957

MINORITY EMPLOYMENT OPPORTUNITIES: 1980–85

HEARINGS

BEFORE THE

JOINT ECONOMIC COMMITTEE

CONGRESS OF THE UNITED STATES

NINETY-SIXTH CONGRESS

FIRST SESSION

OCTOBER 9 AND 18, 1979

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MINORITY EMPLOYMENT OPPORTUNITIES: 1980–85

TUESDAY, OCTOBER 9, 1979

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The committee met, pursuant to notice, at 10:10 a.m., in room 340, Cannon House Office Building, Hons. Parren J. Mitchell and Clarence J. Brown (members of the committee) copresiding.

Present: Representatives Mitchell and Brown, and Senator Javits.

Also present: David W. Allen and M. Catherine Miller, professional staff members; Carol A. Corcoran and Mark R. Policinski, minority professional staff members; Katie MacArthur, press assistant; and Mark Borchelt, administrative assistant.

OPENING STATEMENT OF REPRESENTATIVE MITCHELL, COPRESIDING

Representative MITCHELL. Good morning. This hearing will come to order. This is the first of a set of two hearings that will focus on the issue of minority employment opportunities.

Historically, blacks, Hispanics, and other racial minorities have experienced substantially higher rates of unemployment than do whites. This socioeconomic disparity is not only a failure of our economic system to meet the potential production function due to a waste of labor resources; it also is an economic deficiency that targets its inefficiency to the economic sector that is least able to absorb its effect. The black and Hispanic neighborhoods of America have been the result of a labor market discrimination that has caused losses in income, losses in skill development, and a pervasive deterioration of pride and self-esteem.

The data are available that show the gap between the unemployment rates of blacks, Hispanics, and other racial minorities to the unemployment rate of whites to remain sizable during both good and bad economic times. Black unemployment seems to be the barometer of the economy. Because black workers are the first fired and last hired, the number of people on the streets of inner-city Baltimore is an excellent leading and lagging indicator of the economy.

We have heard testimony from witnesses who indicate that the economy is in the midst of a recession. Let me state at this point that the black and Hispanic communities which experience twice the national rate of unemployment, whose median income is less than 63 percent that of the white community and whose official teenage unemployment rate has not been below 30 percent for a decade is in a depressionary trend. It is also worthy to note that it is not enough to merely create jobs in order to have an effect on black and Hispanic unemployment.

Closing the gap depends on the number and proportion of newly created jobs filled by racial minorities. At least 17 percent of the new jobs would have to be filled by racial minorities in order to prevent a widening of the gap in unemployment.

How do we, the Congress, address the problem of employing blacks. Hispanic, and other minorities in the 1980's? With the trend that depicts the reduction of the blue-collar sector to the growth of the white-collar sector, are the marginally employed black and Hispanic workers destined for a larger share of structural unemployment in the future? What mechanisms do we use to prevent the widening of the racial unemployment gap in the 1980's?

The outlook for the employment of racial minorities is not an issue of politics. It is an issue of economics and one shared by the cochairman of the hearings, Representative Brown of Ohio.

I want to publicly express my thanks to him for his continued concern about this issue, and for taking the time to address this issue. And I would now ask him if he would at this time like to make an opening statement.

OPENING STATEMENT OF REPRESENTATIVE BROWN, COPRESIDING

Representative BROWN. Congressman Mitchell, thank you very much. My interest has been not only personal but also as a result of your leadership in this area of concern. Both of us feel strongly on this issue and hope that these hearings will be productive and give productive, positive results in connection therewith.

Today, as this series of hearings on minority employment opportunities opens, it is important that we realize that there could not be a more significant time for the hearings. It is an appropriate time, a very critical time, because the economy has just entered a recession and because we are going to see the statistics change to reflect that recession and change for the worse.

Traditionally, in recession minorities are harder hit by unemployment than other groups are. In addition, as a recovery begins, minority employment lags behind other employment. Consequently, the time horizon of these hearings, 1980 to 1985, will most probably be dominated by economic conditions that lead to the situation where minorities are, as Congressman Mitchell said, the first fired and the last hired.

As this committee studies the problem of minority job prospects it will be confronted with several truths that will show the severity of the problem.

The truth of the matter is that minority employment opportunities are not equal to those of whites. No matter how much progress we may have thought we made with reference to legal opportunities for minorities, the truth of the matter is that a productive permanent job, for too many minority citizens, is just as far away as it was 15 years ago, at the outset of the Great Society programs and those that were part of the civil rights movement.

The truth of the matter is that programs aimed at bettering the job prospects of all Americans have had mixed results, at best. The truth of the matter is that this country has spent $85 billion over the past 15 years on manpower programs and yet the unemployment rate is high

for the total labor force, sky-high for minorities, and shamefully high for minority teenagers.

The truth of the matter is that it could get worse for minorities who are still looking for satisfying employment.

What this country must do to improve minority employment prospects is to have a total national effort to stimulate economic growth and therefore the numbers of jobs in the economy.

I will be very anxious to hear from the panel on how minorities fare relative to whites during periods of recession, low economic growth and high economic growth. But of course, economic growth alone will not quickly nor sufficiently address the problems of the structurally unemployed.

For these forgotten people we need targeted programs in addition to that economic growth, targeted programs that emphasize small business and intermediate organization participation that will link up those needing the job with those who have the jobs to offer. These programs should be a blend of both public and private sector initiatives.

Congressman Mitchell, I know that you join me in welcoming this very distinguished panel which contains some of the best people and best minds in the area of labor economics. We are honored to have these witnesses, and look forward to their comments. Hopefully, our work here today will begin the process by which the Nation and Congress will focus on the problems that face our minority workers, particularly as we enter this critical time phase in the economic cycle.

Representative MITCHELL. Thank you very much, Congressman Brown, we are indeed honored to have a truly distinguished group of panelists. We are delighted to welcome Bernard E. Anderson from the Rockefeller Foundation, Arvil Adams of the George Washington University education policy program, Isabel Sawhill, Director of the National Commission for Employment Policy, and Gilbert Cardenas, a regional economist with the Southwest Border Regional Commission. Department of Commerce. Thank all of you for coming.

Unless there is some very strenuous objection, I would like to just designate the first witness. Congressman Brown, it might be good to hear from two of the witnesses, get into the questioning of those two, and then hear from the last two.

Is that satisfactory with you?

Representative BROWN. Either that, or they could all present their testimony in sequence, if you would like.

Representative MITCHELL. Fine. Let's take that latter option.

Mr. Anderson, if you will lead off, then Mr. Adams, Ms. Sawhill, and then Mr. Cardenas.

STATEMENT OF BERNARD E. ANDERSON, DIRECTOR, SOCIAL SCIENCES, THE ROCKEFELLER FOUNDATION, NEW YORK, N.Y.

Mr. ANDERSON. Thank you very much, Congressman. And let me express my great appreciation to you for the invitation to come and join with you this morning in this set of hearings on the opportunities for minorities, looking ahead over the next several years.

Let me apologize to you in advance for not having a prepared statement. When I was contacted to appear here, unfortunately I was out

of the country on foundation business, and my devotion to this subject and my great respect for you and the tremendous work that you've done in this area encouraged me to accept the invitation despite somewhat difficult timing. But I would like to make a brief statement. I did want to come because I think this is a critical issue.

We have some views that perhaps would be helpful. First, let me say that I think, certainly, the question of the employment and income differential between minorities, especially blacks and Hispanics, and others is a matter—or certainly should be a matter of great public concern. It is a differential that has limited the opportunities for minorities in this country for many years. And if we do not continue to focus on this and develop ways and means for reducing the differential, then we will never be in a position for minorities to fulfill their hopes and aspirations for the good life that this Nation has to offer.

I believe that the state of the economy is a major factor affecting this differential and the opportunities of influencing minority economic status. I think if we look over the last several years, however, we find something that is very interesting. We find that the American economy has produced a significant number of jobs. The rate of job creation in the American economy has been very vigorous over the past several years.

In 1977, I believe, something more than 3 million new jobs were created. However, despite that job creation, the evidence shows that the experience among minorities has been somewhat unfavorable. Despite the great increase in the number of jobs newly created in the American economy, the rate of unemployment among blacks has not declined very much. And the rate of unemployment among black youth, in particular, has been very sticky downward.

I like to think, Congressman, that blacks are like the caboose on the train. When the train speeds up, blacks speed up. When the train slows down, the caboose slows down. But it is in the nature of the case that the caboose never seems to approach the position of the engine.

Now, if we look over the past several years, not only has that been the case but it seems almost as if the caboose has been shifted to another track. That is to say that we have a very serious problem of unemployment, the lack of economic progress among minority groups, even when there is vigorous job creation in the American economy.

I think that in looking ahead we have to recognize that the problem here is one having to do with job opportunities for minorities. That is the major problem and that is where most of the emphasis should be in our manpower and employment policies. I think we need targeted labor and employment policies. I think we need targeted labor market programs to improve the relative position of minorities and especially minority youth. We need targeted employment instruments in order to reach the full employment of these groups and in the process contribute to the attainment of full employment for the economy at large.

Now, there are many who suggest that with respect to youth unemployment, if we just leave things alone and let demographic forces have their play, this problem will solve itself. Indeed, there are those who suggest that the changes in the number of young people in the labor force will contribute to a sharp reduction in their unemployment. Let me make it clear that I am not one who shares that view, especially with respect to minority youth.

I am one who believes the outlook for this economy over the next 5 years is one of relatively slow growth and relatively high inflation, through 1985.

I suspect that in that type of an environment what we will see is continued competition among groups. We will also see some reduction in the rate of growth in the number of young whites in the labor force. But there is very little evidence—in fact there is evidence to suggest that minority youth will not decline in significant numbers, but in fact, that the growth in the number of these two groups, 16 to 24, will diverge.

From 1977 through 1990, for example, there is expected to be very little change in the numbers of blacks between the ages of 16 and 24, while the number of whites in that age category is expected to decline. And so those who look at demographic changes as the potential source of solution to the problem of minority youth unemployment, I think, are barking up the wrong tree. They are looking in the wrong place, and the wish might be the father of the thought, but the result is likely to be otherwise.

It is especially likely to be otherwise to the degree that the minority youth continue to be heavily concentrated in areas that are suffering from limited job creation in the private sector, very limited opportunities in small business and midsized business opportunities in the cities, and, in fact, in some rural areas.

I think that if we look at where these young people are located, you will see there that they are not located in the places where jobs are expanding very rapidly. Now, there is some evidence from recent studies of youth unemployment conducted by such organizations as the National Bureau of Economic Research, Ohio State University's "Study of the National Longitudinal Survey," in which Professor Adams played a role in the analysis of some of those data, also research on the entitlement program that tell us a little bit more than we knew before about the nature of the problem of youth unemployment, and provide some guidelines on what might be useful approaches for getting at these problems.

I might add here that the Rockefeller Foundation is pleased to support some of that research and is continuing to address this issue. In fact, the foundation in 1977 developed a major new program to address the problems of minority youth unemployment, and that was in part one of the reasons I was invited to accept my present position and to take leave from the Wharton School, where I was a member of the faculty for 7 years.

I think that out of this research there are several things that we can see. One is that there is only a relatively small number of youth who are in serious need, with respect to the inability to find jobs, and a serious problem of unemployment. The group is heavily concentrated in low-income minority youth, who have serious difficulties finding the first job. Many youth who are unemployed today are unemployed in the process of looking for a job, but if you look at their income, if you look at certain family characteristics, educational qualifications and so forth, it would be difficult to say that their unemployment would lead one to conclude that they are in serious distress.

However, certainly a significant number of monority youth are in serious distress as a result of their unemployment experiences and the data that I have seen, at least, suggest to me that this group should be the object of great attention and public policy.

As to answers about what we might do about this, I would like to call your attention to the conclusion of the American Assembly, which Ms. Sawhill and I had the great privilege to direct in August of this year at Arden House, New York, where we brought together 70 of the Nation's leading citizens to meet for 3 days, considering the question of youth unemployment.

These persons met, they debated, they considered a wide range of issues, and at the end of their deliberation, came to a conclusion which is stated in the report of the American Assembly, which I will make available to you for publication. They concluded that the goal over the next decade should be a sufficient increase in the employability of youth and in the quantity and quality of job opportunities, so that: (a) There is a long-term improvement in unsubsidized employment and earnings prospects of disadvantaged youth; (b) that the differential employment prospects of minority groups and other youth are greatly narrowed; and (c) that overall youth joblessness declines substantially.

This group also concluded that the long-term structural nature of the problem requires that the Nation establish and maintain a set of youth employment policies which have stability and continuity. Moreover, since youth, especially minority youth, are disproportionately affected by a recession, we should increase the resources committed to resolving this problem in the face of a downturn in the economy.

Now, I found that a very interesting and very valuable conclusion coming out of this very disparate group, many of whom had very different views about this problem prior to going into the American Assembly, but who were able to agree on this set of goals.

Let me hasten to add that there are some things in the area of manpower policy or employment and training policy which I would simply suggest—without developing them—that might be looked at as ways of trying to improve the situation, especially for youth.

One useful goal, it seems to me, is better linkages between schools and the labor market. We simply must find a way to have our schools do a better job of preparing young people to take their place in the world of work. This might include different approaches to counseling, improvements in the job placement function in public schools, and certainly an improvement in basic education in urban schools. We have far too many minority youth coming out of public school systems in places like Philadelphia, New York, and perhaps Baltimore—I'm not familiar with the Baltimore system but I am familiar with Philadelphia, the city of my birth—and I know that there are far too many kids coming out of the public school system with diplomas in their hands, who can hardly read and write. The school system is doing a miserable job in preparing these kids to accept any but the most menial jobs in the private sector in that city.

Second, I think we need to improve the quality of work experience programs; that is, we need to make the work experience programs closer to the requirements that young people will find in the world of work. We need to improve the supervision in many of the work experience programs. to establish a set of standards to reward good performance, to penalize poor performance; that is, we need to do more to make these work experience programs a better preparation for the world of work.

And third, I would say we need to expand significantly the role of the private sector, both in the work experience programs and in the direct hiring for permanent employment. I think we need to continue the targeted job tax credit and in fact should expand that substantially. We might also try on an experimental basis other kinds of devices such as setting aside social security payments for some period of time, or other ways of reducing the cost of hiring young people for some period of time, until they get a foothold in the labor market.

I think, also, that we should look very carefully at the potential of minority business in inner-city areas as a source of employment. What we find in many places is that there are many small grocery stores or other stores, small businesses in minority communities, that if economically viable, or in fact, if they even existed, would provide some part-time or full-time job opportunities.

And so I think that we should not only look at minority business as a device through which minorities increase their participation in the production functions of the Nation, but also as a source of potential job opportunities for many minority young people, and for that matter, minority adults in inner-city areas.

Finally, I would say that we need to look very carefully toward improving the planning and coordination in the use of Federal grants in local communities in order to maximize their potential for expanding job opportunities for disadvantaged youth. In many cases today, cities have an enormous set of revenues coming from the Federal Government through the CETA programs, through the community development block grants, through local public works, through other kinds of Federal grant programs—transportation grants and so forth.

If you look at all of the grant programs as a source of funds available to launch programs through which employment opportunities for minorities and for minority youth might be maximized, I think there would be greater leverage of the funds.

At the present time, it is difficult to coordinate the use of these funds at the local level because of conflicting regulations, such as, one program comes out of the Department of Labor and another comes out of HUD and another comes out of HEW and no one speaks to each other at the local level. There is also a problem of different eligibility standards in many cases, for persons who would be hired in the various programs.

I realize that these programs are authorized with different purposes in mind, but I think if you look at the problem of employment at the local level being one of job creation, and you look at the resources that the Federal Government makes available collectively, there certainly ought to be a better way to use those funds more purposefully toward dealing with the problem of minority unemployment, especially in places where minorities represent a substantial proportion of the local population.

These are some of the things that I think are worthy of consideration, and I would end my statement there. Of course, I would be willing to answer any questions later that you might have.

Thank you very much.

Representative MITCHELL. Thank you very much for quite an interesting statement. I have made copious notes.

[The report of the American Assembly referred to in Mr. Anderson's statement follows:]

Report of The American Assembly

YOUTH EMPLOYMENT

AUGUST 9–12, 1979
Arden House
Harriman, New York

PREFACE

On August 9-12, 1979, a group of 75 Americans gathered at Arden House, Harriman, New York, for *The American Assembly on Youth Employment,* a study of the ways in which the nation, in both public and private sectors, might assist its youth in their search for jobs. The meeting was sponsored by The American Assembly and the National Commission for Employment Policy. The participants came from the worlds of labor; business; government; the legal, academic, and clerical professions; and others.

Background reading for the Assembly was prepared under the editorial supervision of Doctors Bernard E. Anderson of the Rockefeller Foundation and Isabel V. Sawhill, executive director of the Commission, with authors and chapters as follows:

Richard B. Freeman	*Why is there a Youth Labor Market Problem?*
Michael L. Wachter	*The Dimensions and Complexities of the Youth Unemployment Problem*
Elijah Anderson	*Some Observations of Black Youth Employment*
Ernst W. Stromsdorfer	*The Effectiveness of Youth Programs: An Analysis of the Historical Antecedents of Current Youth Initiatives*
Beatrice G. Reubens	*Review of Foreign Experience*
Bernard E. Anderson Isabel V. Sawhill	*Policy Approaches for the Years Ahead*

During the Assembly the participants heard a panel discussion led by Professor Eli Ginzberg of Columbia University, with David Mahoney of Norton-Simon, Inc.; Vernon Jordan of the National Urban League; and Alan Kistler of the AFL-CIO; as well as an address by Economist Robert Solow of MIT. On another panel were Assistant Secretary of Labor Arnold Packer and President Albert Shanker of the American Federation of Teachers, with David Mundel moderating.

The report which follows on these pages is the result of review and modification in a final plenary session after extensive discussion in small groups. The report represents the views of the participants collectively and not of any individual or his organization, public or private; no one is committed to any portion of it.

Neither The American Assembly nor the National Commission for Employment Policy, which provided financial support for the project, has an official position on the contents herein. Moreover, this American Assembly report is not to be construed as a Commission report.

Clifford C. Nelson
President
The American Assembly

FINAL REPORT

of the

AMERICAN ASSEMBLY ON YOUTH EMPLOYMENT

At the close of their discussions the participants in *The American Assembly on Youth Employment,* at Arden House, Harriman, New York, August 9-12, 1979, reviewed as a group the following statement. The statement represents general agreement; however, no one was asked to sign it. Furthermore, it should not be assumed that every participant subscribes to every recommendation.

PREAMBLE

Youth unemployment is one of the nation's most difficult domestic problems. In a nation where both individual and collective progress have depended heavily upon a commitment to the work ethic and participation in the labor market, involuntary joblessness among youth assumes profound significance. Many attempts have been made to better understand the problem of youth joblessness, and numerous public policy initiatives have been undertaken to reduce it. Yet, despite these efforts, the incidence of unemployment among youth and the difficulties which youth face in entering the world of work continue at levels which are unacceptable. The consequences, in terms of antisocial behavior, alienation, lost output, and reduced social mobility, impose both short- and long-term costs which cannot be ignored.

The most serious aspect of the problem is the large and growing gap between the joblessness of minority and other youth. The unemployment rate of black youth, exceeding 20 percent for each year during the past quarter century, has risen alarmingly in recent years to over 30 percent, and large numbers of black youth have withdrawn from all participation in the labor market. Similarly the unemployment problems of Hispanic youth are severe, although less well documented. In contrast, the employment rates of white youth have increased over time while their unemployment rate has remained about half that of minorities.

There is no general agreement about the relative importance of different causes of youth joblessness, but it appears to be related

to the rate of growth and location of jobs; the recent large increases in the number of youth and other new entrants into the labor market; deficiencies in the education and training of youth; the high cost of employing some youth relative to their productivity; race, sex, or age discrimination; the higher overall unemployment rates experienced in the 1970s; and changes in societal values affecting the attitudes and motivation of youth toward the world of work.

Various public policies adopted in the past have attempted to reduce youth unemployment, but they often have suffered from a lack of clearly stated goals, inappropriate services, poor coordination among complementary institutions, inadequate census and other employment data, and uncertain and insufficient funding.

Although the challenge of youth joblessness is great and the promise of quick solutions should be rejected, the problem is not insoluble. The nation cannot flinch from its responsibility to seek effective ways to improve the labor market experience of youth. We need a comprehensive, coordinated youth employment policy designed to improve youth preparation for and participation in the world of work. The public support for such a policy should be accorded high priority with other important national goals, such as defense security, energy self-sufficiency, and price stability. The major emphasis, however, should be to improve opportunities for those youth in greatest need.

We therefore make the following recommendations:

Goals and Priorities for the 1980s

1. Both public and private programs to alleviate youth joblessness should be carefully targeted to assist those youth having the most difficulty moving from school to employment. We would place in this category all economically disadvantaged youth between the ages of sixteen and twenty-four, with emphasis on those between sixteen to twenty-one, who are out of school and who have experienced long spells of joblessness or are in school but are deemed to have poor employment prospects. We must recognize that minorities—blacks and Hispanics—are disproportionately represented in this group. Even this specific targeting within the youth population results in a large pool, numbering at least 2.5 million individuals at any point in time. Although resources are not currently allocated to provide services to everyone in this target group, we believe that a

system should be established as soon as possible which would afford all individuals in the target group who need assistance an opportunity to receive services until they become employed.

2. The goal over the next decade should be a sufficient increase in the employability of youth and in the quantity and quality of job opportunities so that (a) there is a long-term improvement in unsubsidized employment and earnings prospects of disadvantaged youth, (b) the differential employment prospects of minority groups and other youth are greatly narrowed, and (c) overall youth joblessness declines substantially.

3. The long-term structural nature of the problem requires that the nation establish and maintain a set of youth employment policies which have stability and continuity. Moreover, since youth, especially minority youth, are disproportionately affected by a recession, we should increase the resources committed to resolving this problem in the face of a downturn in the economy.

Job Opportunities

1. An essential condition to the expansion of job opportunities for youth is a high employment economy. In the short run, we urge the immediate preparation of a program of fiscal and monetary stimulus to head off a deepening recession. In the longer run, we recommend that the nation find new ways of combating inflation which do not entail deliberate slow growth policies. New entrants to the labor force and those with limited seniority are the major victims of such policies.

2. A greatly enhanced role for the private sector in providing job opportunities for disadvantaged youth is essential.

—The President should exhort all major private employers to establish a voluntary program committing themselves to ambitious and verifiable hiring goals for disadvantaged youth.

—Stronger linkages must be developed between private employers and public employment and training programs. The growth of intermediary organizations, such as the new Private Industry Councils (PICs), which are focused on the needs of the disadvantaged to obtain employment in the private sector, should be fostered. In this connection the efforts should be particularly directed to small businesses.

—Financial incentives to private employers for hiring and training disadvantaged youth, such as on-the-job training programs and the new targeted employment tax credit, ought to be retained and expanded. A major effort should be made to make employers fully aware of the advantages of the employment tax credit and other related financial incentives. Subsidized private sector work experiences, with appropriate provisions to minimize windfall profits, ought to be permitted under the Comprehensive Employment and Training Act (CETA). Although the evidence is clear that the high costs of employing some youth have reduced job opportunities, we do not favor a special minimum wage for youth. Any reduction in employment opportunities for *disadvantaged* youth caused by the minimum wage can be more than offset by the targeted tax credit, without the harmful consequences of a differential minimum wage.

3. Although progress has been made in reducing racial discrimination in the labor market, vigorous efforts to eliminate it are necessary. Furthermore, since the effects of racial discrimination outside the labor market limit the education, training, and employment opportunities of many minority youth, it is urgent that action be taken by all institutions, public and private, to identify and eradicate the elements which impede progress toward equality of social and economic opportunity.

4. Standards and licensing requirements regulating the employment of youth in a number of occupations vary widely among federal, state, and local governments. These rules have developed over many years, and the circumstances to which they were directed often have changed. The U.S. Department of Labor should conduct a study of these barriers which limit or prohibit youth employment in certain occupations and determine the extent to which they are necessary to protect the health and safety of youth. Where these regulations are unnecessary, they should be abolished; where they are inappropriate, they should be modified.

Preparation for Work

1. The school system is the key public institution in our society responsible for preparing youth with both basic skills and with knowledge of and readiness for work. The schools should be held accountable for effectively performing these roles,

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particularly for those youth who will not go on to higher education. It is crucial that all students emerge from the schools with the basic skill levels required for employment in available entry-level jobs. A secondary but critical role should be the development of knowledge of and contact with the world of work.

2. Current federal funding gives inadequate emphasis to the problems of disadvantaged high school youth and of high school dropouts. On the average, federal support for college students is four times as high on a per capita basis as support for high school dropouts. We recommend a significant increase in the federal resources available for in-school and out-of-school programs for youth who are not college bound.

3. Closer linkages between education and work should be established jointly by schools, employers, and unions through activities such as vocational skill development, programs of cooperative education, vocational exploration, and job placement. These groups should cooperatively develop performance standards for their programs. These programs should be especially targeted toward those not intending to go to college.

The active involvement of parents and community organizations in these activities should be encouraged.

4. Alternative institutions should be encouraged and strengthened for youth for whom the school is not effective. The goals of these institutions, like the traditional school system, should be basic skill development and work preparation, but they should vary in their vocational focus, methods of delivery, institutional structure, and means of support. While a diversification of approaches is healthy, these institutions should be carefully monitored and held accountable for effectiveness in achieving these goals. Employers should be actively involved in this process in order to gain their acceptance of it.

