARBANES. We are attempting to deal with these problems. We do not turn to look at what some other societies are doing, apparently, quite successfully. And not only do they successfully tackle these problems, but they then end up competing with us economically quite successfully, too.

MR. CHAMBERS. Exactly.

SENATOR SARBANES. So it is not as though, if you do these things, you are going to lose out in the international competition, and it will affect our productivity. It is just to the contrary.

The European countries are doing these things, and it seems to enhance their productivity and their ability to compete.

MR. CHAMBERS. We have a history of our government doing it well once. It's called the G.I. Bill, and it was called FHA. And that helped young veterans, young white kids who got home from World War II. It got them into suburbia and little modest homes, and it got them into a piece of equity and into an education.

In the 1992s, we have to have the same care and feeding for the new residents of the central and the inner cities with federal programs like that.

SENATOR SARBANES. Gentlemen, thank you very much. It has been a very helpful panel. We appreciate your testimony.

[Whereupon, at 1:06 p.m., the Committee adjourned, subject to the call of the Chair.]

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