5. Youth programs should emphasize the development of long-term employability and job-related skills. Therefore:

—Training programs that provide basic skill development (e.g., apprenticeship, institutional skills training, on-the-job training, Job Corps) should be expanded, to the extent that this can be done without diluting the quality of the training.

—All employment and training programs, including part-time work experience programs, should provide for good

supervision; adequate supplies and equipment; and should emphasize adherence to reasonable work standards, penalties for poor performance, and rewards for exemplary performance.

—Public service employment should emphasize the development of job skills which will lead to unsubsidized employment.

6. Employment counseling services in the schools should be strengthened and transformed to include job development and job placement. There should be greater contact between employment counselors and potential employers. These employment counselors should develop a wider knowledge of the training, work, and educational options available to youth.

7. Since the ultimate goal of employment and training programs is to achieve long-term improvement in the unsubsidized employment and earnings of participants, resources adequate to this purpose should be devoted to each individual served. In those instances when there are not sufficient resources to serve all in need, we recommend that programs should provide quality services to fewer individuals rather than serve large numbers inadequately.

8. An essential concept for employment training and education systems is the development and use of performance standards and incentives to encourage meeting these standards. Such standards must apply to trainers and teachers as well as to private, public, and nonprofit program managers. In addition, the effectiveness of the programs in meeting these performance standards should be carefully evaluated at the national level.

9. The success of CETA and related youth programs requires that federal government funding agencies link their expenditure of funds when dealing with similar problems of assisting youth.

* * * * * * * * * * * *

By this statement, the Assembly affirms a new and major commitment to alleviating joblessness for young Americans. We must assure their future by altering our institutions and expending the effort and resources so that all youth have the opportunity for education, training, and employment.

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The Assembly seeks to provide information, stimulate discussion, and evoke independent conclusions on matters of vital public interest.

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Representative MITCHELL. Ms. Sawhill, please proceed.

STATEMENT OF ISABEL V. SAWHILL, DIRECTOR, NATIONAL COMMISSION FOR EMPLOYMENT POLICY, WASHINGTON, D.C.

Ms. SAWHILL. Mr. Congressman, I, too, am very pleased to have the opportunity to be here today. And I want to say that no one could speak more eloquently on this subject than Mr. Anderson, nor has anyone thought longer and harder about the problem, which is one reason why earlier this year I was able to coax him into helping with the American Assembly which has already been referred to. I would also like to reinforce that this was a very diverse group of national leaders who met on the subject of youth unemployment, and that they particularly stressed the problems of minority youth.

I also want to point out that our Commission has spent the last year studying the problem of youth unemployment. At its next meeting on October 12, 1979, it will be formulating a set of recommendations for the Congress and the President on this subject.

Although I feel very strongly that all unemployment is important and that if one had to choose a priority group for receiving employment and training assistance, some preference should be given to family breadwinners, nevertheless, I have become convinced that today's youth are tomorrow's adults, and that if we do not take care of this problem now, we will simply have more serious problems down the road.

Furthermore, it is very clear from all of our studies and deliberations that minority unemployment is the heart of the problem.

We, by the way, have not only done a thorough review of all of the research on this subject, but also have held hearings around the country and have taken testimony from over 100 witnesses at the local level. So I feel that at this point we have a reasonable understanding of what some of the issues and concerns are and something about the way the current programs are operating at the local level.

I should add that anything I say today, since it is coming prior to the time of my Commission's meeting on these questions, must be my unofficial and personal views only.

Turning to what we have learned, first of all, it is that the unemployment rates of minority youth are staggeringly high and very difficult to explain in terms of anything other than discrimination in the labor market.

We have looked at such factors as educational preparation, which does seem to be partially responsible. We have also looked at the way in which people find jobs and have discovered that the usual way is through informal personal contacts. And we know that minority youth are handicapped because they do not have the informal networks that other youth have for obtaining particularly a first job. So I think that is a factor also.

But beyond that, there is just a large unexplained disparity which one can only attribute to the stereotyping of minority youth on the part of employers or other institutions in our society.

One other thing that we have learned is that there has been a secular deterioration in minority youth employment. Back in the early 1950's, I was surprised to learn, the unemployment rates of white and minority youth were essentially equivalent.

Since that time there has been a widening gap. This I find even more difficult to explain. Some of it seems to be related to the fact that a larger proportion of minority youth are enrolled in school and thus, less likely to be in the labor market.

Part of it also seems to be the result of the changing industrial structure of the economy. Previously, many minority youth found their jobs in the agricultural sector which has declined substantially.

There may also have been greater competition over time from other groups—white youth, adult women, and undocumented workers, although the evidence on this factor is not very clear.

As for the prospects for the 1980's—the issue which you asked us to particularly address at this set of hearings—I would agree very strongly with what Mr. Anderson has already said.

We know that the size of the youth population in general will be smaller, and I do think that this should ease the competition for jobs if we believe that there is any competition in the labor market between white and minority youth.

At the same time because minority population will continue to grow, it is going to become an increasing proportion of the youth population and the youth labor force. And although we have neglected in our discussion so far the subject of Hispanic youth, and I very much hope that Professor Cardenas is going to fill that gap, I think that this is a group which is going to grow in importance in the 1980's.

Our staff looked at this changing demographic scene and made an interesting calculation. We calculated how many new jobs would have to be created for minority youth in order to both keep pace with the continued growth in the number in the labor market, and also reduce or eliminate the differential unemployment rates between minority and other youth.

What we found is that two out of every five new youth jobs would have to go to a minority youth in order to achieve that target, that objective.

Representative BROWN. Over what time frame?

Ms. SAWHILL. Between now and 1983, I think it was. We were trying to link this in part to the goals of the Humphrey-Hawkins Act.

I would have to doublecheck that, though.

Now I also want to compare these figures to the current record. Although, as I mentioned, there has been this deterioration over the last 10 or 20 years in the status of minorities in the labor market, during the last 2 years, the period 1977 to 1979, there has been some improvement.

For example, during this 2-year period, the rate of growth of employment for minority youth was three times as great as it was for white youth. And I believe that this is in part related to the administration's new youth initiatives. Another way to put this is that during that 2-year period, one out of every five new youth jobs went to a minority person.

Now that is not the two out of five that I told you would be needed to achieve total equality and keep pace with the growth in the labor force, but it is a very commendable record.

Next, let me turn to what I believe are the most likely effective policies for the 1980's if we are going to make further progress along these lines.

First of all, I think we need a major new commitment to compensatory education programs. The evidence suggests, again, as Mr. Anderson said, that many minority youths are still coming out of our public schools ill-prepared for the world of work. While compensatory education programs under title I of the Elementary and Secondary Education Act have been quite successful at the elementary school level, they have not been extended in any significant way to the secondary schools.

Currently, there is simply not enough funding to take care of all those who need help at the elementary school level and also move funds and programing into the secondary schools.

I also believe that more remedial opportunities need to be provided to school dropouts and to older youth and this can be done through the existing Job Corps program and through community-based organizations and other nontraditional institutions. The evidence from the entitlement program which, as you know, attempted to attract school dropouts back to school by the offer of a job found it very difficult to attract back those young people who had already dropped out of the existing public school system. These youths need alternative forms of education.

A second thing that I think is needed for the 1980's is full employment. While full employment will not eliminate racial disparities—as Mr. Anderson says, minorities are always at the end of the train—nevertheless, the evidence is very clear that full employment reduces racial disparities. Furthermore, I think it is a necessary condition if other remedies which redistribute opportunities are going to work. Such redistribution is far easier in a growing than a declining economy, as I'm sure you realize.

Third, I think that we are going to continue to need public jobs programs of various kinds, whether they be summer youth programs or PSE or work experience under CETA. These jobs will be needed to fill the employment gap left by the private sector, although I don't believe that they are a good, long-term, or total solution. They can, of course, be improved by placing greater emphasis on quality work sites, supervision, and training.

At the same time, I would stress that greater efforts need to be directed toward improving access to private sector jobs. It is unclear how such access is to be provided. In part, vigorous enforcement of equal opportunity laws can certainly help. However, I don't think that these efforts alone will be sufficient.

For example, they are unlikely to have very much impact on small businesses. Small business' employment practices are difficult to monitor, and yet this is the sector of the economy where most young people find their initial jobs. Perhaps these firms can be bribed through temporary wage subsidies to hire the disadvantaged with the proviso that they retain and upgrade a certain proportion of those hired.

Mr. Anderson already mentioned the targeted jobs tax credit. I would agree that we should continue to rely on this strategy until there is better evidence on how it is working. In general, I am convinced that we are going to need not only the stick of equal employment opportunity enforcement, but also some new carrots to make sure that these

youths are better integrated into long-term, private sector, unsubsidized jobs.

I think that I should conclude now. I will, of course, be glad to elaborate further and answer any questions later on.

Representative MITCHELL. Thank you very much, Ms. Sawhill.

[The prepared statement of Ms. Sawhill follows:]

PREPARED STATEMENT OF ISABEL V. SAWHILL

Mr. Congressman and members of the committee, I am pleased to have the opportunity to testify today on prospects for minorities in the labor market in the coming decade. Although I am testifying as an individual rather than in my official capacity, I do want the Committee to know that the National Commission for Employment Policy is deeply concerned about minority unemployment. When the newly appointed members of our Commission met for the first time in July, a number of them expressed their hope that the Commission would make the employment problems of the disadvantaged, and especially of minority groups, a high priority item on its agenda.

In my testimony today, I plan to focus on the particular problems of minority youth. My reason for doing so is not because I think youth unemployment is more important than adult unemployment. In fact, I personally believe that if we cannot provide employment and training assistance for everyone, then those with family responsibilities should have some priority. On the other hand, today's youth will be tomorrow's adults, and there is increasing evidence that poor labor market experiences while young contribute to the difficulties encountered later in life. Finally, it is well-known that minority youth have higher unemployment rates than any other group in our society. For these reasons, our Commission has been reviewing the youth employment situation for over a year, and I would like to take this opportunity to report to you on what we have learned. Our effort has included a thorough review of the research on this topic, hearings in four cities around the country at which we took testimony from over 100 people, and numerous other meetings with experts and practitioners.

In my testimony, I will only be able to summarize briefly the major findings of this study. I will draw heavily on a number of papers prepared or sponsored by the Commission and its staff, in particular:

"Youth Employment Policies for the 1980's," by the Staff of the National Commission for Employment Policy.

"The Employment Problems of Black Youth: A Review of the Evidence and Some Policy Suggestions," by Paul Osterman.

"Changes in Race Differentials in Youth Unemployment and Labor Force Participation," by Robert Mare and Christopher Winslip.

"Some Observations of Black Youth Employment," by Elijah Anderson.

We would be happy to make these documents available to you or your staff at a later time.

The employment problems of minority youth show up in a wide variety of labor market measures as indicated in Table 1. Not only are their unemployment rates much higher than those of nonminority youth but a much smaller proportion of the population is employed. Among those who are employed, earnings are initially quite low for all groups of youth but by the age of 25 or 26, a substantial and widening earnings gap between whites and blacks is already evident, suggesting that the latter are disproportionately concentrated in dead-end jobs.

The reasons for these disparities appear to include (1) differencies in educational attainment (credentials) and educational competencies (basic skills), (2) unequal access to the informal networks which help people secure good jobs, and (3) employer prejudice or stereotyping of minority youth as high risk as well as other forms of labor market discrimination.

TABLE 1.—EXPERIENCES OF MINORITY YOUTH BY SEX

	Men									Women								
	Whites			Blacks			Hispanics			Whites			Blacks			Hispanics		
	16 to 17	18 to 19	22 to 24	16 to 17	18 to 19	22 to 24	16 to 17	18 to 19	22 to 24	16 to 17	18 to 19	22 to 24	16 to 17	18 to 19	22 to 24	16 to 17	18 to 19	22 to 24
Average annual unemployment rate, 1978[1]	16.9	10.8	7.6	40.0	30.8	20.0	27.2	13.8	9.3	17.1	12.4	8.3	41.7	36.5	21.3	30.3	16.6	13.1
Employed as a percentage of the civilian, noninstitutional population, 1978[2]	43.9	66.2	85.5	16.3	40.6	71.4	[3] 46.1	.....	[4] 81.6	41.6	55.5	67.9	13.7	28.5	52.1	[3] 34.7	.....	[4] 50.8
Employed, enrolled, or in the Military as a percent of the population[2]	93.8	91.7	91.9	92.1	79.2	79.0	NA	NA	NA	93.5	79.6	72.4	90.8	62.5	60.0	NA	NA	NA
Average weeks worked per year of those 16 to 17 in 1966 (1968 for women) and as they age[5 6]	29.9	41.9	[7] 47.0	25.3	34.3	[7] 42.8	NA	NA	NA	23.9	30.0	[7] 37.3	18.1	24.8	[7] 39.4	NA	NA	NA
Percent of those aged X in 1975 who had completed high school[8]	.....	61.3	88.3	.....	47.5	72.0	.....	34.7	60.4	.....	68.8	86.1	.....	51.9	71.6	.....	42.4	58.8
Percent of civilian non-institutional population enrolled in college[3]	.....	37.5	18.9	.....	18.1	17.8	.....	22.5	13.6	.....	36.8	13.0	.....	31.1	11.9	.....	5.2	5.7
Hourly rate of pay (1978 constant dollars) of those who were 16 to 17 in 1966 (1968 for women) and as they age[5]	2.97	4.60	[7] 6.98	2.57	3.73	[7] 4.79	NA	NA	NA	2.07	3.04	[7] 4.01	2.11	3.06	[7] 3.54	NA	NA	NA
Percent increase in average hourly rate of pay from 18 to 19 to 25 to 26[3]	.....	51.8	.....	.....	28.2	.....	.....	NA	.....	.....	31.9	.....	.....	15.9	.....	.....	NA	.....

[1] Source: U.S. Bureau of Labor Statistics, Employment and Earnings, vol. 26, No. 1, January 1979.
[2] Source: Current Population Survey, October 1978.
[3] 16 to 19.
[4] 20 to 24.
[5] Source: National Longitudinal Surveys, unpublished tables.
[6] Base is all those who worked at all during that year.
[7] 25 to 26.
[8] Source: Table 1 of the Current Population Survey/series P-20, No. 295, March 1975.

NA—Not available.

While the job prospects of white youth have improved since the 1950's, at least as measured by the proportion of the age group that is employed, there has been a long-term secular deterioration in both the employment and unemployment rates of black youth. Thus, in the early 1950's there was virtual parity in the employment and unemployment rates of the two racial groups but they have been a long-term secular deterioration in both the employment and unemploy-current disparities since the relative educational attainment of blacks has improved greatly and it is unlikely that discrimination is more virulent now than it was 25 years ago.

Some part of the worsening differential is due to the fact that a relatively higher proportion of black youth is enrolled in school and in-school youth are less likely to be in the labor market. Other factors which have probably played a role are changes in the industrial structure of the economy (such as the decline in the agriculture which was previously a large employer of black youth) and increasing competition for entry level jobs from white youth, adult women, and undocumented workers. Some observers contend that the latter groups are willing to take the dead-end jobs which many black youth once held but now find demeaning and unacceptable as a result of the new consciousness fostered by the Civil Rights movement. The substantial improvement in the relative earnings of black youth over the past decade or two suggests that when they do work, they are somewhat less likely to be relegated to the worst jobs than was true in the past. At the same time, all of the evidence suggests that when jobs become available, black youth are there to take them.

Still another factor which has been blamed for the worsening employment position of minority youth is the suburbanization of jobs but the available research does not support this hypothesis; although the central cities have lost jobs they have also lost people, and a number of different studies have now confirmed that the location of jobs is an unimportant cause of both current racial disparities and the secular deterioration in the employment status of minorities.

Turning to prospects for the 1980's, the diminishing size of the youth cohort as the baby boom generation enters adulthood should ease the competition for jobs somewhat. At the same time, the minority youth population will continue to grow and will constitute an increasing share of the youth population and labor force. Our staff calculates that in order to both eliminate the current differential in unemployment rates by race and keep pace with this expected growth, two out of every five new youth jobs would have to go to blacks. During the last two years, minority youth employment grew about three times as fast as white youth employment, in part because of the Administration's new youth initiatives. Minority youth filled one-fifth of all jobs going to youth over this period. While this is less than the two-fifths needed to achieve our equal employment opportunity target, it represents a substantial record of achievement.

For the future, the challenge for policy is great and the best way to achieve this equal opportunity goal is not clear. However, some consideration should be given to the following:

(1) A major new commitment to compensatory education could improve both the immediate job prospects and lifetime earnings of minorities. While compensatory education programs (under Title I of the Elementary and Secondary Education Act) have been quite successful at the elementary school level, there are currently insufficient funds to extend them to secondary schools. More remedial opportunities should also be made available to school dropouts and older youth through the Job Corps, community based organizations, and other non-traditional institutions.

(2) While full employment will not eliminate racial disparities, it will clearly reduce them. Furthermore, it is a necessary even if not a sufficient condition for many other remedies to work. Redistributing opportunities is far easier in a growing than in a declining economy.

(3) Public jobs programs (such as the summer youth program and PSE or work experience under CETA) will need to fill the employment gap left by the private sector, but they are not a good long-term solution. They can be improved by placing greater emphasis on quality work sites, supervision, and training, linked where needed to remedial education. At the same time, greater efforts need to be directed toward improving access to private sector jobs.

(4) Such access can be provided, in part, through vigorous enforcement of equal employment opportunity laws. However, such efforts are not sufficient and if pushed too far may even have perverse effects. For example, they are unlikely to have much impact on small businesses whose behavior is difficult to monitor

but who are also the major employers of youth. These small firms might be bribed through temporary wage subsidies to hire the disadvantaged with the proviso that they retain and upgrade a certain proportion of those hired. In general, I am convinced that both carrots and sticks will be needed to provide more private sector opportunities for minority youth.

I believe that even if we were seriously to pursue all of the above strategies, it would still be some time before one would see an end to racial disparities in the labor market. However, substantial progress in providing a more equal share of existing jobs to minority youth could be achieved.

Representative MITCHELL. Mr. Adams.

STATEMENT OF ARVIL V. ADAMS, RESEARCH PROFESSOR OF EDUCATION POLICY AND ECONOMICS, GEORGE WASHINGTON UNIVERSITY

Mr. ADAMS. Thank you, Mr. Congressman. I welcome the opportunity to testify today about minority employment opportunities in the 1980's.

My testimony will emphasize minority youth employment programs and will be based upon research I began while a faculty member at the University of Utah, and continued in my current position at the George Washington University.

It's always a pleasure to be able to agree, as I frequently do, with Mr. Anderson. I think Mr. Anderson has stressed many of the points that I outlined in my prepared statement. I will repeat different dimensions in my comments this morning.

There are two points I would like to stress as themes of my testimony, themes that have emerged in the testimonies of Mr. Anderson and Ms. Sawhill.

The first is that the demographic trends affecting the supply side of the youth labor market do, indeed, when looked at by themselves, offer a basis for optimism concerning improvements in youth employment in the 1980's.

Differences in demographic trends for minority youth, however, when considered alongsides forces operating on the demand side of the labor market, weaken the basis for this optimism, especially for minority youth, and offer little assurance that the problem is going to diminish in the absence of special youth employment policies.

A second theme is that youth employment policy requires a well-targeted approach. Not all youth unemployment is harmful. And some, in fact, may be beneficial through providing a better understanding of how labor markets work.

That which is harmful, however, occurs among low-income families and among teenage youth out of school and jobless.

Minority youth, black and Hispanic, are overrepresented in this population.

The postwar baby boom, of course, has been a major factor contributing to the teenage labor market problems in the 1960's and 1970's. Expansion dramatically increased the number of teenagers entering the labor force during this period and created enormous pressures on the supply side of the youth labor market which coincided with a secular increase of youth unemployment, particularly among black youth.

The outlook for the 1980's is for a lessening of these pressures as the last of the baby boom population will pass through their teenage years in 1981.

Through the remainder of the decade, the teenage population will decrease rapidly, though not for blacks, reflecting the fact that their postwar birth rate peaked later and is declining at a more moderate pace than for whites.

As such, black youth will represent a larger proportion of the teenage population as the decade passes and similar trends are expected for Hispanic youth.

Black and other minority youth currently represent just under 11 percent of the teenage total labor force.

By 1985, this percentage is projected to increase slightly and rise by the end of the decade under optimistic growth projections by the Department of Labor to nearly 16 percent.

When considered alone, the declining youth population does provide a basis for optimism concerning improvements in youth unemployment.

Several trends, however, acting on the demand side of the labor market serve to temper this optimism. The youth employment problem that will remain in the decade ahead will become more visibly a minority problem.

On the demand side, full-employment policies have played an important role in the past affecting youth employment. Economic expansions have been closely correlated with improvements for youth joblessness, though the relationship for black teenagers has been most tenuous. Current efforts to fight inflation by weakening the commitment to full employment policies will doubtless lead to higher unemployment among those at the margin.

Any failure to pursue vigorously the goals of Humphrey-Hawkins will dampen prospective improvements in youth unemployment in the 1980's.

The growing number of black youth competing for jobs within deteriorating urban labor markets is also a concern. The continued exodus of unskilled and semiskilled manufacturing jobs, traditionally a major route into employment for new entrants, along with jobs in the retail trade from central cities, promises to further reduce youth employment opportunities in this sector of our economy.

Unemployment rates among teenagers in central cities are already significantly higher than those in the suburbs and nonmetropolitan areas. Hidden unemployment due to discouragement and withdrawal from the labor force is also more prevalent, as reflected by the lower labor force participation rates of teenagers in central cities.

The continued blight of urban centers, together with the fiscal constraints faced by local governments further dampens the outlook for improvements in youth employment in this setting.

Increasing competition for the part-time and low-skilled jobs held by many youth from other labor force groups adds to this concern.

Youth will find increased competition from women, whose labor force participation rates will climb further in the 1980's. In addition, an emerging source of competition may be found among older workers, who, increasing in number, may find that part-time employment

sought by many teenagers is an attractive means to supplement income and ease economic pressures created by inflation.

The Nation's growing number of undocumented workers now estimated with considerable uncertainty to be between 4 and 12 million will doubtless compete for many youth jobs.

Beyond, the changing occupational structure of the U.S. economy will continue in the decade ahead to place pressure on the number of jobs traditionally held by youth.

In the absence of occupational upgrading and opening of new jobs to youth, the diminishing number of youth jobs will offset some of the gains to be realized from the diminished number of youth looking for work.

Given their concentration in slow growth occupations, minority youth stand to be more adversely affected by this trend in the absence of structural labor market policies.

Though the demographic trends are favorable, this brief review of the forces operating on the demand side of the youth labor market offers little assurance that the problem is going to diminish in the 1980's.

Moreover, the problem is going to become more visibly a problem of blacks and Hispanics, the very groups who have fared the worst under more favorable conditions.

Turning to employment policies, I, too, would support a targeted approach.

To begin, not all youth unemployment is harmful. Some, in fact, may be beneficial through providing a better understanding of how labor markets work. That which is harmful, however, occurs among youth in low-income families who incur short-term hardships and among teenage youth out of school and jobless.

Recent research, which I completed, involving a national sample of youth 16 to 24 years of age who were followed over a period of several years in the mid-1960's and early 1970's shows that joblessness among out-of-school teenager youth is associated with an earnings disadvantage during early adulthood.

The earnings disadvantage was largest for young blacks whose earnings during their mid-twenties fell 20 to 30 percent below other young blacks who were out of school during their teenage years but employed, education and other personal characteristics being held constant.

These findings have since been corroborated by several more recent studies suggesting that joblessness among out-of-school teenage youth, but not in-school youth, defines an important target population that can expect labor market assimilation difficult.

There is no single program or policy that will address the youth unemployment problem. General policies concerned with full employment, urban development, immigration, and affirmative action are important element of a comprehensive solution to the problem.

Specific youth labor market policies focusing on jobs and skill development are also important, and as polices, these are not new.

What is new is the evidence supporting them and the confidence of policy makers for decisions that formerly have been based upon hunches.

For perhaps the first time, evidence exists which links the early employment experience of out-of-school teenage youth to their subsequent employability and earnings.

This adds new emphasis and urgency to youth job creation efforts. A well-targeted program of jobs for youth will address not only the short-term personal hardships associated with youth unemployment, but the longer term scarring effects as well.

Youth job creation efforts represent a lifetime investment. These efforts should complement, not compete, however, with a program of skill development.

There is no substitute for education. The strong, positive returns to schooling that have been observed in the 1970's for whites and for blacks reinforce this point. Keeping youth in school should have the highest priority.

I join Mr. Anderson and others in the American Assembly of which I participated, in calling for improved ties between schools and the world of work.

There is a special need to build this association at the secondary level for noncollege bound youth.

I am personally impressed by the efforts of our growing community college system toward building linkages between school and work.

Job creation efforts should be structured with this objective in mind, keeping youth in school.

For these youth who leave school, however, options in the form of training and basic education should be provided, along with jobs. Job creation and skill development together offer constructive solutions to the youth employment problem.

The outlook ahead suggests this problem will not diminish of its own accord. Strong policy responses are needed which must include the participation of the private sector, where 80 percent of the jobs are located.

Without these responses, the longer term consequences of the problem for some youth will perpetuate social and economic inequities.

Thank you for this opportunity to testify. I will be happy to answer any questions you may later have.

Representative MITCHELL. Thank you very much.

[The prepared statement of Mr. Adams follows:]

PREPARED STATEMENT OF ARVIL V. ADAMS

I. INTRODUCTION

A. Welcome the Opportunity To Testify About Minority Employment Opportunities in the 1980's

1. Testimony will emphasize minority youth employment problems.
2. Testimony will be based on research prepared for the W. E. Upjohn Institute for Employment Research, Kalamazoo, Michigan, while at the University of Utah and subsequent research begun at the George Washington University.

B. Basic Themes of Testimony

1. Demographic trends affecting the supply side of the youth labor market offer a basis for optimism concerning improvements in youth employment in the 1980's. Differences in demographic trends for minority youth, however, when considered alongside forces operating on the demand side of the youth labor market weaken the basis for this optimism, especially for minority youth, offering little assurance the problem is going to diminish in the absence of special youth employment policies.
2. Youth employment policy requires a well-targeted approach. Not all youth unemployment is harmful and some, in fact, may be beneficial through providing a better understanding of how labor markets work. That which is harmful, how-

ever, occurs among low income families and among teenage youth out of school and jobless. Minority youth, black and Hispanic, are overrepresented in the target population.

II. THE OUTLOOK FOR MINORITY YOUTH EMPLOYMENT

A. The Supply Side of the Youth Labor Market

1. The postwar baby boom has been a major force contributing to teenage labor market problems in the 1960's and 1970's. The postwar population explosion dramatically increased the number of teenagers entering the labor force during this period creating enormous pressures on the supply side of the youth labor market and coinciding with a secular increase of youth unemployment, particularly among black teenagers.

2. The outlook for the 1980's is for a lessening of these pressures as the last of the baby boom population will pass through their teenage years in 1981. Through the remainder of the decade, the teenage population will decrease rapidly, though not for blacks, reflecting the fact that their postwar birth rates peaked later and are declining at a more moderate pace than for whites. As such, black youth will represent a larger proportion of the teenage population as the decade passes. Similar trends are expected for Hispanic youth.

3. To illustrate this point, the U.S. Department of Labor estimates that by 1990, under intermediate growth projections, the teenage total labor force will decline by 1 million youth from a 1977 level of 9.6 million, with three-quarters of the decline occurring by 1985. Black and other minority youth currently represent just under 11 percent of the teenage total labor force. By 1985, this percentage is projected to increase slightly and rise by the end of the decade, under optomistic growth projections, to nearly 16 percent.

4. When considered alone, the declining youth population provides a basis for optimism concerning improvements in youth employment in the aggregate. Several trends acting on the demand side of the labor market, however, serve to temper this optimism. The youth employment problem that will remain in the decade ahead will become more visibly a minority problem.

B. The Demand Side of the Youth Labor Market

1. On the demand side full employment policies have played an important role in the past affecting youth unemployment. Economic expansions have been closely corelated with improvements in youth joblessness, though the relationship for black teenagers has been tenuous. Current efforts to fight inflation by weakening the commitment to full employment policies will doubtless lead to higher unemployment among those at the margin. Any failure to pursue vigorously the goals of Humphrey-Hawkins will dampen prospective improvements in youth unemployment.

2. The growing number of black youth competing for jobs within deteriorating urban labor markets is also of concern. The continued exodus of unskilled and semiskilled manufacturing jobs, traditionally a major route into employment for new entrants, along with jobs in retail trade from central cities promises to further reduce youth employment opportunities. Unemployment rates among teenagers in central cities are already significantly higher than those in the suburbs and nonmetropolitan areas. Hidden unemployment due to discouragement and withdrawal from the labor force is also more prevalent as reflected by the lower labor force participation rates of teenagers in central cities. The continued blight of urban centers together with the fiscal constraints faced by local governments further dampens the outlook for improvements in youth employment in this setting.

3. Increasing competition for the part-time and low-skill jobs held by many youths from other labor force groups add to this concern. Youth will find increased competition from women whose labor force participation rates will climb further in the 1980's. In addition, an emerging source of competition may be found among older workers who, increasing in number, will find the part-time employment sought by many teenagers an attractive means to supplement retirement income and ease economic pressures created by inflation. The nation's growing number of undocumented workers, now estimated with considerable uncertainty between 4 and 12 million, moreover, will doubtless compete for many youth jobs.

4. The changing occupational structure of the U.S. economy will continue in the decade ahead to place pressure on the number of jobs traditionally held by youth. In the absence of occupational upgrading and the opening of new jobs to youth, the diminishing number of "youth jobs" will offset some of the gains to be realized from the diminished number of youth looking for work. Given their concentration in slow growth occupations, minority youth stand to be more adversely affected by this trend in the absence of structural labor market policies.

5. Though the demographic trends are favorable, this brief review of the forces operating on the demand side of the youth labor market offers little assurance the problem is going to diminish in the absence of special youth employment policies. Moreover, the problem is going to become more visibly a problem of blacks and Hispanics, the very groups who have faired the worst under more favorable conditions.

III. YOUTH EMPLOYMENT POLICIES

A. A Targeted Approach Is Needed

1. Not all youth unemployment is harmful and some, in fact, may be beneficial through providing a better understanding of how labor markets work.

2. That which is harmful, however, occurs among youth in low income families and among teenage youth out of school and jobless. Recent research involving a national sample of youth 16 to 24 years of age who were followed over a period of several years in the mid-1960's and early 1970's shows that joblessness among out of school teenage youth is associated with an earnings disadvantage during early adulthood. The earnings disadvantage was largest for young blacks whose earnings during their mid-20's fell 20 to 30 percent below other young blacks who were out of school during their teenage years but employed, education and other personal characteristics held constant. These findings have been corroborated by several more recent studies suggesting that joblessness among out of school teenage youth, but not in school youth, defines an important target population that can expect to find labor market assimilation difficult.

B. Policy Recommendations

1. There is no single program or policy that will address the youth unemployment problem. General policies concerned with full employment, urban development, immigration, and affirmative action are important elements of a comprehensive solution to the problem. Specific youth labor market policies focusing on jobs and skill development are also important. As policies, these are not new. What is new is the evidence supporting them and the confidence offered policymakers for decisions formerly based on hunches. For perhaps the first time, evidence exists which links the early employment experience of out of school teenage youth to their subsequent employability and earnings. As such, this adds new emphasis and urgency to youth job creation efforts.

2. A well-targeted program of jobs for youths will address not only the short-term personal hardships associated with youth unemployment, but the longer-term scarring effects as well. Youth job creation efforts represent a lifetime investment. These efforts should complement not compete with a program of skill development, however. There is no substitute for education. The strong positive returns of schooling observed for whites and blacks today reinforce this point. Keeping youth in school should have the highest priority. Job creation efforts should be structured with this objective in mind. For those youth who leave school, however, options in the form of training and basic education should be offered along with jobs.

3. Job creation and skill development together offer constructive solutions to the youth employment problem. The outlook ahead suggests this problem will not diminish of its own accord. Strong policy responses are needed which must include the participation of the private sector where 80 percent of the jobs are located. Without these responses, the longer-term consequences of the problem for some youths will perpetuate social and economic inequality. Thank you for the opportunity to present this statement. I will now try to answer any questions you may have.

Representative MITCHELL. I want to make sure that I am pronouncing the name right. It is Cardenas. Please proceed.

STATEMENT OF GILBERT CARDENAS, REGIONAL ECONOMIST, SOUTHWEST BORDER REGIONAL COMMISSION, DEPARTMENT OF COMMERCE

Mr. CARDENAS. Mr. Congressman, distinguished members and guests of the Joint Economic Committee, I would like to thank the committee for the opportunity to testify on the employment problems and issues of minorities, particularly Hispanics.

In the past and present, I have conducted research on the labor market problems of Hispanics, particularly Mexican Americans. I have also done research on manpower policy, CETA, illegal immigration, and the manpower problems along the United States-Mexican border.

And I do have a prepared statement.

For many years, the manpower problems of Hispanics have been of severe magnitude. With the passage of the Civil Rights Act of 1964, the Hispanic population began to experience some economic progress. A decade later, the economic gains made by Hispanics and other minorities have all but disappeared with the economic recession that developed in the 1970's.

Since the bottom of the 1975 recession, Hispanic, like black, employment has expanded significantly. With the recession in the making, such gains may be lost. In loose labor markets, when business activity is generally unfavorable, the national economy is unable to absorb as many workers as possible. Minorities are directly affected because they are the first to be laid off.

The Hispanic population in the United States has been estimated to be over 12 million in 1979. The Hispanic population includes Mexican Americans, Puerto Ricans, Cubans, and other Latin Americans.

The Hispanic population resides in different regions of the country and experiences similar employment and earning trends in the United States. Hispanics primarily reside in the rural and urban labor markets of the Southwest.

However, there are large concentrations of Hispanics in labor markets like New York, Chicago, Detroit, and Boston. The Hispanic population is expected to continue to grow, and it is anticipated that by the year 2000, the Hispanic population may become the largest minority group.

Mexican Americans comprise the largest group of the Hispanic population in the United States. The second largest is definitely the Puerto Rican population.

The Hispanic population is usually younger than that of blacks and whites. The median age for the Hispanic population in 1978 was 22.1 years as compared to 29.5 for the total population.

The median age for Mexican Americans was 21.3 years as compared to 20.3 years for Puerto Ricans. The Cuban population was slightly older with a median age of 36.5 years.

The Hispanic population is likely to continue to increase significantly as a relative proportion to the total population in the country for several reasons. The youthfulness of the population associated with high birth and fertility rates will contribue to significant increases. The dimensions of the expected population increase are further enhanced by the constant flow of legal and illegal immigrants from

Mexico and other Latin American countries. Many illegal aliens come from Mexico because of the close proximity to the United States-Mexico border which facilitates such movement of workers to urban and rural labor markets. In the case of Puerto Rico, Puerto Ricans' economic condition in Puerto Rico may very well contribute to a larger influx of Puerto Ricans to the mainland.

Several articles in the New York Times have recently addressed the issue and, apparently, the unemployment problems in Puerto Rico are so bad, in the early 1980's and throughout the next decade, a larger influx of Puerto Ricans will be coming to New York City and other urban areas in the country.

Many other Latin Americans are coming to the United States because of the better employment opportunities and higher incomes relative to their respective countries.

The Hispanic labor force in 1978 was over 5 million. The Hispanic labor force has expanded by 38.9 percent between 1975 and 1978. The labor force participation rate of Hispanics has been slightly higher than that of blacks. The labor force participation rate for Hispanics was 61.7 percent as compared to 61.4 percent for blacks.

In 1979, the labor force participation rate for Puerto Ricans—50 percent—has been much lower than that of Mexican Americans—65.2 percent.

A large segment of the Hispanic population is not in the labor force for various reasons, not limited to the lack of labor skills, hidden unemployment, or childbearing. Hidden unemployment is generally common among Puerto Rican and Mexican Americans in central cities and rural labor markets.

Many Hispanics drop out of the labor force because of their unsuccessful experiences in finding employment. In light of the economic recession, hidden unemployment is likely to increase through 1985, particularly among Hispanic youth, migrant farmworkers as well as Mexican Americans and Puerto Ricans in urban areas.

On the issue of hidden unemployment, this is a very severe problem, particularly along the border, according to some of the work that I have conducted in the past along the border labor markets in the Southwest. Published unemployment rates vary from 20 percent to 25 percent in some of the border labor markets. The unemployment rates for Mexican Americans are significantly higher—as high as 40 to 50 percent, while hidden unemployment rates of some of those Mexican Americans that have dropped out completely of the labor force are significantly higher.

And an earlier study by Vernon Briggs in some of the border labor markets indicated this particular concern about hidden unemployment. And, of course, nobody really knows the exact unemployment rate for the Mexican Americans in some of these border areas because it is not published—it is not published by the employment service or otherwise.

Despite employment gains made in the past 3 years, the rate of joblessness among Hispanics continues to be a major problem in 1979. Unemployment rates for Hispanics continues to be a major problem in 1979. Unemployment rates for Hispanics have been generally higher than the national average, but significantly lower than that of blacks.

In 1978, the unemployment rate for Hispanics was 9.5 percent as compared to 12.6 percent for blacks. The unemployment rate for

Puerto Ricans in 1978 was higher than that of Mexican Americans or Cubans.

One of the reasons is because where the concentration of Puerto Ricans exists—for example, Puerto Ricans generally reside in urban areas like New York City, like Boston, Philadelphia, and a lot of them tend to be more than likely in the unemployment rolls because of for a variety of reasons but one is definitely the liberal unemployment compensation laws in some of these areas seems to indicate, for example, that it might be easier for Puerto Ricans to be unemployed there, than, let's say, Mexican Americans in San Antonio, Tex., or in Los Angeles, Calif.

Another reason is because of the types of jobs that Puerto Ricans hold in these particular cities. Most of them are concentrated in low-paying status. You often have the consequences of what we call voluntary unemployment. In other words, the jobs pay too little that it is fairly easy for them to become voluntarily unemployed.

It might be easier for them to collect unemployment compensation or just remain unemployed.

Other significant problems of unemployment among Hispanics is definitely structural and cyclical factors.

Structural unemployment among Hispanics is usually associated definitely by the changes and shifts in the composition of the labor force by automation and also by competition of imports.

For example, along the border in the Southwest, the migrant farmworkers, have been jobless because of automation replacing them in terms of mechanization replacing a lot of the labor force.

On the other hand, many workers on the east coast and west coast have been unemployed because of the competition of imports associated with the apparel industry.

Also, other Hispanics are definitely unemployed because of the shifts in the composition of the labor force. For example, Hispanics in general have been concentrated in blue collar employment rather than white collar employment. With shifts in the composition of the labor force, there is a tendency for white collar employment to grow more or relative to blue collar employment. Because of concentration in blue collar employment, Hispanics would tend to be displaced in the process with the changing economic structure of jobs. Although the major problem with Hispanics is structural unemployment in the past and present, cyclical unemployment is more likely to increase the joblessness among Hispanics in the future.

And, definitely, this is associated with the state of the economy and the lack of aggregate demand, particularly with the economic recession and current monetary policy associated with high interest rates, raised recently by the Federal Reserve Board, that will have a tremendous impact upon the Hispanics as well as other minorities because of the last-hired and first-fired syndrome.

The unemployment rates among Hispanics are significantly higher among Hispanic youth, particularly Puerto Rican youth. Unemployment rates for Puerto Rican youth are slightly similar to black youth. But definitely, Mexican American and Puerto Rican unemployment rates for youth are slightly lower than that of black youth. The rate of joblessness among Hispanic youth is usually associated with the lack

of educational attainment, lack of usable work experience, and in many instances, the lack of jobs.

Especially in some rural labor markets, the surplus of unskilled labor makes it more difficult for youth to find employment. Oftentimes, Hispanic youth have to compete with women, illegal aliens, and other immigrants for the same jobs.

In terms of the future employment outlook for Hispanics, it appears to me that the employment gains to be made by Hispanics in the future will be less than that of the Hispanic experience in the 1960's for a variety of reasons.

The major concern that I have in terms of the future of Hispanics is the growing youth population. In other words, because of the other factors that I mentioned earlier, the increases in population associated with legal and illegal immigration, the manpower problems of this population are likely to increase.

For example, their education will continue to be low, employment rates will continue to be low, language barriers will continue to be a significant factor, and as such, it will be very difficult for Hispanics, particularly Hispanic youths, to catch up with their white counterparts.

If there will be employment gains, those gains will be mostly in the service and labor occupations because many of the coming Hispanics that will come in because of their severity of the problems will have a difficult time moving into blue collar and white collar employment.

In terms of recommendations, definitely it seems to me that in terms of what has been found about minorities and Hispanics, I believe if we're going to come up with some kind of a public policy for Hispanics and other minorities, it definitely lies in full employment for Hispanics and all minorities. Although the Federal Government has recognized the manpower problems of the Hispanic population, many of the programs and policies have not met the special needs of the population.

Since the 1960's, for example, the manpower revolution gave rise to many manpower programs to serve the disadvantaged and to serve particularly minorities. Yet, it is interesting to note that the extent of participation of Hispanics continues to be minimal relative to the problems that this particular population experiences in rural and urban labor markets.

In terms of solutions, definitely I would tend to agree with the other members of the panel. Definitely, we need to put more resources in to solve the structural unemployment problem, particularly targeted programs for this particular population.

One of the things that I would like to recommend for the committee to consider is definitely high-impact funds for the Southwest considering the unemployment rates of some of these border labor markets, which are significantly higher than the Nation or the States.

Also, further research needs to be conducted on the specific problems of Hispanics, particularly youth, women, Mexican Americans and Puerto Ricans in urban and rural America.

Until recently, very little was known about the Hispanic experience in manpower programs and their manpower problems, and for this reason, I do appreciate being here. But definitely, we have more work that needs to be done in terms of research. Some more data is being

collected to look at the longitudinal progress of Hispanics, but it continues to be very limited, and unless we know more of the specific problems of this particular population, it will be very difficult to correct their manpower problems.

In terms of cyclical unemployment, definitely public service employment, introduced in 1971 and later under CETA, will continue to be needed.

One of the things that I notice in analyzing data from manpower programs, Hispanics and other minorities have had very low participation in public service employment. Definitely, public service employment, for some reason, serves more the better prepared poor, or whatever people are that are experiencing lesser problems, than other minorities in the economy.

One of the things I notice is that definitely Hispanic participation in PSE is definitely low. I would definitely encourage increased participation in PSE.

For some reason, prime sponsors in the past and present have concentrated so much of their efforts on work experience rather than on-the-job training or PSE.

And I think work experience is very, very good and I'm a strong proponent of work experience programs. But when you look at some of the prime sponsors that are spending a good 70 to 80 percent of their moneys on work experience, the efforts of manpower programs may be self-defeating.

I think it is more feasible for prime sponsors and other deliverers of manpower services to concentrate on on-the-job training and public service employment. I encourage targeted programs to help the hidden unemployed.

In the past, for some reason, the hidden unemployed have not been served by manpower programs. One of the reasons is definitely the regulations and guidelines tend to discourage many who qualify because of their uemployment status.

Second, prime sponsors often experience tendencies—in other words, a lot of time you find prime sponsors at the local levels playing the numbers game or creaming the best enrollees for the programs to provide successful performance for the Department of Labor.

I think that is very, very good. But what is sad is that the magnitude of the problems for the hidden unemployed remain and worsen because of this.

So I believe there is a strong need to address the hidden unemployment issue. Definitely, the National Commission on Unemployment, of which Mr. Adams used to be the executive director of, addressed this issue.

But we need to look more in depth into this issue, or particularly, when the economic recession worsens.

One of the solutions to the hidden unemployment would be the greater participation of community-based organizations. I definitely see a need to have more awareness and participation of these particular organizations because they have the capability to serve those local needs, particularly the hidden unemployed.

In the past and present, for some reason, we have undermined the capabilities of these organizations. But I believe that we're going to

need them if we're going to try and reach full employment in the 1980's.

And with that, I would like to conclude.

Representative MITCHELL. Thank you very much. And, again, thanks to all of you.

[The prepared statement of Mr. Cardenas follows:]

PREPARED STATEMENT OF GILBERT CARDENAS

Distinguished members, guests and staff of the Joint Economic Committee. My name is Gilbert Cardenas. I am a Brookings Institution Economic Policy Fellow and Economist with the Southwest Border Regional Commission. I am currently on leave as Professor of Economics at Pan American University where I teach various courses on manpower policy, labor economics, and industrial relations. It is indeed an honor and privilege to be here to testify on the employment problems and issues of minorities, particularly Hispanics. I would like to thank the members of the Committee for this invitation. In the past and present. I have conducted research on the labor market problems of Hispanics, particularly Mexican-Americans. I have also conducted previous research on manpower policy, CETA, illegal immigration and manpower problems along the United States-Mexico border.

Since 1970, the United States has been generally characterized by high rates of unemployment and inflation. With such economic conditions, the nation has been far from reaching its economic goals in terms of full employment and price stability. In 1977, the Carter Administration designed a special economic stimulus program to keep the economy on a path of recovery at a pace sufficient to reduce the level of unemployment and inflation significantly. The average unemployment rate fell to 7.0 percent in 1977, but the rate of inflation remained relatively high by historical standards. Since then, the rate of inflation has continued to increase. Consumer price inflation accelerated from an 8 percent rate in late 1978 to an annual rate of 13 percent early this year. The economic recession in the nation is likely to worsen in the future and among the hardest hit will be minorities, particularly Hispanics.

For many years, the manpower problems of Hispanics have been of severe magnitude. With the passage of the Civil Rights Act of 1964, the Hispanic population began to experience some economic progress. A decade later, the economic gains made by Hispanics and other minorities have all but disappeared with the economic recession that developed in the seventies. Since the bottom of the 1975 recession Hispanic, like black, employment has expanded significantly. With the recession in the making, such gains may be lost. In loose labor markets, when business activity is generally unfavorable, the national economy is unable to absorb as many workers as possible. Minorities are directly affected because they are the first to be laid off.

The plight of the Hispanic population continues to be associated with higher than average unemployment, high incidence of poverty and low incomes. The manpower programs for the Hispanic population are more likely to continue in the 1980's. High unemployment among Hispanics is likely to increase significantly between 1980 and 1985 given the population growth of this group.

The Hispanic population in the United States has been estimated to be over 12 million in 1979. The Hispanic population includes Mexican-Americans, Puerto Ricans, Cubans, and other Latin Americans. The Hispanic population resides in different regions of the country and experiences similar employment and earning trends in the United States. Hispanics primarily reside in the rural and urban labor markets of the Southwest. There are large concentrations of Hispanics in labor markets like New York, Chicago, Detroit, and Boston. The Hispanic population is expected to continue to grow, and it is anticipated that by the year 2000, the Hispanic population may become the largest minority group.

Mexican-Americans comprise the largest group of the Hispanic population in the United States. About 60 percent or 7.2 million of the Hispanic population are Mexican-Americans. The Mexican-American population is primarily concentrated throughout the Southwestern States and along the United States-Mexico border. The second largest Hispanic group is that of Puerto Ricans that live on the mainland. In 1978, there were about 1.8 million persons of Puerto Rican birth or parentage in the United States. The Puerto Rican population is

largely concentrated in the eastern seaboard in cities like New York, Philadelphia, and Boston. However, major cities like Chicago and Cleveland also have large Puerto Rican populations. The Cuban population of over 700,000 is largely concentrated in Florida.

The Hispanic population is usually younger than that of blacks and whites. The median age for the Hispanic population in 1978 was 2.1 years as compared to 29.5 for the total population. The median age for Mexican-Americans was 21.3 years as compared to 20.3 years for Puerto Ricans. The Cuban population was slightly older with a median age of 36.5 years. Over 42 percent of the Hispanic population was under 18 years old as compared to 38 percent of blacks under 18 years old. Hispanic families in 1979 continue to be larger relative to other groups. The family size among Mexican-Americans was 4.2 persons as compared to 3.8 and 3.5 for Puerto Ricans and Cubans, respectively.

The Hispanic population is likely to continue to increase significantly as a relative proportion to the total population in the country for several reasons. The youthfulness of the population associated with high birth and fertility rates will contribute to significant increases. The dimensions of the expected population increase are enhanced by the constant flow of legal and illegal immigrants from Mexico and other Latin American countries. Many illegal aliens come from Mexico because of the close proximity to the United States-Mexico border which facilitates such movement of workers to urban and rural labor markets. The push of rural poverty and the pull of employment opportunities encourage many illegal aliens to come to American border labor markets as well as other metropolitan labor markets like Dallas, Chicago, and Los Angeles. In the case of Puerto Rico, economic conditions there may well contribute to a larger influx of Puerto Ricans to the mainland. Many other Latin Americans are coming to the United States because of the better employment opportunities and higher incomes relative to their respective countries.

The Hispanic labor force in 1978 was over 5 million. The Hispanic labor force has expanded by 38.9 percent between 1975 and 1978. The labor force participation rate of Hispanics has been slightly higher than that of blacks in 1978. The labor force participation rate for Hispanics was 61.7 percent as compared to 61.4 percent for blacks. In 1979, the labor force participation rate for Puerto Ricans (50.0 percent) has been much lower than that of Mexican-Americans (65.2 percent). A large segment of the Hispanic population is not in the labor force for various reasons, not limited to the lack of labor skills, hidden unemployment, or childbearing. Hidden unemployment is generally common among Puerto Rican and Mexican-Americans in central cities and rural labor markets. Many Hispanics drop out of the labor force because of their unsuccessful experiences in finding employment. In light of the economic recession, hidden unemployment is likely to increase through 1985 particularly among Hispanic youth, migrant farmworkers as well as Mexican-Americans and Puerto Ricans in urban areas.

Despite employment gains made in the past three years the rate of joblessness among Hispanics continues to be a major problem in 1979. Unemployment rates for Hispanics have been generally higher than the national average but significantly lower than that of blacks. In 1978, the unemployment rate for Hispanics was 9.5 percent as compared to 12.6 percent for blacks. The unemployment rate for Puerto Ricans (11.7 percent) in 1978. was higher than that of Mexican-Americans (9.6 percent) or Cubans (6.9 percent). In 1979, unemployment among Hispanics continues to decline reaching 7.9 percent in the second quarter. In light of the recession and the lack of aggregate demand for goods and services. Many Hispanic unemployment is generally caused by cyclical and structural factors. Much of the cyclical unemployment among Hispanics is explained by the economic recession and the lack of aggregate demand for goods and services. Many Hispanics. particularly migrant farmworkers and Puerto Ricans and Mexican-Americans in the apparel industry have experienced structural unemployment. This type of unemployment is caused by structural shifts in the composition of the labor force. automation. and competition of imports.

The unemployment problem among Hispanics is particularly severe among its youth. In 1979, the unemployment rate for Hispanic teenagers was as high as 21.0 percent. Mexican-American and Puerto Rican youth have experienced high unemployment rates of 21.3 percent and 26.9 percent. respectively. The rate of joblessness among Hispanic youth is usually associated with their lack of educational attainment, lack of usuable work experience, and the lack of jobs. Especially in some rural labor markets. the surplus of unskilled labor makes it more difficult for youth to find employment. Oftentimes. Hispanic youth have to compete with women, illegal aliens, and other immigrants for the same jobs.

The Hispanic population is largely employed in blue collar occupations in urban metropolitan areas in the United States. An exception to this is the migrant farmworker population that is traditionally employed in agriculture labor markets. In general, Hispanics like blacks are overrepresented in low pay, low status occupations and underrepresented in white collar occupations.

In 1978, over 46.5 percent of the employed Hispanic population (4.4 million) was in blue collar employment and 33.3 percent was in white collar employment. Over 16.9 percent of the Hispanics were service workers and 3.4 percent were farmworkers. About 37.4 percent of the employed Puerto Ricans were white collar workers as compared to 44.4 percent blue collar workers. About 28.2 percent of the Mexican-Americans were white collar workers as compared to 50.6 percent blue collar workers and 16.3 percent service workers. Employment gains among Hispanics have been made in both the government and services sectors. Affirmative action programs in the private sector have been less effective for Hispanics in the past and present.

Their special manpower problems have also limited the economic progress of Hispanics. The lack of labor force skills and educational attainment have also contributed to the disadvantages of the Hispanic population. The median school years completed for the Mexican-American and Puerto Rican population aged 14 years and over were 9.8 years and 10.0 years, respectively. For many, the language barrier continues to affect them in the job market. A high incidence of poverty and low income continues among Hispanics. About 22.4 percent of the Hispanic families in 1977 were classified as poor. Median income in 1977 for Hispanics was $5,564 as compared to $6,292 for blacks and $10,603 for whites. The median income for Mexican-Americans ($5,536) was slightly higher than that of Puerto Ricans ($5,445). In many instances the lack of jobs and lack of economic development have been major obstacles to Hispanic gains, particularly along the United States-Mexico border. Lastly, institutional discrimination in the labor market has also affected the experiences of Hispanics in the job economy.

The severity of the manpower problems of Hispanics varies from region to region as between and among Hispanic groups. Among the poorest in the nation are the Mexican-Americans that reside in southwestern labor markets along the United States-Mexico border. The border region is characterized by high rates of unemployment and lack of economic development. Average annual unemployment rates in labor markets like Laredo and McAllen-Pharr-Edinburg, in Texas, are the highest in the state and nation. In 1978, the average annual unemployment rates in the United States and Texas were 6.0 percent and 4.8, respectively. Average unemployment rates in Laredo and McAllen were as high as 13.3 percent and 12.8 percent. The rate of joblessness among Mexican-Americans was as high as 35 percent. Mexican-Americans in urban areas like Los Angeles, Chicago, and San Antonio, have experienced similar problems. Unemployment rates in the central cities for this group as as high as 50 percent, particularly among Mexican-American youth. Hidden unemployment among Mexican-Americans is rampant in American border labor markets and major metropolitan areas.

The Puerto Rican experience in New York City and other metropolitan areas continues to be one of economic disadvantage. Although many Puerto Ricans have gained successful entry into the labor market, there are many others that have been left out. Occupational patterns and unemployment rates as shown earlier are among the highest for all Hispanic groups. The economic problems which have beset New York City generally have had an effect on the labor market experiences of Puerto Ricans. Like the Mexican-American, the economic problems of the Puerto Rican population are explained by the lack of labor force skills and low educational attainment. The language barrier has been a most critical barrier for newer Puerto Ricans coming to New York. Much of the joblessness among Puerto Ricans is generally voluntary associated with the low pay and low status jobs which Puerto Ricans are subjected to in the labor market.

The employment patterns of the Hispanic population have serious implications for manpower policy. Hispanics in the next decade will make fewer relative economic gains in employment than that of the Hispanic experience in the seventies. Many Hispanic workers will become potential members of the labor force because of population increases. However, there will be a significant segment of the population that will join the unemployment ranks. It will be indeed more difficult for Hispanics to make greater gains in white collar occupations. Any significant employment gains for Hispanics between 1980–85 will probably be in the low pay and

low status occupations such as service workers and laborers. The future experience of Hispanics in the labor market will be dependent on the rate of expansion of the economy and the degree to overcome structural disadvantages they now have in the labor market. Increases in the Hispanic population will make it more difficult for employment growth levels to keep up with the number of Hispanics seeking work.

The changing economic structure of jobs in the future will also have serious implications for Hispanics. Specific groups like Mexican-Americans along the United States-Mexico border, migrant farmworkers, and Puerto Ricans and Mexican-Americans in the inner cities will be the hardest hit by future problems in these local economies.

There is a need to develop more viable public policies towards full employment for Hispanics and all Americans. Although the Federal Government has recognized the manpower problems of the Hispanic population, many of the programs and policies have not met the special needs of the population. Because of the growing size of the Hispanic population, there is a need to continue to develop and improve adequate employment and unemployment data for Hispanics to better improve the delivery of services to them. In the past, Congress has criticized the various Federal agencies for the absence of adequate data on Hispanics and that such data has contributed to the inadequate distribution of Federal funds to this group. Also, more research is needed on the various labor market experiences and manpower problems of the Hispanic population—namely, youth, women, Mexican-Americans, and Puerto Ricans in urban and rural America.

The present and future economic solution toward the problems of Hispanics lies in the realm of manpower policy and development, particularly, in CETA, Vocational Education, and economic development programs. Hispanic participation in CETA manpower programs among youth has been limited to work experience rather than on-the-job training. Under the Youth Employment and Demonstration Project Act of 1977, Hispanic participation in youth programs has increased slightly over the years. Relative to the universe of need, Hispanics are underrepresented in CETA programs and apprenticeship training. Many of the hardcore unemployed and the hidden unemployed in South Texas, East Los Angeles, and Harlem are not being served by manpower programs. Oftentimes, they cannot meet CETA requirements and guidelines. Given their socioeconomic characteristics, many are excluded because they are the most difficult to train and place. Manpower policy should be expanded to accommodate the hidden unemployed. There is a need for more manpower involvement by the community-based organizations in serving these groups. Manpower policy and development in the future should include a greater involvement of the private sector because of employment opportunities there. CETA programs should put more emphasis on on-the-job training and public service employment rather than work experience. Hispanic participation in public service employment programs should be increased. Manpower policy and activities should be coordinated with education and economic development efforts. In American border labor markets manpower and economic development efforts should be coordinated to improve the economic status of Mexican-Americans. Special educational programs for minorities in terms of vocational education and higher education should be expanded to improve investment in human capital among Hispanics. Equal employment opportunity should continue to be promoted in both the private and public sector to improve the employment position among Hispanics.

Representative MITCHELL. I must confess to my colleague and to the witnesses that each time that we attempt an exercise like this, I become very, very frustrated simply because of the sheer magnitude and complexity of the problems that we are trying to wrestle with.

I guess my personal philosophy about government is that government ought to intervene in any sector of the society, whenever intervention is necessary. It ought to create jobs; it ought to provide housing and do all of those things when that is necessary. And I guess essentially that is the liberal position.

Having embraced that position and having articulated it, I would go on record as saying that, if I had my way, I would prefer to see all of the jobs created in the private sector. If we could reach that

point where the private sector was totally responsive to the needs of blacks and other minorities, then I would be very happy to simply abandon all of the Governmente job-training programs. I don't see that being reached at any time in the near future.

In that connection, what more can we do? What are your thoughts as to how we can spur greater participation in the private sector in attempting to reduce this problem? We have talked about tax incentives. Those are desirable, I know. I just don't know how you deal with the problem of racial discrimination in the private sector.

Put those two aside for the moment—tax incentives and racial discrimination. What else, what other areas should we be looking at with regard to spurring the private sector to address and to help reduce this enormous problem, which I think is very, very threatening to our Nation? Do you have any ideas?

Ms. SAWHILL. It is related to tax credits, but I think it is different, and that is that, as you know, currently under CETA, subsidies are not allowed to be paid for any private-sector work experience, and many of the people that we heard from in our field hearings felt very strongly that it would be tremendously helpful to their ability to place youth in long-term jobs if this prohibition did not exist.

There has been one small demonstration program as part of the entitlement project that permits 100 percent subsidization of wages in the private sector for disadvantaged in-school 16- to 19-year-olds. But that has only been a small demonstration.

I have also been quite impressed from talking with various manpower experts from Great Britain recently that they have a program over there that involves the manpower commission itself; in other words, the Government paying the wages of long-term unemployed youth but then placing them in the private sector. And they report that once the youth are in the door, so to speak, and the employer has some familiarity with them, then the youth himself or herself has a track record and that then the placement in the private sector goes up dramatically.

So, I think, a lot of the problem is getting them in the door in the first place under circumstances which don't entail the private employer making a regular hire with all of the extra fringe-benefit costs and other risks that he may erroneously—or correctly—perceive with respect to that initial hire.

Once the youth is there and performing on the job, there is a much greater probability that they will be either placed in that firm or another one.

Mr. ANDERSON. I think it's important to recognize also, Congressman Mitchell, that inevitably, unless the demand curve for labor is moving to the right, any effort to encourage private employers to hire one group will necessarily mean that another group will not be hired, and I think that very often insufficient attention is given to the competition at the local level. We are informed, as economists, by Alfred Marshall that the ultimate factor that determines the demand for labor is the demand for the product; and even with targeted jobs, tax credits, and other devices like that, if there isn't a demand for the product or the service that a firm produces, that firm is not going to increase its hiring.

What will happen is that those groups that are the beneficiaries, that are eligible under certain programs, will then get the jobs, and

some other group will not get the jobs. It seems to me that very often there has been a reluctance to face up to that.

It seems to me also that if we believe that youth unemployment is a critical national problem and if we believe that minority youth unemployment, in particular, is a very serious national problem, then we ought to be prepared to say that those are the people that we are going to prefer to be hired if there are jobs available.

Now, that means that we have to bite the bullet and recognize that some other people are not going to be hired. This question is going to be especially critical over the next several quarters as the economy softens substantially. We have the targeted jobs tax credit out there, and increasingly that is going to be a device for some people being hired and other people not being hired. And I just think we have to recognize that.

Representative MITCHELL. I think you're absolutely right. If the recessionary trends continue, I can see our colleagues in the House saying, "Let's get rid of this preferential treatment for this group."

Are there any other comments?

Representative BROWN. Well, could I just interrupt at that point, Congressman, and ask Mr. Anderson to elaborate just a minute on the recessionary curve. In a recessionary period, the demand curve for employment is not moving up or moving to the right. So one has to either make a choice on some discriminating basis or another. Or how would you like the idea of giving priority to those who are ineligible for unemployment compensation? I think that might just solve the political problem for the Congress, because the guy who is eligible for unemployment compensation is being supported economically and socially by the Government, but the person who is ineligible under any circumstances for unemployment compensation has nothing.

And so perhaps if we can find them the jobs, then we have an opportunity for those others to come back to the workplace in which they were formally located, when the economy picks up. Does that seem to make any sense?

Mr. ANDERSON. Yes; it makes a great deal of sense, and I think that is one way to adjust to the very severe competition that one would find in the labor market at a time when the demand for labor is becoming more slack.

There are other ways that one can approach it, too. I recall that in the 1974–75 recession, for example, there was a lot of talk about work schedules, changing work schedules, and the way that would create more opportunities for some of the disadvantaged.

Also, we have some attempt, at least in some places, to move toward a juniority system. You know, typically, the most senior employee is the one who is laid off last. In some plants, an attempt was made to have individuals who had seniority to opt out, especially in cases where they not only had unemployment compensation but supplementary unemployment benefits.

These are devices that one has to look at in an effort to try to deal with this problem and to recognize that that is going to be very serious as demand curves either move this way or they stop moving that way.

Mr. ADAMS. I think it is important for us to remember that we are indeed facing immediately a problem of recession, but I think we face a longer term problem through the 1980's of slow growth, slow growth

brought about by constraints upon key resources in our economy, and energy being a particular example of this. And unless we are willing to adapt our policies to this reality to encourage innovation, productivity, and capital investment, we are going to be facing not only the problems of the immediate recession but the longer term problems of this decade brought about through slow growth and its adverse impact upon those who can afford it least.

Representative MITCHELL. Let me interrupt for just a moment here, if I may. Because while I am deeply concerned about the recession that is coming, I am interested in the entire decade of the 1980's, where are we going to be in 1989. I am concerned about what kinds of jobs we train youth for. What type of training do we give our youth, anticipating what we are going to look like in this country in 1989.

By way of illustration, I remember some years ago I worked very hard at getting blacks to acquire and operate filling stations. We had a proliferation of them around Baltimore City. Then came the oil crunch, and most of them went out of business.

But I am really very serious. What kind of vocational training do we give our minority youth in order to prepare them for this economic projection? Do we sort of scrap the whole business of vocational training and look toward greater emphasis on training for white-collar, highly skilled jobs at the university-college level? Are there any reactions or helpful suggestions to that?

Mr. ADAMS. Well, I certainly disagree with the suggestion of training them for the universities. [Laughter.] I think in looking at the American Assembly report, we tried to deal with the issue of building linkages between school and work through better counseling and better occupational information, to guide educational investment policies both by institutions and by individuals.

I think we need more information of this nature to help people make decisions about education investments. I don't think, however, it is necessary for us to look at investments in education today as a lifetime investment. Our technology, our society, is changing too rapidly for that to be true.

One of the problems I have observed in my role as director of a program in educational policy is the lack of communication between the manpower community and the school community——

Representative MITCHELL. How do you facilitate it? That is a problem, the lack of communication between these two entities. What ought we be doing in the Congress and/or the academic community to facilitate that communication?

Mr. ADAMS. I am always impressed by the power of the dollars to attract attention, and I am particularly interested, or will be interested, in the results of the 22-percent set-aside under the Youth Employment Demonstration Act, which is, in effect, a method of getting the attention of school administrators. They are facing a market which is declining, and I think they will be interested in listening to this source of funding. This is one mechanism we have to consider again and again in building these linkages.

I think there is a very good example we can observe now in our community college system. Our community colleges are doing a very fine job of both vocational technical training and preparing youth for

going beyond the 2-year level. They are developing some of these linkages that our secondary schools ought to be doing.

Representative BROWN. In the community college system in Ohio, the college is required to have a curriculum planning board made up of local industrial leaders so that they are not training a lot of people who are not going to be used in the local community.

I do want to raise one question, though, Congressman Mitchell, about something you said, and we both laughed at it, but it occurs to me that getting them to operate their own filling stations is significant. I mean, it may have been a bad choice for the future employment and some of these other choices may be bad for future employment. But if you can get them a job after they get out of school, then they at least have a job, that first job.

I got this out of the testimony that each of you gave: That first job is the critical job, and if you can train them for the current job market, never mind that the automobile may become passé, they at least are likely to be able to find a job in whatever follows the automobile.

I think that is significant, the fact that you were able to get people that first job.

Mr. ADAMS. One final comment I would have on this point is that it is important to provide training for jobs that exist now, but to recognize that over the life of the individual, there will be many changes of jobs and skill requirements of these jobs. And what we ought to have in employment policy is a life-learning process as it is called.

The education and training institutions must deal with recurring education and the retraining of youth and adults over the life cycle. That is a very important dimension of educational policy that we have got to be aware of in our rapidly changing society.

Representative BROWN. I want to ask some specific questions about the problems, the inhibitions on finding a job, but I understand Senator Javits wants to ask a couple of questions.

Senator JAVITS. Thank you very much, Congressman. I really do appreciate that. I have got a critical meeting going on at the Senate Foreign Relations Committee, but I am very anxious to ask a couple of questions.

I am very grateful to you all for helping us. And I have a rifleshot question. If it is a fact that there are 58,000 teenagers in New York City unemployed, with an unemployment rate of 35 percent, I have a question: Am I right in assuming that our aggregate national problem is in the area of 500,000?

Mr. ANDERSON. I would think so, yes. That is the figure I play around with.

Senator JAVITS. Now, the reason I ask this question—and I hope you will comment, and that is all I want to ask—is this: Here we are with $400 million in a program for private-enterprise absorption of the hard-to-absorb unemployed, training, education, et cetera, which the business community has endorsed—that's point one.

Point two, we have a couple of hundred million in an education-work link in the youth employment demonstration.

Wouldn't you agree that it is well within the capability of the U.S. private enterprise system to take on half a million young people and

crack this problem, which is at the root, by the way, of excessive crime in this country, as well as unemployment?

What we ought to do is fix our attention on the universe and show how small it is and deal with that.

Mr. ANDERSON. I am not sure that the linkage is quite that direct, Senator Javits. Let's take New York City. I work there now, although I don't live there. Many of the 58,000 young people that you referred to, let's be honest about it, can offer no useful service to any company in this country. Many of them have terribly negative attitudes toward work; many of them have an abominable basic education. Many of them do not want the jobs. Many of them have very little to offer any major company that would hire them.

Now, that is not to write them off. That is simply to say that, even if the number is 58,0000 in New York City or half a million across the country, there may be some things that you want to do with that 500,000 other than simply having private firms pick them up and hire them. I don't believe that a program like that, quite frankly, would work.

It is necessary, in my view, to find ways to provide economic incentives to private firms to hire more youth, but in so doing the firm must retain the right to reject individuals who can make no contribution to the productive activities of that firm, because otherwise what you will have happening is precisely what happened in what I considered to be a snare and a delusion: The jobs program of 1968–69, when a number of low-level dead-end jobs were opened up to a lot of young people. They were given a broom to sweep the floor; they got absolutely nothing out of it. As soon as the economy started to turn down in 1969 they were laid off. I don't think that is what we need to do any more.

Senator JAVITS. Mr. Anderson, may I interrupt you. I don't expect, when I make that proposition, that you are going to go through the simplistic business of hiring them and giving them a broom. I expect that you are going to undertake a responsibility for them, and that means education, that may mean housing, it certainly means intermediary organizations.

The question is whether that might not be a way to try. Here are businesses that want to be socially useful. There are a great many of them. The question is: Isn't this a manageable universe if you have enterprise and government—you've got a lot of government money, too—being willing to be socially useful. Therefore, instead of bewailing the individual problems, shouldn't we approach it on the basis of dealing with a half million young people? That's all I am asking.

Mr. ANDERSON. Let me just say one other thing. If you are focusing on the 500,000, I would say that those mechanisms probably wouldn't work. However, if you expand the number a little bit and you look at low-income youth—minority and otherwise, but primarily minority—who are in need across this country, the number is not 500,000, but if you expand is to include those who really are in need of employment, I believe you would come closer to 1½ million.

Now, if that then is the universe of need—and I submit that it is. rather than the 500,000 hardcore minority youth who are in serious distress—then perhaps—not perhaps; I would say then categorically,

that a major effort by the private sector could help significantly to cut into that.

But there are some other things that I think need to be done with this 500,000 other than having private firms hire them or even using labor-market intermediaries, because, quite frankly, I just don't think it would work for this group.

Representative MITCHELL. May I interrupt for just a moment. I might indicate that you have gotten in a little late, and you missed what I consider to be a very important discussion on the continued presence of racial discrimination in the private sector. All of the witnesses, I think, have referred to that. We have made phenomenal gains in creating new jobs in the private sector; yet we haven't dented, really, private employment for minorities, which is another enormous dimension we have to deal with.

Senator JAVITS. Well, I have imposed upon Congressman Brown, and I don't want to do that, unless within a short time frame we could take any other comments from the panel.

Mr. CARDENAS. I would just add to Mr. Anderson's comments that it appears to me that what you are asking, Senator Javits, it is feasible but there is more problems in doing that, and the past experience of the private sector in the 1960's and recently with the PSIP program at the Department of Labor, illuminates some other problems. I believe if it's going to work, it can work, and Congress can make it work, but they have to develop a national commitment to this kind of thing, to involve the private sector—not like we had in the 1960's with the jobs programs where, well, the Department of Labor administered it and we almost left it there. PSIP, the potential is there. It is fantastic—to coordinate the private sector with educational institutions, with manpower institutions. But for some reason, I'm afraid it needs more than just the sponsors doing it, and I believe this is where the Congress comes in in terms of a national policy for this kind of commitment. I believe that's the only way you can make it work.

There are two types of jobs that could be created, given a recession. Definitely, one is the short-term jobs, which I just call "any" job. I believe if the economic recession worsens, people will not care whether your job will be in demand 5 years from then. They want a job now, especially, the hard core, the 1½ million Mr. Anderson was talking about, some of those people that are not counted in the unemployment, definitely they want a job that pays minimum wage, that gives them enough income.

Later, I believe in that particular case we might emphasize work experience. Later for the longer term implications we may want to look at the on-the-job training, PSE and so on and so forth, but definitely I think if the economic recession is going to worsen, definitely people will need, definitely a job, whatever that job is.

Representative BROWN. Mr. Cardenas, the only point I would make—and I go back to the same point I made earlier—during the recession, not all businesses sag at the same level. Some businesses are way off, some businesses are still growing businesses.

Now, the issue here is where you have an established wage base and an established industrial base, say, in the auto industry, which has currently been hard hit. Those people are temporarily unemployed.

They're getting unemployment compensation and they're being sustained, and my guess is a lot of them are at Disney World or off fishing or hunting this fall in my part of the country and they're going to be eating well, and they hope to get back on next March, or whenever the modifications have been made that pick up the sale of automobiles.

The point that I would try to make is that there is a place for targeted employment programs for those businesses that are expanding. That is first. And then the second point is the very significant factor, as Mr. Anderson's illustration about the caboose and the train. If the train is not moving, you've got to get that train moving again in some way. And that means growth for the whole economy. And we have got to have general policies that encourage growth in the long run, or nothing happens. But where the train is moving, if we target those people into some of those jobs in the growth industries, we have moved the caboose up closer to the train.

Representative MITCHELL. Ms. Sawhill wants to get in, but let me make one comment if I may, Congressman Brown. Fine, that is a nice approach and I think it is worth looking at, but what happens when the people run out of the unemployment compensation? What happens when they are finished their hunting trips in your area, and they come back to that job in which we have now targeted a person who is structurally unemployed?

Representative BROWN. Well, those are the skilled workers, though. Their prospect for finding a job is much better than those who need the targeted job opportunity because they have never had a job before. Even if that business dies completely during a recessionary period, skilled workers have an easier time finding a job.

Ms. SAWHILL. I would just like to make a brief comment on Senator Javits' question, and also a brief comment on your earlier question about what should we be training people for in the future.

On the universe of need, Senator Javits, as I know you realize, it is a very slippery thing to estimate because so much depends upon how you define the problem, who is disadvantaged, who is unemployed. People move in and out of unemployment very rapidly. Our staff is currently doing an analysis of the universe of need, and I would like rather than talk about numbers and difficulties with estimating them, here, to send you a copy of that analysis as soon as it has been completed, on the question of what we should be training people for in the future. I am quite taken by a comment that the Chairman of our Commission, Mr. Eli Ginsberg, often makes, and that is that the best kind of vocational education in a service economy is acquisition of the basic skills, meaning the three R's, and I think that needs to be emphasized.

However, the extent that we are looking to where the growth sectors of the economy will be, I think we know something about that. It is going to be in communications and information processing; it is going to be in retail trade; and it is going to be in business and medical services. And there are projections which can help us get a handle on all of that.

The problem is that many of our vocational education programs are staffed by people who have not kept up with labor market trends and there is a great deal of obsolete equipment and facilities being used and far too much training which is not linked to the jobs that are

going to be out there in the 1980's. So I think you are right to be concerned about that question.

Representative BROWN. I want to address two questions with different principles. Ms. Sawhill, you state there is some improvement in minority youth unemployment opportunities from 1977 to 1979. You've stated this was the result of Federal initiatives. Wouldn't you also agree with the point, I think made by Mr. Anderson, that it was also a time of unprecedented growth in the economy, in terms of job formation opportunities, and that has that expansion continued and deepened? We dug in, to some extent, to those structurally unemployed in the minority area.

Ms. SAWHILL. I think the way I stated it, the testimony was that in part this growth was due to new Federal initiatives. I don't think that it is possible to give all of the credit to Federal programs and policies. I think some of it was due to the growth of the economy, as you state. On the other hand——

Representative BROWN. Are you saying it is a combination of economic growth and targeted programs? Is that what you're saying?

Ms. SAWHILL. Yes. That is what I'm saying. Let me tell you once more what a tremendous difference there was between the experience of white and minority youth. You would expect some differences in their experience, because as I mentioned, economic growth usually does help minorities more than others, but you wouldn't have expected such a tremendous disparity in what occurred. And that is that the employment growth for minority youth was three times as great as it was for white youth, and that they got one out of every five net new jobs. You wouldn't have expected the experience to have been quite that good in the absence of these programs.

Representative BROWN. Well, I want to turn the question really around, and I'm trying to emphasize the need for both things at the same time, and ask Mr. Anderson, considering your engine and caboose comparison, would you agree that we also need the economic growth to get the train, and therefore the caboose moving faster and the target programs—in other words, that you put the two together so that you can move the caboose up further in the train, is that what you are telling us?

Mr. ANDERSON. Oh, yes. I think that is precisely what I would suggest. And I think they have to go together because unless the train is moving, I suspect you would have a lot of opposition to targeted measures to help those persons in greatest need.

Representative BROWN. Now, let me address a couple of those targeted problems that I'm drawing from the conversation that we've had this morning, and I don't know whether you could quantify this or not, or put it in order of magnitude, but can you give me ways that we ought to address some of these problems? How important are the following factors in structural unemployment among minorities: The geographic location of the jobs, and the structurally unemployed, that is, moving away from the central cities; the lack of work experience which leads to unfamiliarity with accepted work habits; the inadequate education which leads to disadvantage in competing for jobs; the social differences of a minority worker seeking employment in a white-dominated business atmosphere, for example, language, social ambience or the whole issue of attitude, which somebody mentioned.

It seems to me that these are all factors. How do you address those factors? One possibility that I would suggest to you—and then if you would like to give me some ideas or perhaps even write something later on to us—one possibility is the question of the big workplace versus the small workplace. If you have a program, do you encourage small business to take an interest in these young people or the minority group, as opposed to putting him to work for the 3,000-employee plant someplace?

Another one would seem to me to be the question of intermediary relationship, teaching the young person, the never-employed-before individual, that if you are expected to be there at 8 o'clock, that does not mean 8:10, that there are a lot of negatives that accompany getting there at 8:10 and there are a lot of positives that occur with getting there at 7:50. That would seem to be some attitudinal training.

But would you comment on that panoply of problems and how important they are, from the standpoint of the Federal Government and the decisions that Congressman Mitchell and I make in Congress, and the question of whether you subsidize a business to locate in the central city, or whether you subsidize or give them some incentive to hire a central city worker, no matter where the businessplace is located. Those two things occurred to me as part of the problem. Help yourself.

Mr. SAWHILL. Let me comment on these four factors: The question of geographic location is a factor which I always thought was very important in explaining the much higher rates of unemployment among minority youth, but I have recently come to believe it is not so important based on many different studies now, which show that this can't explain a very large part of the differential. To put it most simply, over time while jobs have suburbanized, so has the population, and it is not clear that the balance between jobs and people within the cities is that different than it used to be.

Another way to look at this is to say, what are the unemployment rates of minority youth who live outside of the central city, and who live in the suburbs? And although they are slightly lower than the unemployment rates of minorities in the cities, they are not very much lower.

So, if you moved all of black youth, for example, to the suburbs, where presumably the jobs are, I think you would still find very high unemployment rates for them there.

On lack of work experience, everything depends upon the kind of work experience you have. I don't think that we should assume that experience in a neighborhood youth corps type program is going to carry the same weight in terms of improving your future prospects as, say, an experience in the private sector, while you were in school. And this gets back to the quality of the work experience programs which have traditionally been funded with public dollars. They have not always been as good as they might have been.

I mentioned earlier the reports of supervision and training, and insisting that the youth who were there perform up to normal standards that will be required of them when they move into the regular job market. So, I don't think either of those two factors is a major part of the explanation here.

I think much more of the explanation lies with the last two factors that you mentioned. I think I said that I thought inadequate education,

the failure to require the basic competencies, was extremely important, something that we ought to be working on.

And then you mentioned social differences and there are lots of different ways of talking about this. When is it a social difference? When is it discrimination by the majority group against the minority group? However you want to discuss it, there clearly is a problem there.

The way I think of it, and Congressman Mitchell, I know you have some academic background in the sociological area, and maybe you've thought about this some, too, that a workplace is a kind of a community of people, and they are there for reasons other than just to take home a paycheck. And hiring decisions and promotion decisions and on-the-job relationships have a lot to do with how that community works.

And it is much more than strictly an economic affair, how productive people are, and even where employers or supervisors or the people during the hiring are not prejudiced people in the old-fashioned sense of that term, they still prefer to hire people who they feel comfortable with, who are like them in terms of lifestyle and background.

And I really do think that that is where a lot of the problem is. There have been some very interesting studies, by the way, that show where you get a large proportion of minorities into a firm, particularly in positions where they are doing the hiring. What follows is a large increase in the hires generally, of that same group.

So, one of the things we should be worried about is whether minority adults are in positions in the labor market where they can exercise their natural inclination to hire minority youth.

Mr. ANDERSON. I would simply add to that—and I subscribe entirely to what Ms. Sawhill just said—but I think as to whether it is useful to concentrate efforts in expanding employment opportunity in the areas where the unemployed are, as compared with sort of expanding it anywhere and hoping that the unemployed will get to it, I think that there are good reasons that are in the public interest for expanding the domain of opportunity in those areas.

And this is why I included, as one of the things that would be desirable in my view, additional efforts to expand minority business in many of these communities. For many of the reasons just indicated, it seems logical that if there are more minority businesses operating in these communities, there would necessarily be more minorities employed in those areas.

And there are good reasons for expanding minority business in these communities, for its own sake. There are many communities—and I'm speaking now specifically of the inner city—where a hard-working person cannot get his or her shoes repaired without getting into an automobile and driving 5 or 6 miles, where the individual has to get into the automobile and drive to a drug store or a grocery store; there are many opportunities that might be created in these communities for minority business that would then become the engine of job creation. I find very interesting—yesterday, for example, in the New York Times front page, there was an article about the People's Republic of China approaching what they now recognize as a problem of youth unemployment, and they're doing precisely what I recommended.

small shops and small businesses and so forth as a way of getting at the unemployment problem.

Now, I know that, ideologically, I disagree with the People's Republic of China, but the point is, there are ways of getting at these problems by focusing on job creation where the problem is most seriously concentrated.

And so, when I think about this problem, I think of urban policy and the youth employment problem as sort of being bound up together. But until we have some meaningful, well-developed, well-coordinated urban policy that gets at the domain of economic opportunity in urban communities, then we are going to have a very difficult time dealing with these problems, and I'm convinced that the Government can't do all of this.

If anything, we have erred on the side of too much government in this area. We need to find ways to enlarge the opportunities for private business, big business, small business, midsized business—all of them. to get involved here.

And the Government, it seems to me, should create the economic incentives for these kinds of things that happen in the communities. and in doing that, create opportunities where the people are, so that more opportunities will be available for them to get a foothold into the economy.

In the absence of that, I just don't think that public service employment, for example, is going to do the job.

Representative MITCHELL. I just wanted to tell you how much more you are adding to my frustration, Mr. Anderson.

Mr. ANDERSON. I don't want to do that.

Representative MITCHELL. I know you don't, but you are.

I wholeheartedly agree that small businesses in the inner city will have a highly salutory effect on the total life of the community and on the unemployment problems. Generally, the rule of thumb is that for each small business created, you generate three or four jobs. My frustration occurs simply knowing the fact that now is the time a number of people are attempting to destroy the Government's efforts to create minority businesses. I just don't know how to wrestle with all of the arms of this octopus.

I agree that if we induce greater participation of minorities in small businesses, we can make a significant dent. And I think we have made a dent, based upon the number of small businesses we've gotten started.

Now, there is, in my opinion, a sustained attack against the Federal Government's efforts on behalf of minority business. Which arm do you grab first to try to get it straightened out?

Ms. SAWHILL. I just wanted to add a little more on this geographic issue, because it is very clear that the problem is concentrated in urban areas, which is saying something different than saying that is the cause of the problem. Since minority youth unemployment—and particularly among those who have a long history of disadvantagement—is concentrated in urban areas, I would want to warn you about establishing any new set of eligibility standards for youth programs that relies too heavily on income alone without a geographic dimension to it.

Now, there are a number of different ways of achieving that geographic dimension. One possibility would be to say that we would tar-

get funds on low-income areas, census tracts in which 20 percent or more of the households are poor, and with the upcoming 1980 census we should be able to have the kind of data that would enable us to do that kind of very careful geographic targeting. Then, if you wanted to, within those census tracts, you could concentrate on low income.

I recently had my staff do a comparison of an eligibility standard which would be based simply on low income. All low-income youth would be eligible. And I compared that to another set of eligibility standards which said any resident of a low-income census tract would be eligible whether they were poor or not. The later type of eligibility standard picks up a much higher proportion of minorities than the first kind of eligibility standard.

In the first kind of eligibility standard, you are going to get a lot of what I call emancipated youth in your eligible population: that is, youth from relatively advantaged families who, because they are floating in between school and work or whatever, temporarily have very low incomes.

Although this is a somewhat technical question, if you are designing new programs and you are thinking about who is going to be eligible, it becomes very difficult. We cannot use race, for example, as an eligibility standard. So one of the things you need to think about is what kind of a proxy measure will pick up those who are really disadvantaged in the long-term sense and not just temporarily have low incomes.

Representative BROWN. How about the issue of lack of unemployment compensation?

Ms. SAWHILL. Well, I think it is an intriguing idea. I would like to think about it a little more.

Representative MITCHELL. And, again being the devil's advocate, if you use that approach, how do you deal with new entrants or first-time jobs? They are not eligible at all. Yet they may well be from relatively affluent families.

Representative BROWN. That could be taken care of by adding priorities for high-unemployment areas.

Ms. SAWHILL. Yes, that is true.

Mr. ADAMS. I would like to comment on the last two items by saying I think if you look at what is happening in our schools today you realize that the schools are in trouble. They are in trouble in every respect beginning with fiscal problems. They are in trouble in terms of the kinds of products they are producing and employers' response to these products. Their problems are measured by declining achievement scores and in other, more subtle, ways.

The point is I agree that inadequate education for our youth is a problem, and a particular problem for minority youth. However, I happen to believe it is a lot easier to pull a rope than to push a rope. And to force a kid into school and to stay there and to get that education, there has to be an opportunity on the other end of that investment to make that pay off.

And thus, if I were talking about first and second priorities, I would come back to job creation, using job creation in the larger context. I think this committee has spoken very eloquently about the need for incentives on the supply side of the marketplace to encourage investment by employers and job creation.

Now, small business, it seems to me, is where the jobs are growing today, and I think that is a very viable approach, but I think job creation has to be No. 1. You can talk about shuffling the jobs among various groups in terms of targeting, but that is a divisive policy when you trade one group off against another.

The bottom line of this is keeping that train moving through job creation and expansion of the economy. That is the only way to talk about targeting policies and for it not to be devisive.

No. 2, I think we have to take a close look at our secondary and elementary schools. I think it may be time for us to consider breaking the monopoly these schools offer. This Congress considered one proposal with this objective last year in terms of tuition tax credits. There are other options.

But I think they all come down to basically breaking the monopoly of public education and instilling competition in that particular marketplace. I think it is time that, in terms of improvement of education and preparation of America's youth for the labor market, that we consider the role of competition in our school systems.

Mr. CARDENAS. I just wanted to add to some of the comments that the panel has alluded to. Definitely, in terms of inadequate education, definitely, I believe that there is a lot to be done now in terms of solving the problems of the educational system, particularly with minorities.

Again, I want to reiterate a position that I said earlier in my statement. I am really concerned about the implications for the Hispanic population in the future concerning this issue of education. It has been a problem for years and years. And what I am thinking, it might get worse and worse.

And I like your policy that you talked about, picking up the people who do not qualify for unemployment compensation. A lot of those people may very well be the hidden unemployed, and if we prioritize manpower services as well as educational services. Maybe we can be getting somewhere in terms of improving their livelihood. But definitely a lot needs to be done on education.

Last week I was involved in a panel with HEW and DOL people on this particular issue, and everybody is getting concerned. The schools are getting paranoid about their problems and the failure of particular groups. But I think it is time that the Congress and committees of this type address these particular issues.

On the big business versus small business, I definitely would encourage small business in the rural areas. I know, in the Southwest it is a very difficult situation to encourage big business to move into that particular area. Along the border, for example, they have a border industrialization program that encourage some of the big firms to move in there, and they get tax breaks, and so on and so forth. That has not stimulated employment on the American side, but it has stimulated more employment on the Mexican side, and it still does very little for the American border labor markets, which are among the poorest in the country.

I really encourage small business for the rural areas.

For the urban areas, I believe big business would make a tremendous impact on the nature of jobs. Of course, a lot of it depends also in terms

of whatever our experience may be with that PSIP program that we currently have under the Department of Labor.

Representative MITCHELL. Let me interrupt for just a moment. I have gotten a note from Senator Jepsen, and we have met privately and publicly to talk about this issue, and he has a tremendous interest in it. Unfortunately, he is tied up at the Senate Armed Services Committee right now on a little matter called SALT.

But we will leave the record open for his submission of any statement that he wants to make.

[The following statement of Senator Jepsen was subsequently supplied for the record:]

STATEMENT OF HON. ROGER W. JEPSEN

Congressman Mitchell and Congressman Brown, I am looking forward to participating in the Joint Economic Committee hearings on minority unemployment not as a committee member solely, but rather out of a genuine interest and equally great concern regarding the reasons why minority and other disadvantaged individuals of our population are either unemployable or cannot find work.

I find it troubling that an economic system which has produced a record of over 3 million jobs in the last 13 months is not wholly representative of Mexican-Americans, blacks, women, and the young.

There are some economists, social workers, businessmen and even a few politicians who make the claim that anyone who wants to work can find work. I was here in Washington last February when the District's transportation system was paralyzed by a blizzard. As you may remember, a mass media call was made for workers to help clean the tracks of the Metro. I was amazed to read in the paper that hundreds of individuals turned out at 4 a.m. to apply for those jobs. Ronald H. Brown of the National Urban League described this situation quite well before this same committee in March, noting, "How desperate our people must be to make their own livelihood, when on a few hours notice they compete for the backbreaking work of digging out their city out of a snowstorm." I want to commend Congressman Brown and Congressman Mitchell for their initiative in bringing about this hearing on minority unemployment. The Congress must ascertain for itself the nature and extent surrounding the high level of minority unemployment. All of us here in Congress must begin to understand and unravel this problem.

I would like to formally announce that at our next hearing date, October 18, I have invited Mr. Morris F. Johnson III, of Des Moines, Iowa, to come before this committee to address the problems of minority unemployment. I am confident that the committee will find Mr. Johnson refreshing, direct, and informative. Unlike many of the speakers who will give testimony today, he is not part of a doctoral program, or a fellow of a prestigious philanthropic foundation. Mr. Johnson refers to himself as a "grassroots" individual and as such will present an actual day to day account of the problems and programs dealing with minority unemployment.

In closing, I would like to note that I have been a businessman for over 25 years. I have great faith in the private sector and private sector initiatives to curb unemployment. I realize that there are others who do not have great faith or high expectations of the private sector. Nevertheless, I am greatly interested in hearing from our speakers exactly what roles or types of roles the private sector can or should play in reversing the high level of minority unemployment. With the inclusion of the interest I just expressed, I am looking forward to listening to and reviewing the testimony.

Representative MITCHELL. While I have the opportunity to say that you have stimulated our interest tremendously, I have a number of other questions that I would like to raise. But I think time is running out.

Congressman Brown, do you wish to add anything?

Representative BROWN. Congressman Mitchell, I also have a couple of additional questions, but I think, out of deference to your partici-

pation this morning, the panel's participation this morning, we should perhaps terminate the hearing at this point.

I do want to express my personal appreciation to you, Congressman Mitchell, for copresiding over the hearing.this morning, and to the panel for being with us.

The problem isn't easy. We have a difference of opinion, to some extent, on the panel, but I think we have reached the conclusion that we need to fuel the expansion of the economy to create the jobs, but that alone isn't enough. We have to target the jobs, or, if we target the jobs, that alone isn't enough. We have to have an expanding economy to provide the jobs if we're going to do it without the problems of discrimination which seem still to be at the root of some of the difficulties that we have in this area. It is just a simple matter of discrimination, as well as some of the other deep-seated things.

So, Congressman Mitchell, I thank you.

Representative MITCHELL. We will reconvene at 10 o'clock, on Thursday, October 18, in this same room, for a continuation of the hearings.

Thank you very much. I mean that very sincerely. You have been most cooperative and most informative.

[Whereupon, at 12:20 p.m., the committee recessed, to reconvene at 10 a.m., Thursday, October 18, 1979.]

MINORITY EMPLOYMENT OPPORTUNITIES: 1980–85

THURSDAY, OCTOBER 18, 1979

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 340, Cannon House Office Building, Hons. Parren J. Mitchell and Clarence J. Brown (members of the committee) copresiding.

Present: Representatives Mitchell and Brown; and Senator Jepsen.

Also present: David W. Allen and M. Catherine Miller, professional staff members; Jim McIntire, research assistant; Mark Borchelt, administrative assistant; and Mark R. Policinski, minority professional staff member.

OPENING STATEMENT OF REPRESENTATIVE MITCHELL, COPRESIDING

Representative MITCHELL. Good morning. This hearing will come to order. This is the second of a set of two hearings that was designed to focus on the issue of employment opportunities for racial minorities. The intent of the committee is to provide the Congress with a background analysis and projection of the employment situation for blacks, Hispanics, and other racial minorities through the 1980's.

In our first hearing the witnesses generally informed us that the key to minority employment opportunities in the labor market revolves around the ability of the economy to stabilize at a high growth rate. There was also general agreement that targeted Federal jobs programs would be necessary in order to meet the gap that exists in generating employment in the minority communities. Also projected were trends in minority demographics that render the problem even more serious for minority youth in the 1980's.

Today we shall discuss other options available to the Congress in addressing the problem of the racial employment disparity that exists. From data received in the last hearing we learned that 40 percent of the youth jobs generated between now and 1983 would have to be filled by racial minorities in order to eliminate the racial youth unemployment differential. That targeted effort would require massive training and retraining which would probably be addressed through our institutional structures, such as vocational education and community colleges. We also received testimony that addressed the inability our secondary schools to adequately train students for labor market entry. Moreover, those who drop out or need more remedial training are essentially lost to the labor market because of their deficiencies. Is there an expanded role available for the community based organization or some other nontraditional institution to train these labor

force participants and prepare them for labor market entry? How do we address the problem of a concentration of low-skilled racial minorities in Baltimore, Los Angeles, Chicago, and New York and other places? Historically, these groups are the economic barometer—first fired and last hired—how do we change the institutional labor market structure to prevent inner city deterioration associated with this racial disparity?

We know that the traditional policies of the past have failed in their attempt to converge on this awesome racial gap. We therefore have called upon these expert witnesses who are with us today and others to relay their experience and research before us so that we might be better able to address these problems in the Congress.

Before hearing from the witnesses, I would like to turn to Senator Jepsen, who in a series of private conversations with me and in other hearings has evidenced strong interest and concern in the awesome issue of the disparity in terms of black unemployment, and I'm delighted that you could be here, Senator. Would you like to make a remark at this time?

Opening Statement of Senator Jepsen

Senator Jepsen. Thank you, Congressman Mitchell.

I want to reaffirm my statement in the committee record of October 9, in which I stated that I am participating in these hearings on minority employment opportunities not as a member of this committee solely, but rather out of a genuine interest and concern regarding the reasons why minority and other disadvantaged individuals of our population are either unemployable or cannot find work.

I am concerned because there appears to be a continuous drifting away from the American mainstream, a growing constituency of unemployed persons, so large and diverse that it is literally baffling the experts.

In 1954, the U.S. Supreme Court struck down racial segregation in order to afford equal access to educational opportunities for future generations of disadvantaged Americans.

Great emphasis and high expectations were placed on the New Frontier and the Great Society programs. These domestic programs of the 1960's were intended to expand job opportunities, job markets, and equal access to public accommodations for individuals who were traditionally kept out of the American mainstream.

It is most ironic that within the past decade these programs have not greatly benefited the people for whom they were intended. Instead of expanding the job market for disadvantaged, particularly blacks and Hispanics, the market appears to be contracting. Instead of the high expectations which the civil rights movement thrived on during the 1950's and 1960's, there is intense frustration and anger.

In fairness to the activists role that the executive branch, the Congress, and the judiciary played in addressing the problems of the 1960's, I say in all due respect that there has been some very noticeable progress.

Nevertheless, we still find ourselves faced with the fact that although many individual blacks and other minorities have made enormous strides, the civil rights movement and era has proven to be some-

thing less than an economic boom for too many blacks and other minorities as a whole.

This committee has touched on the problems of the structurally unemployed before. The solutions to the problem has been widely discussed. Many economic, social, and Government experts are divided over the actual causes of minority unemployment.

There are those who call for Government to play a greater role in creating jobs for people who cannot compete in the labor force. Labor spokesmen question whether the Government is financially able or administratively capable of providing enough jobs to meet the demand.

I believe what is most needed is an approach which will establish a creative balance between Government and the initiatives of the private sector. I have faith in the private sector and the private sector initiatives. The business community is most anxious to address this problem. I realize that there are those who advocate that the problems of the structurally unemployed center around the lack of sensitivity and attention by the private sector.

Nevertheless, the overwhelming majority of job opportunities, "real jobs" as opposed to "rent-a-jobs," are located in the private sector. Therefore, I would hope that the administration and this Congress will take every step and avenue available to them to address and cultivate the full participation of the private sector in solving the problems of the structurally unemployed.

The private sector is faced with a great challenge. It has to demonstrate that is understands the nature and quality of the problems. There is a strong belief and sentiment at the grassroots level that the private sector has yet to determine the problems of the structurally unemployed and therefore lack the capacity to put into effect a comprehensive approach to solve the problem. This belief is very profound. Furthermore, the private sector can ill afford to merely criticize CETA or other public service employment and job training efforts by the Government. Rhetoric is cheap. Anyone can talk a good fight, but very few know how to fight, and a critic can kill a play but very few critics ever write one.

So in the name of compassion, the Nation's public-service-subsidized jobs program has demeaned the individual with handout work or has demeaned individuals with "rent-a-jobs." As a businessman for over 25 years, I truly believe that businessmen and women know what real compassion is all about—helping people to help themselves. As a U.S. Senator from the business community, I will urge the representatives of the private sector to exercise leadership in supporting a private sector initiative effort to produce more job opportunities. People now living without hope will have an opportunity to participate in the American mainstream. That's as it should be, to be somebody with character and dignity as well as self-supporting and free.

The private sector has an opportunity to put its money and expertise to work. The stage is set. The actors are in their places and the curtain is ready to go up. The question is not whether the play will start on time, but whether there will be a real performance and will we truly do what some wise person many years ago said—or meant when he said, "Give a man a fish and he eats for a day; teach him to fish and he eats for life."

Thank you, Congressman Mitchell.

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Representative MITCHELL. Thank you, Senator, for a very, very cogent and compelling statement. I have to digress for just a moment from the subject matter immediately before us because in your call to the private sector you triggered off in my mind something that I have to say.

In 1972, I started working with the National Minority Purchasing Council, which is presently chaired by Gus Marusi, president of Borden Corp. The National Minority Purchasing Council has its membership made up of some of the Fortune 500 companies. They are here in Washington for a meeting.

In 1972, I too exhorted them to do more on behalf of minority business, working on the assumption that if we strengthen minority business we create jobs. In 1972, the National Minority Purchasing Council did something like $83 million worth of business with minority businesses. In 1978, this last year, they did $2.6 billion worth of business with minority businesses. In their meetings which I have attended they have set their goal for 1980 at a minimum of $3 billion worth of purchasing through minority businesses.

I often rail against the private sector, as you know, but when it does a commendable job such as that Council is doing, I think it ought to be made public. I did publicly praise them and I did exhort them in the same fashion as I often exhort my staff after having praised them, I said, "But you can do more and you do better."

Congressman Clarence Brown copresides over these hearings with me. He's running a bit late. We will place his written opening statement in the record at this point.

[The written opening statement of Representative Brown follows:]

WRITTEN OPENING STATEMENT OF HON. CLARENCE J. BROWN

This is the second and final day of the committee's hearings on minority employment opportunities. It is instructive to summarize what this committee heard from a very distinguished panel of witnesses on the first day of hearings.

First: That minorities have faced and will continue to face extreme difficulties in finding employment opportunities in this country.

Second: That the greatest threat to minority employment opportunities is slow economic growth. The facts show that the greatest gains in minority employment have occurred during periods of high economic growth.

Third: That economic growth will not quickly nor sufficiently solve the problems of the structurally unemployed and what is needed to reach these individuals are targeted programs aimed at increasing the skill and educational levels of these workers. These targeted programs should emphasize intermediate organization and small business participation.

Fourth: Regrettably, unless there is a major effort in this country to stimulate economic growth, targetted programs aimed at the structurally unemployed will come under increasing attack because they provide preferential treatment for some groups in the face of rising unemployment for all.

Fifth: The targetted programs policy that must be developed should not dissolve into a debate over private versus public sector initiatives. The problem is too severe, too great to depend solely on one sector. We need both types of initiatives.

I think these hearings are extremely important for many reasons. They are important because they establish the link between economic growth and increased opportunities for minorities. It is only after a recovery gains some maturity that employment opportunities increase for minorities. And it is then that employment opportunities explode for minorities. As Ms. Isabell Sawhill testified in the first day of hearings, in the last recovery, the 1977–79 period showed that minority youth employment was three times as large as white youth employment gains. We need economic growth, and if we develop structural programs to increase the skill and education levels of minority workers,

they will not have to wait for a recovery to mature to benefit from it. With targetted programs, minorities will benefit from the recoveries at the same time as other workers.

But the most important reason for these hearings is that for too long our minority citizens have been left out of the American dream. The success of this country to improve employment opportunities for its minority citizens will, to a great degree, determine whether that dream can ever be achieved. If full employment opportunities are not extended to all the citizens of this society, then the means of self-development and achievement are absent, and the dream of our society—freedom for all—will never be attained.

Representative MITCHELL. We are delighted to have a panel of true experts here before us: Mr. Frank Rueda, who is the project manager for the Hispanic youth employment research project, National Council of La Raza; Mr. John Grede, vice chancellor for career and manpower programs for the City Colleges of Chicago; Mr. Morris Johnson III, the coordinator of student life and evening services, Des Moines Area Community College, Des Moines, Iowa; and Mr. Donald Martin, professor of economics, University of Miami.

Gentlemen, we are very, very grateful that you have taken your time to be with us. Each of you has submitted to us a copy of your prepared statement and that's very helpful. You have two options. You can either present your prepared statement in its entirety or you can extract therefrom the most pertinent and salient points you want to make and perhaps take 15 minutes in summarizing your prepared statement. It's entirely up to you.

Mr. Rueda, would you lead off for us.

Senator Jepsen, I think what we might do is hear from all the panelists first and then come back for questions.

STATEMENT OF FRANK H. RUEDA, PROJECT MANAGER, HISPANIC YOUTH EMPLOYMENT RESEARCH PROJECT, THE NATIONAL COUNCIL OF LA RAZA, WASHINGTON, D.C.

Mr. RUEDA. I want to thank the committee for the invitation to appear before you this morning and offer some comments and ideas on Hispanic youth employment.

My name is Frank Rueda and I work for the National Council of La Raza—NCLR—a private, nonprofit Hispanic organization located in Washington, D.C. The National Council of La Raza is dedicated to promoting the social, economic, and political advancement of Americans of Spanish descent.

Representative MITCHELL. May I interrupt you for just a moment? I failed to ask you which option you would take. Do you wish to read your entire prepared statement or summarize it?

Mr. RUEDA. I will summarize.

Representative MITCHELL. On that basis, we will ask unanimous consent that the prepared statement be entered into the record.

Mr. RUEDA. Currently, NCLR has a youth employment research project on Hispanic youth funded by the Department of Labor under the authority of the Youth Employment Demonstration Projects Act. The project is called the Hispanic youth employment research project and I am the project manager.

Before I begin, I would like to make a couple of comments. Although my experience in the project has been with Hispanic youth,

many of the comments I will make this morning can be generalized to all Hispanic adults. Also, Hispanic youth employment is a very important issue for the Hispanic population for two very important demographic reasons. First, the median age of the Hispanic population is very young, 22 years, compared to 30 years for the general population; second, almost one-half of the Hispanic population, 42 percent, is under the age of 18. These two demographic facts dramatically highlight and emphasize the importance of the Hispanic youth employment issue for Hispanics in this Nation.

Hispanic youth face many of the problems other youths face in making the transition from school to work—the lack of skills, low educational attainment, the unrealistic employment goals, and so forth; however, the Hispanic youth face four major obstacles that prevent them from entering and advancing in the labor force.

The first has to do with education. Hispanics in general are probably one of the least educated groups in the United States. Hispanics drop out of school at rates of approximately 40 percent, and depending on the area and the particular Hispanic subgroups—such as Puerto Rican, Mexican Americans—the rate increases to 50 to 70 percent. Some of the reasons are language difficulties, cultural differences, and the lack of school personnel who are sensitive to Hispanic needs. However, the most important reason that Hispanic youth drop out is to assist in the economic support of the family. Hispanic families tend to be larger and poorer than non-Hispanic families. Thus, economics play a very important role in the lack of Hispanic educational attainment. Language is another major barrier in education and employment of Hispanics. A recent study by the Census Bureau indicated that many Hispanics in school have difficulty with the English language. Approximately 17 percent of the 54 percent who reported difficulty with English were in-school youth.

A problem closely related to language is cultural differences. Hispanic youth are caught between two cultures—the traditional, more conservative Hispanic world of their parents, and the more fast-paced aggressive American way of life. The clash of these two often diametrically opposed cultures leaves Hispanic youth in a cultural twilight zone, neither totally Hispanic nor totally American but a mixture of both. An example of this is Spanglish, a half English and half Spanish mixture of words and phrases.

Finally, the low socioeconomic position of the Hispanics in the United States is a major barrier that prevents Hispanic youth from gaining employment. I have some statistics on this. Hispanic workers are generally employed in low-paying, less-skilled blue-collar and farmworker occupations. In 1978, Hispanics had the lowest median weekly earnings of any group, $174, compared to $232 for white workers and $181 for black workers. The median income in 1977 of Hispanics was approximately $11,000, considerably below the $16,000 median income for the general population. The most disturbing statistic, however, is the fact that over one out of five, approximately 22 percent, of Hispanic families, have incomes below the poverty level, compared to 9 percent of all U.S. families.

These factors then play a very important role in preventing Hispanic youth from entering and advancing in the labor market. The situation in 1980's will worsen, given the fact that Hispanics cur-

rently are the fastest growing minority in the United States. Since 1970 the Hispanic population has increased by approximately 30 percent compared to 7 percent for the white population and 13 percent for the black population. In my prepared statement there is a table taken from the Vice President's Task Force on Youth Employment which shows a projection for the U.S. population from 1980 to 1990. This table clearly illustrates that the Hispanic growth rate will not abate in the 1980's; on the contrary, it will stay approximately the same—28 percent compared to 7.5 percent for white and 12.2 percent for black. Thus, the 1980's will be a significant decade for Hispanic employment issues. In the 1980's, Hispanics will occupy a proportionately larger part of the disadvantaged population.

There are five issues that I want to address and elaborate upon today.

First, one way of serving the employment and training needs of Hispanic youth and Hispanics in general is a greater use of community-based organizations (CBO's). In your opening statement this morning, Congressman Mitchell, I noticed that you addressed this issue. Hispanics feel that community-based organizations are designed to meet the special needs of their communities, and thus have special insights, experience, and capability to carry out a wide range of employment and training services. However, there has not been a great amount of utilization of community-based organizations by local prime sponsors.

In 1977, for example, 5.7 percent of title I funds went to CBO's through subcontracts from prime sponsors, a very small percentage. Even in cities with large Hispanic concentrations, like New York, Miami, Los Angeles, Hispanic community-based organizations are unlikely to receive as much as 10 percent of CETA program funds.

We feel that Hispanic community-based organizations and community-based organizations as a whole can reach particular parts of the population that regular prime sponsor programs often overlook or miss. In 1978, title VI public service employment (PSE), participants recruited by prime sponsors did not serve a significant number of the disadvantaged—41 percent of the participants had high school diplomas and 32 percent had attended college. A survey of 100 community-based organizations, conducted by the Center for Community Change, found only 13 percent of the title VI participants recruited by community-based organizations had high school diplomas and only 4 percent had attended college. Similar differences were found in title I participants. Approximately 38 percent of the participants recruited by prime sponsors were high school graduates, compared to 6 percent of the participants recruited by community-based organizations.

There are three main reasons that Hispanic CBO's have not been utilized to a great degree. First, many prime sponsors are reluctant to subcontract to local community-based organizations because they feel they are unprofessional, unsophisticated, or lack expertise to conduct employment and training services.

Second, the language in the proposed draft of the CETA regulations encourages prime sponsors to use CBO's "of demonstrated effectiveness in the delivery of employment and training services." Many Hispanic community-based organizations are new and they have initially begun offering services in educational and other support services;

thus, they don't have the demonstrated effectiveness in conducting employment training programs.

The third major reason is the lack of Hispanic political power even in areas where they are greatly concentrated.

Thus, I would recommend that a percentage of prime sponsors' total allocation be set aside to subcontract to local community-based organizations.

Second, I recommend that legislation be implemented that provides an effective system for monitoring community-based organizations' involvement in the planning and delivery of employment-related training services on the local levels. Some efforts have been initiated but there has been no formula or effective means implemented monitoring whether community-based organizations are indeed involved in the planning, development, and implementation of employment and training services.

My third recommendation is that CBO "demonstrated effectiveness" language in the CETA regulations be broadly defined to include other support or educational services instead of a strict definition limiting CBO involvement to those with "demonstrated effectiveness" in employment and training services.

Congressman Mitchell, you also mentioned the fact that you received testimony last week of the secondary schools inability to train students, and minority students in particular, for the labor market. This is particularly true for Hispanics. As I told you, Hispanics drop out or are pushed out of the educational system at alarming rates. I would like to see more efforts made in having community-based organizations becoming involved in preventing Hispanic youth from dropping out. I stated before that there is a lack of school personnel sensitive to Hispanic youth needs in local high schools. There is a program locally in San Jose, Calif., called Project Independence, which attempts to rectify this situation. This program is a result of a contract between a local high school district and a community-based organization, the Mexican-American Community Service Association.

School personnel identify potential Hispanic dropouts and refer them to Project Independence which has offices located in the high school. The program provides educational services such as 1-hour per day of individual tutoring by tutor/counselors—usually college students who earn academic credit in counseling—the development of an individual student plan to help the student in any areas where he's deficient, with close scrutiny of the student's educational progress.

The educational component is supplemented with a work experience component in which the student works for 15 hours per week at local agencies—usually private, nonprofit agencies—so they are able to receive work experience and earn money at the same time.

And finally, the program provides comprehensive support services such as medical, dental, or legal services, and so forth.

Thus, I recommend that increased programmatic emphasis placed on keeping Hispanic youth in school by identifying and assisting potential Hispanic dropouts. Hispanic CBO's can play a vital role in reaching and serving potential Hispanic dropouts.

The second issue is career development services for in-school Hispanic youth. Once Hispanic youth leave school they do not have a very good idea of labor market opportunities and they often don't have

ideas on careers. Research done on Hispanic employment indicates that Hispanic youth do not use traditional methods of finding employment. They do not go to the employment service, for example. They use informal contacts, family, friends, et cetera, to find employment. Thus, I feel that in order for Hispanics to better advance in the labor market, it is necessary to provide a background, better labor market information, and career options to Hispanic youth while they are still in school. This would ease the transition between school and work.

There are two programs that are operating that provide this training for Hispanic youth. The school-to-work transition program, that I'm sure you're familiar with, Congressman Mitchell and Senator Jepsen, provides a host of career development services such as vocational guidance, occupational information, job search preparation and placement and followup. This helps keep the youth in school and also to provide an easier transition between school and work.

Another program on the local level operated in Oregon provides young minority students, particularly Hispanics, with information and recruitment and education on employment opportunities in local apprenticeship programs run by unions. During the outreach activities they identified approximately 17 Hispanic youth who are interested in assuming careers in the union apprenticeship programs. Program staff have helped these youth by helping them fill out applications, counseling, arranging necessary tests for applicants, and identifying sponsors for youth.

Therefore, I recommend that career development programs for Hispanics be expanded to provide Hispanic youth with a better labor market information and career development.

The third area where we would feel that more has to be done, of course, is in the private sector. I agree with Senator Jepsen that in the past government employment and training programs have either prepared people for nonexistent jobs or else have prepared hardcore unemployed people for short-term public service jobs. Thus, I'd like to point to an example of how minority unemployed workers can be trained for private sector jobs. In San Francisco, there is an agreement between two unlikely organizations—the Pacific Telephone & Telegraph Co., the big utility company in the Bay Area, and a local Hispanic community-based organization, Arriba Juntas. The P.T. & T. has made an agreement to set aside 40 clerical positions for minority workers, principally Hispanic, if Arriba Juntos will conduct the outreach, train, would prepare the applicants for taking the necessary entrance tests and also prepare them in skills development.

This was only a 6-month program but it has proved extremely successful and the P.T. & T. is currently exploring with Arriba Juntos possibilities of either expanding this program or perhaps having Arriba Juntos recruit and train Hispanics for other positions in the company. Thus, I recommend that Hispanic CBO's be utilized to link Hispanics with private sector employment opportunities. To encourage this linkage, I recommend that a percentage of the prime sponsor's allocations be set aside for CBO-private employer agreements similar to the educational and prime sponsor agreements currently authorized under the youth employment and training program (YETP).

My final issue is that I recommend that the committee urge Congress and the President to implement a national demonstration His-

panic youth employment and training program. There has not been a program such as this before. Most programs are for black and white youth which are modified or changed for Hispanic youth. I recommend that a national program be developed especially for Hispanic youth which would provide a completely bilingual/bicultural delivery of services to Hispanic youth.

There is a model that was developed by a group of Hispanic youth program operators at the National Council of La Raza's symposium on Hispanic youth employment which I would like to see implemented. Some of the more important components I'd like to see in this program are as follows: A "Remedial Employment Component" would provide work for the hardcore structurally unemployed youth who usually are "creamed" from other employment programs. These youth are those who have no skills, have not worked before, and need employment for financial reasons. Thus, they would take lower type jobs like dishwashing, busboy, or domestic service work to give them experience in the labor market and the ability to earn a living.

The second component, upward career development would provide a broad range of career possibilities for youth. The program staff would assist youth by identifying employment opportunities, counseling, and other assistance to increase youth opportunities for job promotions such as assistance in entering labor unions, delivery of management training, and college promotion and higher education promotion. A third component would provide a comprehensive system of support services for Hispanic youth. Services included would include a strong educational component because of the high drop out rates of Hispanics, medical, dental, and psychological counseling, et cetera. The final component would provide a longer followup period, from 2 to 3 years, so that the program could assist participants after they have left the program.

I feel that a model such as this could provide Hispanic youth with the comprehensive employment and training services they need and I urge Congress to implement a national demonstration in the 1980's.

Thank you.

Representative BROWN. Thank you, Mr. Rueda.

[The prepared statement of Mr. Rueda follows:]

PREPARED STATEMENT OF FRANK H. RUEDA

Hispanic Youth Employment Needs in the 1980's

INTRODUCTION

Mr. Chairman, members of the Committee, I would like to thank you for the invitation to appear before you today.

I am Frank Rueda, Project Manager of the Hispanic Youth Employment Research Project of the National Council of La Raza. I would like to share with you today some information and ideas, as well as make recommendations based on what we have learned about Hispanic youth employment problems in our project.

My testimony today centers around the following points:

(1) Community based organizations (CBOs) provide a valuable link between populations with special employment problems and employment and training opportunities. However, prime sponsors have been reluctant to use Hispanic CBOs in the delivery of employment services. Greater utilization of Hispanic CBOs by local prime sponsors in the planning, development, and delivery of employment and training programs will insure that the special employment and training needs of Hispanic youth will be met.

(2) Hispanic youth drop out or are pushed out of the educational system at an alarming rate. Yet, research indicates that education will improve the socio-economic position of Hispanics. Programs that identify and assist potential Hispanic educational dropouts should be a priority of the 1980's.

(3) For a variety of reasons Hispanic youth lack proper labor market and career information. Career development programs for Hispanic youth in high school are an effective mechanism for informing and educating Hispanic youth about employment and career opportunities.

(4) Increased linkages between private employers and Hispanic CBOs will provide Hispanic youth with employment opportunities in the private sector.

(5) With Hispanics being the fastest growing minority and soon to become this nation's largest minority by the end of the 1980's, the time has come to implement a national Hispanic youth employment demonstration program.

The National Council of La Raza is a private, non-profit organization, founded in 1968, which exists for the improvement of the economic, social, educational and cultural well-being of the more than 16 million Chicanos and other Hispanic peoples of the United States. Our principal office is in Washington, D.C., and program offices are located in Albuquerque, Chicago and Phoenix. Among the Hispanic women and men comprising our Board of Directors are elected officials, labor union leaders, academicians, agency administrators, attorneys, and leaders of the community organizations from throughout the United States.

Half of our Board members have been selected from local affiliated organizations. One hundred and eight local organizations, from 20 states, the District of Columbia and Puerto Rico, have affiliated with the National Council of La Raza. Among those organizations are community development corporations, private social service organizations, local and regional federations, and other community organizations.

The National Council of La Raza works closely with other Hispanic organizations having formal national constituencies. For example, the National Council of La Raza was instrumental in founding the Forum of National Hispanic Organizations. The Forum is comprised of 63 autonomous national organizations of Chicanos, Puertorriquenos, Cubanos and other Hispanics of our nation. The National Council of La Raza serves as the Secretariat of the Forum.

Before proceeding further, it must be pointed out, that the statistics presented in this paper are those compiled by the Bureau of the Census and used by various government agencies. Hispanics feel that these statistics, based on the 1970 Census, represent a conservative estimate of the condition of Hispanics in the U.S. The actual Hispanic population is currently estimated to be 33 percent higher than indicated in Census updates.

BACKGROUND

The problem of youth employment in the United States has received considerable attention and scrutiny since the enactment of YEDPA in 1977. Most of the attention and analysis of youth employment problems, however, has been focused primarily on black and white youths, disregarding the severe and chronic unemployment problems of Hispanic youth. There are many factors that help explain this omission—lack of timely and reliable data on Hispanics, the tremendous undercount of Hispanics by the Federal government which hides the magnitude of Hispanic employment problems, and the frequent insensitivity of the government to Hispanic problems—are but a few factors. Nevertheless, Federal statistics showing that one out of five Hispanic teenagers is unemployed indicates an unacceptably high level of Hispanic youth unemployment. There is an urgent need to direct more public and private resources to this heretofore neglected problem.

In 1978, there were estimated to be approximately 2.7 million Hispanic youth between the ages of 14–24. These youth share many of the same problems of other youth in making the difficult transition between school and work—lack of skills, little labor market experience, low self-esteem and confidence, unrealistic employment goals, etc. However, Hispanic youth in particular face four major additional obstacles which impede their access and advancement in the labor market. The first major obstacle is the lack of education. Hispanics drop out or are pushed out of the educational system at an alarming rate. Approximately 40 percent of all Hispanic youth drop out before completing high school. This rate increases to 50 percent for Mexican American youth and 60 percent to 70 percent for Puerto Rican youth. In a society that places a premium on education, Hispanics are particularly disadvantaged by being one of the least educated groups in the U.S. society.

The second major obstacle that Hispanic youths face is language. The Bureau of Census reported in 1976 that Spanish was the second most widely used language in the U.S. after English. Of the four million persons who reported Spanish as their usual language, over half (54 percent) reported that they had difficulty with English. Seventeen percent (17 percent) almost one out of five, of those reporting difficulty with English were in-school youth. Language difference is not only one of the principal causes of low educational attainment among Hispanic youth but is also a significant barrier in an English-speaking labor market.

A problem closely related to language is cultural differences. Hispanic youth are caught between two worlds—the traditional, more conservative Hispanic world of their parents, and the fast-paced, modern way of life. The clash of these two often diametrically opposed cultures and ways of life leaves Hispanic youth in a cultural twilight zone—neither totally Hispanic not totally American but a confused mixture of both. This condition is compounded by the discrimination and ostracism by the Anglo world that Hispanic youth encounter in school, work, and everyday life. Two consequences resulting from cultural differences are: (1) Hispanic youth are caught in a state of anomie-disoriented, isolated, and frustrated, and (2) they are likely to suffer stress, according to the President's Commission on Mental Health, in acculturating to a society which appears to be prejudicial, hostile, and rejecting. These often overlooked, but very real and serious consequences, impede Hispanic youth from making a successful transition into the world of work.

Finally, Hispanics occupy the lowest rungs in the U.S. economic ladder.

The following statistics illustrates this fact: Hispanic workers are employed primarily in low paying and less skilled blue collar, support service, and farmworkers occupations; in 1978, Hispanics had the lowest median weekly earnings of any group—$174. Similar earnings for white and black workers were $232 and $181, respectively; the Hispanic median 1977 income of $11,421 was considerably lower than the $16,284 median income of the general population, and the most disturbing statistic, however, is that over one out of every five (22 percent) Hispanic families had income below the poverty level in 1978, over twice the percentage (9 percent) of all U.S. families with incomes below the poverty level.

Hispanic youth come from families who are economically disadvantaged, which means that they must frequently drop out of school to contribute to the economic support of the family. Low economic status, language and cultural differences, and low educational attainment, in conjunction with other youth problems, preclude Hispanic youth from full participation and advancement, relative to other youth, in the U.S. labor market. Added to these problems are three important demographic statistics:

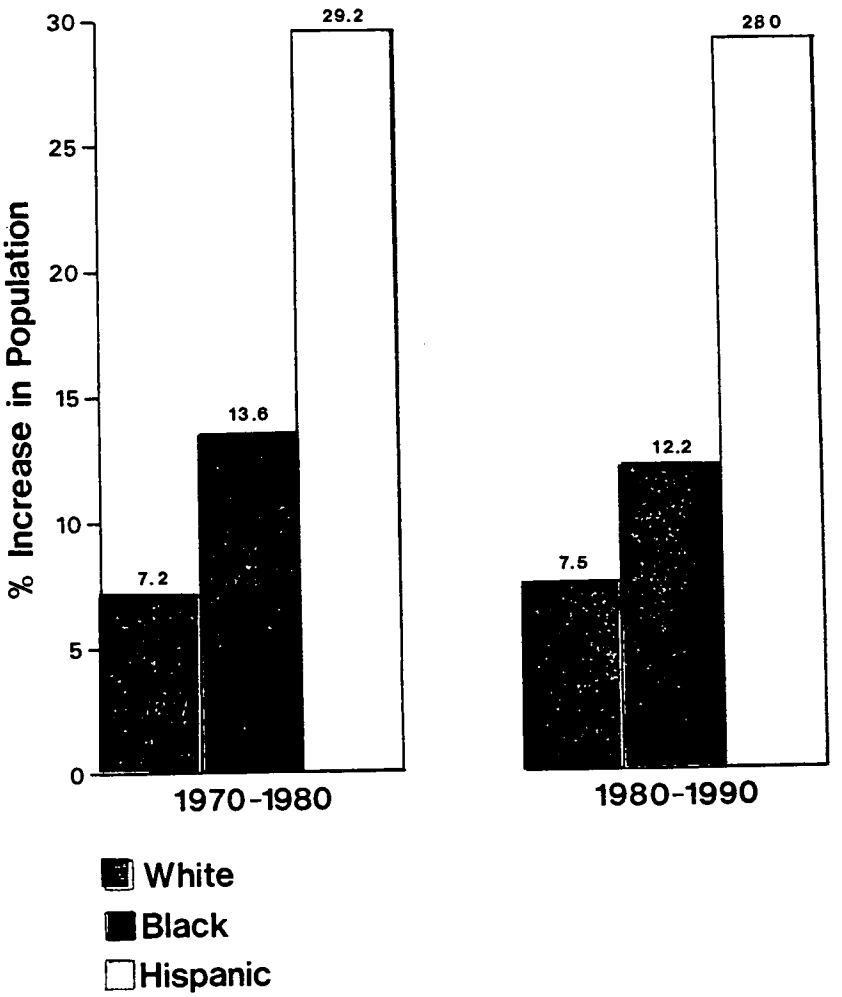
Of the more than 12 million Hispanics 42 percent are under the age of 18; the median age of Hispanics is 22 years, compared to 30 years for the general population, and the Hispanic population is the fastest growing minority in the U.S. Since 1970, the Hispanic population has increased by 30 percent compared to 7 percent for the white population. This tremendous increase is expected to continue into the 1980's where it has been projected that the Hispanic population will increase 28 percent (see Table I).

Two conclusions follow these statistics: first, the problem of youth unemployment among Hispanics will not disappear in the 1980's (as some have said about the general youth employment problem); on the contrary, in the 1980's, Hispanic youth unemployment will persist and will receive greater visibility as Hispanic youth comprise a greater proportion of the youth population. Second, Hispanics will be the largest minority by the end of the 1980's. Thus, government policy and decision makers must begin to address the urgent problems and needs of Americans of Hispanic origin.

TABLE I

The Coming Challenge:**

Population Comparisons through 1990



**Vice President's Task Force on Youth Employment, 1979.

Source: White and black projections: "Projections of the Population of the United States 1977–2050," U.S. Bureau of the Census, 1977.
Hispanic projections: Task Force projections based on U.S. Bureau of the Census data.

ISSUES

With Hispanics soon to become the largest minority at the end of the 1980's, the 1980's are a particularly crucial decade in the formation of employment policies which increase employment opportunities for Hispanics. I would like to address five major issues which would increase the employment opportunities of Hispanics in general and Hispanic youth in particular—(1) greater utilization of Hispanic community-based organizations (CBOs) in delivering employment and training services to Hispanics; (2) emphasis on programs which assist Hispanic youth to stay in school; (3) expansion of programs which provide labor market information and career awareness to Hispanic youth; (4) greater emphasis on training Hispanics which will lead to private sector employment; (5) development of a national employment and training demonstration program for Hispanics.

Community-Based Organizations (CBO's)

One way of serving the employment and training needs of Hispanics and Hispanic youth is through the use of community-based organizations (CBO's). CBO's are designed to meet the special needs of their communities, and thus have special insights, experience, and capability to carry out a wide variety of employment-related functions.

Despite these advantages, involvement of CBO's in general, and Hispanics CBO's in particular, in the planning and implementation of CETA programs has been disappointing. In 1977, only 5.7 percent of Title I funds went to CBO's through subcontracts from prime sponsors ($109 million out of $1.88 billion). Even in cities with very large Hispanic populations, such as New York and Miami, Hispanic CBO's are unlikely to receive as much as 10 percent of CETA program funds. Except for farmworker programs, Hispanic CBO's have had a similarly small share of national program funds. Only 17 percent of national youth program funds allocated to minorities in fiscal year 1979 have gone to Hispanic CBO's, primarily through SER and the Puerto Rican Forum.

The nonuse of CBO's has meant not only the failure to use a valuable employment training resource, but, even more seriously, the failure to adequately serve high priority segments of the population. CBO's have the ability to reach and serve special segments of the population who face particular disadvantages in the labor market—segments that prime sponsors and traditional employment agencies have neglected. The following statistics support this statement. In fiscal year 1978, Title VI Public Service Employment (PSE) participants recruited by prime sponsor programs did not serve a significant number of the disadvantaged—41 percent of the participants had high school diplomas and 32 percent had attended college. A survey of 100 CBO's, conducted by the Center for Community Change, found only 13 percent of the Title VI participants recruited by CBO's had high school diplomas and only 4 percent had attended college. Similar differences were found in Title I participants. Approximately 38 percent of participants recruited by prime sponsors were high school graduates, compared to 6 percent of CBO-recruited participants.

There are three main reasons that Hispanic CBO's have not been adequately utilized in delivering employment and training services. First, there is a reluctance by prime sponsors to subcontract to CBO's because they (CBO's) are looked upon as being unsophisticated or unprofessional, or unable to perform required training duties adequately. Secondly, language in CETA regulations published in the Federal Register of February 19, 1979, encourage the use of CBO's "of demonstrated effectiveness in the delivery of employment and training services." If this regulation is interpreted broadly, to include experience in such services as counseling, vocational assessment, outreach, and English as a second language, then Hispanic CBO's may benefit. However, if the regulation is interpreted narrowly, to include experience in running CETA-funded programs or other manpower programs, then Hispanic CBO's—who have been traditionally excluded or neglected by prime sponsors—will continue to be excluded.

Third, even in areas with large concentrations of Hispanics, the Hispanic population lacks the strong political power necessary to make their concerns and needs known to prime sponsors.

Hispanic CBOs can provide a valuable link between employment and training programs and populations with special needs. Therefore, we recommend: A per-

centage of prime sponsors' total allocations be set aside to subcontract to local CBOs; the implementation of an effective system for monitoring CBO involvement and program service delivery at the local level, and a specific interpretation of the "demonstrated effectiveness" phrase must be provided which clearly states that program capability in training, education, and supportive service reflect "demonstrated effectiveness."

Programs Which Keep Hispanic Youth In School

Hispanics find themselves in an educational dilemma. Studies on Hispanics and education indicate that future progress of Hispanics lies in the realm of education, yet Hispanic youth have dropout rates of 40 percent-70 percent and Hispanics overall are the least educated segment of American society. Reasons for high dropout rates of Hispanic youth include language difficulties, cultural differences, and lack of school personnel (even in areas with large Hispanic concentrations) sensitive to Hispanic youth. However, the most important factor which causes Hispanic youth to dropout of school is the economic necessity to assist in the support of the family. The educational performance of Hispanics must improve in the 1980's if Hispanics are to improve their low socio-economic position.

One method which can be taken, which would improve the educational attainment of Hispanic youth is to identify and assist Hispanic youth before they dropout. This is currently being done by Project Independence in San Jose, California. The program is the result of an agreement between a local school district and a Hispanic CBO, the Mexican American Community Service Association, to identify and assist potential Hispanic and other minority dropouts. School personnel identify potential dropouts and refer them to the program which has offices at Independence High School. The program provides educational services such as one hour per day of individual tutoring by tutor/counselors (usually local college students), the development of an individual study plan, and close scrutiny of the student's educational progress. The educational component is supplemented with a work experience component which provides 15 hours per week of work for students in local nonprofit agencies. In addition, this component assists students with career development services, e.g., preparing resumes, practicing interviews, providing career counseling, and advising students on job search methods. A third component, support services, assists students with medical, dental, legal aid and other services which they may need.

Project Independence serves approximately 50 sudents each academic year and has been tremendously successful in its two year existence in improving grades of potential dropouts, and keeping Hispanic youth in school. Thus we recommend that: Increased emphasis be placed on programs that will keep Hispanic youth in school by providing a comprehensive delivery of educational, employment, and support services.

Better Labor Market Information

The little research that has been conducted on Hispanic job search methods indicates that Hispanics in general and Hispanic youth in particular do not use traditional job search methods or institutions (e.g., employment services) in looking for work; rather, Hispanics use informal contacts, family, and friends, to find employment. There is evidence that indicates that the lack of labor market information may partially explain Hispanics occupying the low paying, less skilled occupations.

Traditionally, school counselors have either ignored Hispanic youth in career counseling or automatically channeled them into vocational or industrial education programs. However, recently, efforts have been made to provide Hispanic youth with more comprehensive career development services.

The School-to-Work Transition Program is a national program which offers services to 11th and 12th grade youth to facilitate the transition from school to work. Hispanic organizations such as SER, National Puerto Rican Forum, and the National Council of La Raza operate programs on the local level. These programs offer elective courses for academic credit in such areas as occupational information and exposure, vocational guidance, job search preparation, placement and follow-up. The goals of this program are to (1) keep youth in school, and (2) prepare youth to make the difficult transition from school to work.

Another program which informs Hispanic youth of the labor market situation is operated by a Hispanic CBO—Committee of Spanish Speaking People of

Oregon in Portland. The Youth Apprenticeship Program (YAP) conducts outreach at local high schools to inform and educate Hispanic youth on career opportunities available in labor union apprenticeship programs. Hispanic enrollment in these apprenticeship programs is very low and is the result of lack of information and the strict entrance requirements.

The YAP has conducted outreach and has identified 17 Hispanic youth interested in entering union programs. The program is assisting these youth in completing apprenticeship applications, counseling, arranging necessary tests for applicants, and identifying sponsors for youth. As a result of this project, six youth have been certified eligible and are waiting to enter apprenticeship programs.

Through efforts such as those described, Hispanic youth are receiving valuable labor market exposure and information upon which they can make intelligent employment and career choices. We recommend that: Career development programs be expanded in high schools which will provide Hispanic youth with exposure and information on labor market conditions.

Private Sector Employment Opportunities

In the past, employment and training programs have either trained people for nonexistent jobs or else trained people for short-term public sector jobs. Recently, more attention and emphasis has been directed toward training hard-core unemployed people for private sector employment.

The private sector has been an especially difficult barrier for Hispanics to overcome because local employers have racial and media stereotypes about Hispanics, they are reluctant to hire Hispanics with Spanish accents, and because of the low skill and educational level of many Hispanics.

Increasingly, however, Hispanic CBOs have begun to reach out to local private sector employers to place people whom they have trained. Perhaps one of the most unique and innovative agreements between a local Hispanic CBO and a private employer is found in San Francisco. There, two unlikely organizations have joined in an effort to provide Hispanic youth and adults with private sector jobs. The giant utility, Pacific Telephone and Telegraph Company (PT & T) has made an agreement with a local Hispanic CBO, Arriba Juntos, to guarantee 40 clerical positions for Hispanics (and other minorities), with Arriba Juntos conducting outreach, training, and preparation of prospective applicants. With the training program's assistance, 25 clerical positions have already been filled. So pleased has PT & T been with this effort, that is interested in either expanding the number of positions or having Arriba Juntos recruit and train Hispanics for other positions.

This serves as an excellent example that CBOs can reach special populations, train them, and place them in private unsubsidized employment. Based on this example we recommend that: Greater utilization of CBOs to link special populations with private sector employment opportunities, and a percentage of prime sponsor allocations be allocated for CBO—private employer agreements.

National Hispanic Youth Demonstration Program

This testimony has outlined some of the special needs, problems, and barriers which have excluded Hispanics in general and Hispanic youth from full participation and advancement in the labor market. Despite these special problems and needs, no national demonstration employment and training program, designed especially for Hispanic youth, has ever been developed. Instead, programs designed for white or black youths have been adjusted or modified for Hispanic youth. Thus, we recommend that the Committee urge the President and Congress to develop and implement a national demonstration youth training program developed and implemented especially for Hispanic youth.

Employment and training as narrowly defined, addresses only one of the plethora of problems Hispanic youth encounter. Traditional employment programs do not address those special needs of Hispanic youth—language diffculties, cultural differences, and the inability to read, write, and speak English. Moreover, in most urban and rural areas, social service institutions, agencies, and programs which provide needed support services (counseling, medical assistance, day care, etc.) have been insensitive to Hispanic needs and problems. There are few places, therefore, where Hispanic youth can turn for assistance. Thus, we recommend the following model to serve as a basis for a national Hispanic

youth demonstration program. This model was developed by Hispanic youth program operators at the National Council of La Raza's Symposium on Hispanic Youth Employment, December 13–15, 1978. The goals of this program are: Establish a comprehensive delivery of servites on a completely bilingual/bicultural basis; eliminate the personal and socio-economic barriers that in the past have recluded Hispanic youth from obtaining employment, and provide assistance to high school dropouts and the hardcore structurally unemployed Hispanic youth who are normally rejected (creamed) from regular employment and training programs.

Besides the traditional recruitment and intake, job development, and employment preparation components, this model has the following unique components:

1. Remedial Employment.—This component's main function is to provide menial employment to youth with little or no job experience or youth who need immediate employment for financial reasons. These youth would normally be "creamed" by traditional employment programs because they would hurt positive terminations and placements. This component would place youth in unsubsidized jobs such as dishwashers, bus boys, domestic work, etc., so that they can become experienced in working, receiving a salary, and becoming accustomed to employment discipline.

To provide more incentive for youths to further academic goals, provisions would be made in this component for wage subsidies paid directly to the employee every time a significant academic achievement is fulfilled. For example, the employee who is enrolled in a GED class would receive a wage increase of 25 cents every time his or her reading comprehension increases by a predesignated amount. Upon successful completion of a high school equivalency course and the awarding of a diploma, the employee once again would receive a wage increase until he or she is placed in a more substantive type of employment.

It is important to note that arrangements for employment through the Remedial Services component would not cause increased paper work and other burdens for the employer. This is crucial if the youth participants are to maintain a competitive status among co-workers for even menial jobs. The employers may be requested to monitor activity, assess progress and evaluate periodically the person's progress, but care should be taken so as not to create unnecessary responsibilities for the employers.

2. Upward Career Development.—Upward Career Development provides a broad range of career possibilities after a youth participant has identified a career path that he/she wishes to pursue and has exhibited a reasonable degree of proficiency in the given area.

The basic role of the program staff at this point is to identify unsubsidized employment opportunities for experienced youth that have the potential to become permanent positions with upward career possibilities. Initiated in response to the need for a long term, ultimate goal for the youth employment program, the Upward Career component includes the following types of activities: Assist in creating and identifying employment opportunities; counseling and other assistance to increase employee opportunities for job promotions; assistance in entering labor unions; management training, and college promotion/higher education opportunities.

3. Support Services.—This component provides a wide range of services or refers you to other agencies for assistance. Youth are referred to this component if they have personal, medical, or educational problems. Some of the services include counseling (both personal and employment), education (basic education and GED), confidence building, transportation, day care.

4. Cultural Component.—A cultural component would serve three functions: (1) instill in Hispanic youth a sense of pride in Hispanic culture and heritage; (2) in conjunction with (a), build a positive self-image and self-esteem in Hispanic youth, and (3) educate Hispanic youth about American values and way of life, especially as it pertains to employment and the labor market.

5. Follow-Up.—Whereas most employment programs provide monitoring of individual participants from six months to one year from time of entry into the program, this model would track youths for an estimated 2–3 years. The basis behind this approach is to provide the most comprehensive services possible while ensuring success at every phase of the program. The advantages of such a lengthy follow-up include: Assurance that the individual is compatible with final job placement; employee productivity meets or exceeds employer's expectations; early identification of problems; counseling and vocational guidance is available to youths whenever it is felt to be necessary, even after placement in

the private sector, and assure that employee is taking full advantage of promotion and upward mobility opportunities.

This model is designed to improve the deficiencies of traditional employment and training programs by addressing problems that Hispanic youth encounter. This model serves as a basis for a holistic or comprehensive human development model for employment and training programs. Instead of directing services to one need or area, this model attempts to deal with the whole or total needs of Hispanic youth.

Many local Hispanic program operators have instituted one or more of the above-mentioned components with a great deal of success. Nevertheless, there has been a lack of communication and visibility relating to Hispanic youth training programs on the national, state and local levels, and a tremendous lack of resources. National demonstration programs for Hispanic youth would lend increased visibility of and communication about Hispanic youth problems and programs, as well as indicate what programs or components are successful, which are not, and why. In essence, our recommendation for comprehensive employment training demonstration program for Hispanic youth would fulfill two of YEDPA's stated goals. First, it would develop more knowledge about problems and programs targeted for a heretofore neglected segment of the youth population, Hispanic youth. Second, it would be an innovative and experimental program which explore a wide variety of approaches to assist economically disadvantaged Hispanic youth to successfully enter the labor force.

I want to thank the Committee for the opportunity to testify and I will be pleased to answer any questions.

Representative BROWN. Please proceed, Mr. Johnson.

STATEMENT OF MORRIS F. JOHNSON III, COORDINATOR OF STUDENT LIFE AND EVENING SERVICES, URBAN CAMPUS, DES MOINES AREA COMMUNITY COLLEGE, DES MOINES, IOWA

Mr. JOHNSON. I will also summarize, Congressman, and I would like to say that if my colleague next to me and I were in the same class, the instructor would have thought we used the same crib notes.

I'm honored to be here today before the Joint Economic Committee. I hope some of the things I will try to articulate will have some impact. I realize that CETA is a large program around the country and that it employs a large number of the structurally unemployed, especially among minorities. It is my belief that public sector programs are only stopgap programs or make-work programs that are temporary and very tenuous.

I'm going to try to articulate on some of the problems I perceive that take place in various programs in the public sector, such as the lack of the involvement by the private sector, and also some of the shortcomings of the academic community.

I perceive that some of the problems are that many of the public-sector programs have the revolving-door type of system where they develop and reinforce a behavior pattern of helplessness and dependency of the hard-to-employ. There is too much emphasis on the make-work, temporary, public jobs. The prime sponsors, through which the money filters down from the Federal level, continuously make changes in the regulations that seem to fit or suit their own interests and not the interests of the community-based organizations, and especially minorities at the grassroots level.

Also, the system as structured seems to perpetuate what I call the "creaming" syndrome where you deal with numbers and not human beings. The success of a program is determined not by how many people really benefit from the program but how many numbers went through

that program. So what happens in the "creaming" process is that you screen out the really hardcore structurally unemployed and you take the other individual that will be more successful in that program. So when the figures are sent to Washington, it appears a good job was done. There are all these numbers of people that have gone through the programs; but what happens to those people afterward and the individuals who were passed over?

This is our concern at the grassroots level because we see these people coming through that door again and again and again. Community-based organizations have very little input into the decisionmaking processes in the manpower programs. It is very disturbing also when the Assistant Secretary of Labor, Mr. Green, makes statements as he did at the National Urban League Conference last April, that "community-based organizations must spread the good news about CETA." I think he and Congress should know that all the news is not good; that we at the grassroots level are very disturbed and very frustrated at what is happening. We don't believe that CETA programs are riddled with fraud and abuse, but we do know that when the prime sponsors who control the flow of money down to the community-based organizations, especially minority, community-based organizations—are out of touch with the needs of grassroots communities. Therefore, the programs which they decide are best to meet the needs of the community aren't from the people who are being affected the most.

In the areas of education, the special needs of the structurally unemployed aren't addressed at a very early age. The various career programs that exist that we train people for today will probably be obsolete 5 years from now. So there that person is again going back into that cycle. We are recycling people like we're recycling bottles, but these are human beings and now is the time for "no deposit, no return"; that once they enter the program and go through it, that they should not be back again.

In the areas of higher education there appears to be a lack of understanding, patience, and tolerance by instructors and support staff in the academic community. Institutions of higher education are just as inflicted as the rest of society. Society is structured to meet the traditional white Anglo-Saxon protestant male and they cannot and really have no inclination to deal with the structurally unemployed minorities.

On the educational end of this, there is the mentality of "take the money and run. There's plenty of money out there, and other people are getting it. Let's get our hands in the pot and we can throw some program together." Educators are very good at writing proposals and putting in the verbiage that seems to be acceptable at the Federal level, but then after the money is received what happens? We'll run a few people through the programs and go for the numbers again. We're playing that numbers game—and also fattening our budgets up. The money helps us to do some experimenting. We are experimenting at the expense of the structurally unemployed person, that minority person that comes to us with hopes of trying to break that cycle, and we are more interested in their money.

I guess higher education seems to be continuing that trend that starts at an early age in elementary and secondary schools which turn off the structurally unemployed who needs the assistance the most.

Some of the problems I perceive in the private sector, there seems to be a lack of commitment on the part of business. Businesses don't want to be forced to deal with all the redtape that the Federal Government and Federal regulations seem to lay on someone. Businesses lack the understanding of the various differences of the structurally unemployed; such as work ethics, cultural and value differences. There is a general attitude that business will not and cannot be a viable partner in an unemployment program. Because of this type of mentality the private sector has been written off as a viable alternative. It disturbs me when national figures, and especially national black figures, write off the private sector, I'm referring to Mr. Vernon Jordan who's the executive director of the National Urban League who noted in a July 1979 National Urban League publication, that he has written off the private sector and that he feels that public employment should be accepted as a permanent fixture in our economic system. I disagree with that. I don't think it has to be.

Now that I've talked about and highlighted some of the problems some may consider me a critic. I am being critical but I want to be a creative critic and a constructive critic. Therefore, I have a few possible solutions to some of the problems I have discussed.

Starting in the area of employment and training, the training provided should be such that in 5 years the skill that a person obtains is not obsolete. When a person is trained they should be trained in more than just one skill. I think all of us that have been through the educational institutions of higher learning had a major and a minor and why not in job skills? If you're unemployed in your major skill, you have a minor skill so that the transition in trying to find another job is not as drastic as if you just had that one skill.

Also, there needs to be accurate followup on what happens to the various structurally unemployed minorities that go through what I term revolving door programs. In the educational area there should be more supportive services and also a followup system of monitoring the high-risk student. There needs to be a transitional system to assist minorities into the more upward mobile career programs.

You have to have that nonthreatening counseling that will be able to provide some realistic alternatives for that structurally unemployed person.

In the psycho-socio area, the hard to employ develops a negative behavior pattern that becomes part of their everyday life. It becomes harder and harder to work out of that cycle and you find two or three generations that are participating in CETA programs because it's part of their way of life. It's a pattern of the structurally unemployed.

Representative MITCHELL. Did you mean to say CETA-like programs? I didn't know that CETA has been in effect beyond one generation.

Mr. JOHNSON. Yes, programs similar to CETA. Many programs whose intent it is to alleviate the social, psychological, and economic problems do little more than compound them in these revolving door programs that limit themselves to dependency and very little success.

It is important to have a pooling of supportive services. These services are geared toward confidence building, ego strengthening, and restoring one's self-worth. I'm talking about all areas—the private sector, the public sector, and also in education.

There seems to be developing today two separate economic societies; one becoming more locked into using the stop gap, make-work, temporary public jobs; and the other is using the private sector for long-term, permanent, unsubsidized employment, thereby developing separate and unequal economic societies, and this is a familiar pattern that can be found in other areas of our democratic system.

Businesses, I believe, should be able to look at the hard-to-employ person's needs and those needs other than the traditional needs. There are various other needs that the hardcore, structurally unemployed person may have; that being health needs, child care needs, personal hygiene need, which business terms is not essential and does not have time to deal with.

Another area is with the very high unemployment rate of the minority youth, especially black youth. I think it's time that Congress take a look at youth wage differentials as a viable alternative to getting more youth into the job market. The private sector must make a financial and moral commitment to the hard-to-employ person. Community-based organizations should be used as a go-between for all the Federal regulations must satisfy.

I guess at this time I would like to briefly describe how, when proper linkages are formed—how effective some programs can be when you're working together. I think you will find in my prepared statement I have several attachments and briefly in attachment A and B it describes the Urban Campus and the Gateway Center, and their backgrounds. I want to describe briefly how the Gateway Center and the Urban Campus work together in working to try to alleviate the various problems that occur with the structurally unemployed in the community.

One of the programs that Gateway Opportunities has is what they call the Gateway Action Program (GAP). Some of the specific objectives are to get youth into some permanent, unsubsidized employment, such as apprenticeship training—youth who have dropped out of school to return to school or to secure a GED, or to prepare youth to seek, get, and hold a job; also to reduce the unemployment rates of minority youth—to make the community of the unemployed more susceptible to hiring that youth as a permanent employee.

The approach that Gateway Opportunities Center uses is an approach of sitting down with the people in the community who've lived in the community all their lives, that deal with that problem every day, to come up with some type of program. Also, I sat in on the planning. Being a person involved in the community and concerned about what goes on in it, together we will come up with a program structured to work most effectively, and as detailed in attachment C you see a kind of an outline of some of the sessions that would take place in the job awareness program. There are various things, as personal development, your attitude is one of the most important things that it was felt had to be dealt with. We see this kind of gap program bridging that gap between the structurally unemployed into either the private, unsubsidized employment or into education, and to bridge that gap we felt there were many behavioral patterns that have developed over a period of time dealing with the structurally unemployed.

We believe behavior patterns develop attitudes and I guess various types of values that aren't in concert with the mainstream of society. Some of these sessions deal with things that we may take for granted: When you're going in for a job interview you have to dress a certain way; that when you go in for an interview you do not have a gangster hat on or you have to change your high-heeled sneakers when you go into a job; when you go in for a job in a bank then you dress like you will be working in a bank, and various things of worth dealing with work ethics and the do's and don'ts basically of what you need to do in an interview, who you need to go talk to.

In many cases, when many structurally unemployed persons are undereducated, and in many cases functionally illiterate. So, they will have to make that transition over to the Urban Campus, but it is not something they just automatically do. We will take our instructors to Gateway Opportunities Center which is a less threatening environment and they can feel a lot more comfortable. Some evaluating testing is done to find out what a person's deficiencies are. Once they feel comfortable enough, they can come down to the Urban Campus for counseling. If they are interested in continuing their education, we familiarize them with our Career Exploration Center where they can have some "hands-on" type of experience besides testing that's done to see what their attitudes are toward these various vocations.

All of this time the staff persons, counselors, or the job developers of Gateway followup on these structurally unemployed that have gone through the program.

I feel a program like this needs to continue and the problem is that programs such as this are very few and far between. The prime sponsors are more interested in usually their own vested interest as opposed to community interests. I guess I may sound redundant, but this is a key point that prime sponsors seem to ignore the grassroot community-based organizations because they feel we don't have the expertise. We're not seemingly knowledgeable enough to know what the needs of our people are.

I would like to read verbatim what my conclusion is because I feel it's of utmost importance that you get the impact of what is happening.

Representative BROWN. I hope it will be brief, Mr. Johnson, because we do have other people to testify and we would like to ask some questions.

Mr. JOHNSON. OK. There is a silent holocaust going on in the minority communities around this country today, that, if not stopped, will mean the virtual exclusion of a large segment of the American population in our rapidly changing technological society for generations to come.

The time has come for us to stop throwing money at the problem. We need to take a long, hard look at what is happening to the people going through the numerous programs to alleviate unemployment. It is easier for us to look at how many persons have gone through a program than at how many were really served in that program; reflecting some positive long-term results, as opposed to the more easily obtainable short-term results.

The private sector must be pulled into the fight in combating structural unemployment. We all must work in concert, which necessitates

viable linkages with community board organizations, prime sponsors, governmental agencies, the private sector, and Congress.

Somewhere along the line, we found it easier to think in terms of statistics, flow charts and percentages, as opposed to human beings. I say to you that "The American Dream" will stay a dream for a large segment of the minority population unless some legislative surgery is performed on existing programs, serving the structurally unemployed community. The corrective surgery should allow for minority community-based organizations to have realistic input in the planning processes.

And I'd like to quote a saying of a well-known and outstanding black philosopher, one of the millions of outstanding black philosophers out standing on the corners of American cities because they have no jobs, "To each his reach, and if I don't cop it's not mine to have up for the downstroke."

Thank you.

[The prepared statement of Mr. Johnson, together with the attachments, follows:]

PREPARED STATEMENT OF MORRIS F. JOHNSON III

INTRODUCTION

I am honored to be able to appear before the Joint Economic Committee today. It is my hope that I can articulate to the committee a different perspective in the area of "Minority Employment Opportunities, 1980–1985."

I come to this committee not as a nationally known figure or a Ph. D. from Yale or Harvard. I come to you as a person who has had direct interaction with the structurally unemployed at various points. My Ph. D. was earned in the streets.

Since 1946, the Joint Economic Committee has played an important role in development the Nation's economic policies. The committee must make some hard-nose decisions in the area of employment and training programs during a time when unemployment is an urgent social problem. Yet, the committee must not forget the economic problems caused by inflation, which can mean cutbacks in federal spending for these programs.

I believe we must continue to ready this segment of our population to enter the economic mainstream of society. Any American who wants to work should have an opportunity to do so. I also believe that CETA and other public created programs are only short term, stop gap measures. If we are to truly have a lasting impact with the structurally unemployed, strong linkages with the private sector are a must. I know in some circles this is a very unpopular position. No matter how unpopular, it is the most logical alternative. The National Commission for Manpower Policy stated in their fourth annual report to Congress that "Employment on a PSE job is not as likely to prepare an individual for unsubsidized work in the private economy where most of the growth of job opportunities is concentrated." For a truly viable linkage between the public and private sectors, there has to be a commitment by both, financially as well as morally. We must also remember that the structurally unemployed weren't always this way. It is my belief that one of the major contributing factors to the development of the hard-to-employ is improper education beginning at an early age. The person doesn't receive the needed basic skills or positive strokes to assure that the normal development processes of learning take place. Without this, the chances of success in the labor market are lean.

I will clarify my aforementioned views in my testimony.

II. PROBLEMS

A. Employment and Training

1. These programs in most cases have a revolving door system that reinforces a behavior pattern of helplessness and dependency in the persons being served.

2. Minority community-based organizations are not involved to any great degree in the planning, implementation and administrative processes of programing. The persons making the decisions that affect our community are usually divorced from the problems of the community and have self-motivated vested interests.

3. Advisory boards or councils have very little impact on the decisionmaking process. They usually exist to justify receiving funds.

4. Adequate followup is not being done.

5. Local government's vested interest are political.

I could go on and on with other examples. I guess what is even more disturbing is when the Assistant Secretary of Labor for Employment and Training, Ernest Green, makes statements like he did at a National Urban League Conference last April. "Community-based organizations must spread the good news about CETA." I think he and Congress should know that all the news is not good from our end.

We don't believe the CETA programs are riddled with fraud and abuse. But we do know that when the prime sponsors, who control the flow of funds down to community-based organizations, are out of touch with the needs of the grassroot community, it is easy for abuse to take place.

The concept of CETA is good, but the operation is another story. Like I stated earlier, at the grassroot level, very little input into planning, administration and implementation of the programs takes place.

B. Education

1. At an early stage in the lives of the structurally unemployed they are turned off by an educational system that does not know how or want to know how to deal with their special needs.

2. Higher education isn't gauged to meeting the nontraditional needs of the structurally unemployed.

3. Community colleges are structured to meet the short-term training, while not really doing any hard-nose planning with a long range perspective.

4. There is a lack of developmental or supportive services along with valid assessment tools.

5. Curriculum is structured in a traditional time frame which won't work with the hard-to-employ.

6. There are no viable linkages to private industry.

7. There is no clear definition of programs created to try and meet the needs of the hard-to-employ.

8. Many educational institutions are more interested in taking the money and running. This does more harm than good because negative statistical documentation takes place.

9. A person is often trained for a position they could have obtained without the training.

10. Career training exists for jobs now that won't exist as we know them by 1985.

11. Money is spent to educate a person for one job at a time.

12. Educational institutions aren't prepared to handle the psycho-socio problems of the hard-to-employ.

13. There is a lack of understanding, patience and tolerance by instructional and support staff.

Higher education is continuing the trend started in the earlier years at the elementary and secondary levels to turn the people in the most need of assistance off.

C. Private Sector

1. There is a lack of commitment on the part of business.

2. Business lacks the understanding of the various differences (work ethics, cultural and values) of the structurally unemployed.

3. Business can't meet the needs of this subgroup which are nontraditional in scope.

4. Business is forced to deal with federal red-tape.

III. POSSIBLE SOLUTIONS

A. Employment and Training Program

1. It is necessary to provide planning to provide training that will not be obsolete in five years.

2. There is a need for greater input by community-based organizations.
3. The structurally unemployed should be trained to have skills in more than one area.
4. The employment and educational areas should be demystified.
5. Adequate follow-up needs to be done.
6. The entire target group needs to be dealt with rather than taking the cream off the top.
7. Youth school work programs should address the provision of basic skills and true work experience that can carry over after school is completed.
8. There is a need for concrete linkages with the private sector and education.

B. Education

1. A person should be trained in more than one career area.
2. Need analysis should be done.
3. Industry and education should make a joint effort.
4. Curriculums should become less traditional in structure.
5. There should be linkages with community-based organizations.
6. The student should be educated with multi-skills.
7. Non-threatening counseling should be provided for realistic evaluation. The structurally unemployed must be met on their own terms.
8. Self-paced entrance courses should be provided.
9. There should be a supportive follow-up system monitoring the high-risk student.
10. Experiential learning modules should be developed.
11. A system should be provided that would allow minorities to make an easy transition into the more upwardly mobile career areas.
12. Education must be flexible enough to change its training program when the employment picture changes.
13. Developmental and supportive services plus assessment tools are a must.

C. Psychosocio

The hard-to-employ develop negative behavior patterns that become part of their everyday lives. Many people whose intentions are to alleviate social psychological and economic problems do little more than compound them. Revolving door programs lend themselves to dependency with very little success.

1. Due to some of the above factures, it is important to have a pooling of supportive services guaged toward confidence building, ego-strengthening and restoring some self-worth.
2. Restoring of interest and motivation is necessary to take control of one's life and change the environment around one to become more conducive to success.
3. Those of us who have overcome similar experiences must share and encourage the hard-to-employ, while sensitizing others to a positive understanding of the problems they will encounter when working with this subgroup.

D. Private Sector

There seems to be developing today two separate economic societies. One, becoming more locked into use, the stop gap, "make work", temporary public jobs, the other using the private sector's long term, permanent, unsubsidized employment, thereby developing separate and unequal economic societies. This is a familiar pattern that can be found in other areas of our democratic system. Some of the things that can be done to bridge this gap are as follows:

1. The private sector should have a more participatory role in the planning and implementation processes of programs and training.
2. The private sector should be sensitized to have a better understanding of ethnic and cultural differences. The private sector must understand that there will be value and work ethic differences that the hard-to-employ will bring with them on the job.
3. The private sector must make a financial and moral commitment to the hard-to-employ.
4. There should be internal orientation by businesses to prepare their own staff to work with and/or supervise the hard-to-employ. Businesses will have to change to be able to work with a select group of people who are different.
5. Businesses must be able to look at the hard-to-employ person's needs (health, child care, personal hygiene, etc.) which in business terms are non-traditional in scope.

6. There needs to be a linkage between the private sector and education.

7. The private sector could possibly be provided with youth wage differentials. I'm not talking about businesses that already pay far less than minimum wage, for instance, McDonalds and many restaurants. There should be some imposed mechanisms to assure that valid training is taking place.

It was my intention to articulate as best I could some of the concerns, problem areas, and insights of the minority community. It is of the utmost importance that Congress hear our perceptions of what is happening in programs that affect our community the most. I am not talking about destroying the existing programs. I think the manpower programs should be continued and in some cases expanded, but with less input by the experts, who are divorced from the problem. More input should come from the population most affected. As I stated earlier, for this to happen, Congress will have to perform some legislative surgery.

The main point I hope to make to this committee today, is that until the public, the private sector, the community-based organizations and the educational institutions form viable linkages, change will be minimal.

CONCLUSION

There is a silent holocaust going on in the minority communities around this country today, that, if not stopped, will mean the virtual exclusion of a large segment of the American population in our rapidly changing technological society for generations to come.

The time has come for us to stop throwing money at the problem. We need to take a long, hard look at what is happening to the people going through the numerous programs to alleviate unemployment. It is easier for us to look at how many persons have gone through a program than at how many were really served in that program; reflecting some positive long-term results, as opposed to the more easily obtainable short-term results.

The private sector must be pulled into the fight in combating structural unemployment. We all must work in concert, which necessitates viable linkages with community board organizations, prime sponsors, governmental agencies, the private sector, and Congress.

Somewhere along the line, we found it easier to think in terms of statistics, flow charts and percentages, as opposed to human beings. I say to you that "The American Dream" will stay a dream for a large segment of the minority population unless some legislative surgery is performed on existing programs, serving the structurally unemployed community. The corrective surgery should allow for minority community-based organizations to have realistic input in the planning processes. As the saying goes: "Give me a fish and I will eat today; but teach me to fish and I will eat forever".

Attachments.

ATTACHMENT A

BRIEF DESCRIPTION: URBAN CAMPUS

The Urban Campus is a branch of Des Moines Area Community College located in the inner city.

Originally, the Campus was designed as a transitional step where inner city residents could acquire basic educational skills, adjust to the rigors and routine of college work and earn college transfer credits to two and four year colleges. It is evident that there was also a real need to provide educational programs that could be completed entirely at the Urban location.

The Urban Campus, which began as a limited federally funded project to fill a previously unmet need, has been able to complement community-based organizations such as the Gateway Community Center. This marriage has not been an easy one, but because our goals and objectives are one and the same, the linkages have become stronger.

ATTACHMENT B

BRIEF DESCRIPTION: GATEWAY CENTER

Gateway was established under the O.E.O. Program and was a neighborhood service center operated and funded by Greater Opportunities, Inc., the former anti-poverty agency for Polk and other counties until the City of Des Moines took over as that entity in 1977. At that time, Gateway was the only Greater Opportunities Center that remained in operation. Gateway is a non-profit, com-

munity-based agency governed and managed by a policy-making Board of Directors. In the past seven years, Gateway has employed adults and youth (schoolwork and summer programs), plus it has been involved in seeking permanent unsubsidized employment for the structurally unemployed.

Gateway has several contracts with the area's prime sponsor C.I.R.A.L.G., the State Office of Planning and Programming, and the City of Des Moines. Gateway is about as comprehensive as a grassroot community center can be.

ATTACHMENT C

OUTLINE

Gateway Job Awareness Program

I. INTRODUCTION—Overview of Program (2 hrs.)
  A. Purpose of participation and guidelines
  B. Goals and objectives
  C. Meeting the staff
II. GETTING TO KNOW YOURSELF (4 hrs.)
  A. Meeting each other
  B. Learning strengths and weaknesses
III. FUNCTIONAL ASSESSMENTS (2 hrs.)
  Administer T.A.P. (Talent Associates Program)
IV. PERSONAL DEVELOPMENT (28 hrs.)
  A. Attitudes towards: (1) Oneself, (2) Others, (3) Work, and (4) Family
  B. Health care
  C. Personal appearance
  D. Drug abuse
  E. Personal commitments
  F. Consumer education
V. CAREER EXPOSURE (8 hrs.)
  A. T.A.P. results
  B. Career Development Center
  C. Resource persons from areas of employment
VI. EXPERIENCE IN MINORITY UNDERSTANDING (3 hrs.)
  A. Related to world of work
  B. Ethnic assets
  C. Use of ethnic resources, i.e. Mexican-American services, Blacks in management, American Indian Center, Indo-Chinese resettlement task-force
VII. EMPLOYER-EMPLOYEE RELATIONS (3 hrs.)
  A. What an employer expects and is entitled to
  B. What you are due as an employee
  C. Knowing something about the company or agency for which you will be working
VIII. THE RIGHT APPROACH TO APPLY FOR A JOB (10 hrs.)
  A. Initial contact—attitude
  B. Know what you want
  C. Know what you have to offer and your limitations
  D. Filling out applications
  E. Know if a test is required and be prepared for it
  F. Appointment: Be on time
IX. THE INTERVIEW (6 hrs.)
  A. How to answer questions
  B. What questions to ask
  C. First impressions

ATTACHMENT D

GATEWAY ACTION PROGRAM

For Job Awareness Program for Youth Employment

Project description

I. Gateway Action Program (GAP)

A. April 1, 1979 to September 30, 1979.

B. To provide a mechanism that will alleviate the problem of high unemployment among youth by (1) drawing together the private sector and other agencies that are involved in youth programs (2) by offering learning activities relative to

developing each individual into a productive citizen participating in permanent unsubsidized employment.

II. To get unemployed inner city youth off the streets and into permanent employment

A. We presently employ, through contracts with C.I.R.A.L.G., thirty C.E.T.A. participants, all in need of training, all in need of unsubsidized employment in the private sector and in keeping with the overall agency goals and policies: The basic premise of Gateway is its belief in and dedication to the upgrading and development of the minority population of its area in particular and the Des Moines community as a whole. No other agency is dealing with youth on this particular level, and meeting their needs. This is obvious when youth 19 and 20 years old are still unemployed for even longer periods of time. The present school-work programs are not concentrating on these areas because we have a number of C.E.T.A. participants who were on school work and school summer work programs in previous years.

B. Specific Objectives.

1. To get youth into permanent, unsubsidized employment; to get youth into apprenticeship training: to get youth who have dropped out of school to return to school or to secure a G.E.D., and to prepare youth to seek, get and hold a job.

2. To reduce the unemployment rate of minority youth, to make the community of employers more susceptible to hiring youth as permanent employees.

III General approach

A. Sessions of small groups; one-on-one interaction; role playing, self evaluation sessions.

B. In view of the many problems these youth have, we would be hard pressed to give a figure as we do not intend to play a "numbers game" with their lives, but, due to the large number who have these problems, we would say at least 150–300 youth will be served.

1. There will be very little "screening and selecting". That is one of the problems now, too many have been screened out. They will be coming from the community at large and we will accept them all. They may screen themselves out by not participating.

2. Sources such as outreach to recruit youngsters who are not already registered with or who have not been identified by participating in other programs; youth groups, school drop-out programs, New Horizons, Drop-In Center, Job Service of Iowa, C.I.R.A.L.G., I.C.M.S. Youth Program.

3. Characteristics of the target population to be served are low-income minorities and disadvantaged whose unemployed youth is 35 to 40 percent.

4. Training Coordinator, training supervisor, job developer, placement specialist will be fulltime, commuity residents who are qualified by their history of dealing with youth and youth employment problems and who are sensitive to the needs of youth seeking and needing employment.

C. Instructors or resource people may be used from the Des Moines Area College Job Service, Apprenticeship Program on an as needed basis. We need commitments from these agencies for their support.

1. A test (T.A.P.) will be used to identify each individual's skill aptitude, after which they will go through the job awareness sessions. When determined if skill training is feasible, they will be slotted into appropriate training sites.

2. Job awareness sessions will be conducted mainly by community people who can deal with them on their level and who understand their problems. Journeymen instructors, etc., on an as needed basis.

3. Training will be done to prepare youth for apprenticeship programs, and to prepare them for the real world of work in the private sector through "classroom" and some on-the-job training. Sessions will deal in the areas of dress; attitudes; application and interviews; health and consumer education.

D. A complete intake will include a detailed enrollment form, academic assessment, functional assessment and personal needs assessment.

E. Supportive Services could include: Transportation, dental and health care; clothing; educational; i.e., remedial reading, math, etc.

Some assistance will be provided by the Des Moines Health Center, College of Osteopathic Medicine and Surgery, and Des Moines General Hospital. Also the Des Moines Area Community College.

F. By April 1, we hope to have a complete staff hired and oriented; an office will be established; recruitment will begin the week of April 9th.

IV. C.E.T.A. will be used as a feeder for youth participants

A. Des Moines Area IX Urban Campus will be used for educational and training assessments.

B. Instructors for skills exposure will be from the Unions and Apprenticeship Program as needed.

C. Educational skills instructors will come from Area XI Urban Campus also, as needed.

D. The project Job Developer will work directly with Job Service of Iowa for referrals and job opening prospects, also with the Chamber of Commerce in developing jobs in the private sector.

V. Follow-up will be done by GAP staff

A. Once an individual is placed on a job, staff will stay in personal contact with the person for six months to one year, as deemed necessary.

B. If the person does not show up for work, staff will find out the reason and work with the individual as needed, to eliminate the problem.

C. If any problems arise on the job, staff will move in to work with the individual and the company to alleviate the problems, while working within the company policies, to insure permanent employment. This procedure will be followed with individuals going into other agencies or educational institutions or training sites.

VI. Establish a job bank with the private sector

A. When ready to go into apprenticeship, we will try to secure employment for them until time for them to take the test.

B. Apprenticeship programs will provide orientation to the trades; journeymen instructors for those desiring to prepare for tests.

VII. Participants may be paid a stipend on a short term, as needed, basis as determined by the project staff, recommended by the Training Coordinator, with the final decision being made by the Executive Director of Gateway. Those receiving wages or allowances as C.E.T.A. employees will not be eligible for a stipend

VIII. We would submit for funding to other sources, i.e., foundations, the private sector and for government contracts or grants

IX. Monitoring will be done by weekly and monthly reports from staff and Supervisor to the Training Coordinator, who will submit an overall report to the Executive Director. The Gateway Board of Directors will receive monthly reports from the Executive Director; on site visits during the project activities will be made by the Executive Director, and members of the Board of Directors

The Training Coordinator will have daily contact with the Training Staff Supervisor and will make daily oral reports to the Executive Director.

Evaluation of the project will be made by the Gateway Board members based on their on-site visits, monthly reports, participation and finally, progress of participants.

Representative BROWN. Our next witness is Mr. Grede.

STATEMENT OF JOHN F. GREDE, VICE CHANCELLOR FOR CAREER AND MANPOWER PROGRAMS, CITY COLLEGES OF CHICAGO, CHICAGO, ILL.

Mr. GREDE. Gentlemen, I'd like to follow the prepared statement as closely as I can, if you will permit me to make a few comments in relationship to it.

Representative BROWN. And possibly be as brief as you can. We are under a time constraint this morning and we would like to have the opportunity to ask some questions.

Mr. GREDE. Thank you.

I'm John Grede. I'm with the City Colleges of Chicago. My comments are based upon experiences with our nine colleges, roughly 100,000 students. This is a 2-year, publicly supported institution.

Very simply, my message is that we have in place an institution in this country, the community college, which is equipped to do the job that this hearing was set up to deal with; that is preparing minorities particularly for white-collar jobs, and that with some fine tuning and some support we can move ahead with the existing structure.

In a sense, my comments are very close to those on the community-based organizations because in a broad context we are both new kids on the block. Community colleges really have come of their own only since about the 1960's and they are not only striving to do a job and be more flexible in their mission, but also to share in the funding and the general support which currently goes basically to the older type institutions, the elementary and secondary schools on the one hand, and the traditional senior institutions on the other.

As you look at community colleges as the potential vehicle for doing a large part of the job, I think there are two important criteria in estimating their effectiveness. One is the fact that they are already in the business of preparing people for jobs, particularly new ones and particularly those that are showing increasing manpower needs. Second, there is the track record of community colleges in enrollment of minorities, particularly in job-oriented programs and the extent to which these individuals are placed in productive employment. It seems to me these two criteria are significant.

Community colleges today are large in number, roughly 1,200, mostly public. They enroll 4.3 million students, fully one-third of all the enrollment in higher education in this country. Better than half of all the new students who enter higher education come in through the community colleges. Both the number of institutions and total enrollment has doubled in the last 10 years. One of the great growth areas, of course, has been in the big cities, every one of which today has its community college system, and collectively they represent 25 percent of all enrollment in community colleges in this country.

Here, of course, is where we have the largest concentration of minority students—black, Latinos, Native Americans, and the newer immigrant groups, the Koreans, Indo-Chinese, including the Vietnamese, Laotians and Cambodians, and very recently with the liberalization of U.S.S.R. policy on issuing exit visas, a sizable number of Soviet Jews from major cities in Russia.

At the same time that the community colleges have been growing rapidly they have shifted their emphasis toward preparation in job skills and quite substantially away from their earlier role of paralleling the first 2 years of university work.

The job effort of community colleges generally falls into three categories. First, there is the preparation for job entry through our 2-year degree programs and shorter certificate programs. These basically are geared to young people fresh out of high school either by graduation or by dropout.

Second, and more recently, the job-training emphasis has shifted to include upgrading, updating, retraining for the increasingly older community college students who today average 29 years of age in comparison to 21 just a few years ago. For these older part-time students, who commonly work part time in business, industry, and public agencies, the employer has often been willing to contract with the community colleges for the needed inservice training.

The third component of the occupational thrust, of very recent vintage, is the comprehensive employment and training programs (CETA) for the unemployed, the poor, the academically disadvantaged, and the functionally illiterate. CETA has become an important component of the community college mission. This combination of job entry proficiency commonly prefaced by basic literary and arithmetic skills training, taught in a no-nonsense work simulation environment, completes pretty much the menu of occupational-type thrusts in community colleges.

Along with the expansion of job-oriented education, there has been, of course, a large increase in minority enrollment as a percentage of total enrollment. This shift has been encouraged by the open admissions policy of community colleges, open admissions with or without high school graduation, and it's been particularly evident in big cities. I think it's fair to say that the community college mission today increasingly is skewed toward the lower socioeconomic groups, the poor, the disadvantaged, the handicapped, the "forgotten man" as we used to define this segment of society back in the 1930's. Today community colleges enroll 56 percent of all adult minority students, more than the rest of higher education put together. These students are less likely to enroll in the 4-year institutions with their selective admissions. These students tend to be less academically oriented, more impatient of long educational processes, less able to meet expenses, more home and neighborhood bound, and much more limited by the sheer necessities of survival.

So much for the general posture of community colleges. They have come of age. They have moved toward job training. They are increasingly redirecting their mission toward the pressing need of adults and minority groups.

Let me give you a few specifics that may be of help to the committee. The community colleges are comprehensive, a key word. They provide for students who plan to go on to senior institutions and then into the ultimate white-collar areas—the professions, law, medicine, engineering, business administration, social work, and teaching. They also provide for those who want to enter the job market immediately, for those who are undecided or for those who need remedial work, for those who need guidance and counseling, for those who want to convert life experiences into academic credit, for those who want to prepare for retirement, for special needs of women—one of the newer programs is for displaced homemakers who apparently need to find some job skills—and for those who want to prepare for job change, for those who need to be relicensed, and in the general areas of personal adequacy and civic competence. The focus is very broad and it shifts, of course, depending upon the needs identified in a particular community. In the job-training area specifically, better than 50 percent of all community college students are enrolled in job-training programs contrasted with only about 12 percent in the same category 10 years ago. Commonly, the programs cover five basic areas and occupational education is designed now in community colleges to cover the full spectrum of human knowledge, knowledge with the emphasis upon the applied aspects of that and that's essentially our definition of occupational programs. They cover the industrial and engineering fields, business and commerce including data processing, the amazing growth

in the health fields, the public and human services which include a lot of emphasis upon service industries, particularly those related to government agencies, and even the creative and performing arts which increasingly offer employment opportunities.

Four of these five primary areas which encompass community college thrusts are white collar. This is the middle range of manpower in this country, and our programs are targeted toward approximately 40 percent of the job market.

Historically, we have placed a lot of emphasis upon the 2-year degree as the hallmark of community colleges, but we find that's no longer true. With the increased number of older employed adults and the significant shift toward part-time enrollment in evenings and even on weekends, the shorter packages, quicker processes of skill acquisition, flexible instruction, cooperative education, and closer relationships to business and industry have replaced the traditional longer college-type program.

Along with the trend toward short-cycle education, which is a worldwide movement, not just here in the United States, and it's been true since World War II—along with this movement, the community college mission is shifting toward a combination of adult basic literacy, number skills, and job entry preparation—and on this kind of mission we hang our hat and our eligibility to do the job. The National Institutes of Educations recently funded a $1½ million project to study basic literacy programs in community colleges. This is perhaps a broad-based mission that no other segment of the educational hierarchy has been willing to accept to the same extent as have community colleges. This kind of mission that I have just delineated is best symbolized by the CETA programs which are growing. These Department of Labor programs are administered through local prime sponsors.

Let me digress for just a moment. Our relationship with the prime sponsor in Chicago is excellent. We have really a community college thrust in competition with proprietry schools, in competition with community-based organizations—all three of them compete for the same CETA dollars, and in that kind of competitive structure I think we are getting healthier, more effective type efforts. The programs, of course, are geared to the unemployed and the poor. They enroll large numbers of minority students. I would make the point that they do include blue-collar areas of employment—welding, machine trades, and automotive mechanics—these are our big three. They do also include, especially under the skill training improvement program, the so-called STIP component of CETA, which unfortunately the Department of Labor is now tending to deemphasize, there is provided training for a sizable number of white-collar individuals in programs such as clerk-typists, word processing, bookkeeping, drafting, cosmetology, optical dispensing—a new program designed to prepare people for the mushrooming optical boutiques in this country—medical records, and legal clerk. In addition, the community college programs are including a large-scale inservice program for public service employees under title II(d) of CETA to help improve job skills and promote transition to private sector employment.

You may have recalled that recently the prime sponsor in Chicago had a serious problem with some 6,500 public service employees who complained of the lack of inservice training. The community college,

along with support from the board of education, is undertaking to provide that kind of mission.

There are some programs to help the newer immigrant that I just want to touch upon briefly, and I mention these from my own experience in Chicago. Our Truman College, which is up on the north side of the uptown area of Chicago, serves a community with large concentrations of Indo-Chinese refugees, Native Americans, blacks, Latinos, and the newest group, the refugees from the Soviet Union. These programs are variously funded, but they do combine language skills emphasizing vocational English as a second language, along with occupational skills such as keypunch, drafting, accounting, clerical, and computer programing, all provided in a bilingual mode.

All of these programs, largely federally funded, are geared to minorities in need of improved communication skills and job skills, and are significant alternatives to public aid. The economic benefits to society of job skills geared to needed manpower areas, coupled with the personal value of improved self-concept which come with training and a feeling of worth, are much more than adequate compensation for the public dollars spent on programs.

In summary, where does the community college stand in relation to the challenge of the 1980's for preparing the minorities for the increasing employment opportunities in white-collar jobs? The track record is good. Community colleges now have available job preparation programs at many levels, increasingly shorter, more direct, more closely developed with business and industry, supported by cooperative education and adequate job placement services; while some of these programs are geared to highly employable components of the industrial, agricultural, and mining fields, more and more resources have gone into the white-collar areas.

The minority enrollment has grown apace with occupational programs and we do see a high degree of acceptance among minority students of these programs. There's still some arguments voiced that minorities are underrepresented in the professions of law, engineering, and medicine, and therefore the community colleges should send more minorities into the baccalaureate programs. We find that minority students accept equally the immediate job opportunities provided the programs are geared to good jobs. Furthermore, we find that minority and nonminority students do not consider occupational programs as limiting their entry into higher education. More and more of them are able to convert occupational-type credits into 4-year baccalaureate-type programs. The traditional distinction is disappearing.

Finally, the community college offers a comprehensive spread, not a limited fare. We have financial aid programs that provide support for those students who cannot afford it. In fact, 59 percent of the student aid in community colleges currently goes to minority students. Individuals can live at home. They can work and study simultaneously. We have flexible scheduling at all times of the day and night and weekends, and work closely with business and industry.

In conclusion, how good are the programs? We really need a comprehensive national study on this. In the meantime, the Illinois Community College Board tracked some 27,000 occupational students from 1974 to 1977 and here are the results: 97 percent of them are employed, 82 percent of the graduates were pleased with the jobs, and about the

same percent felt that the jobs they had were closely related to the training they had received. Students who completed 2 years or more of occupational preparation averaged $216 more per month than those with 1 year; 67 percent took jobs in the community college district which financed their education.

Our own followup studies at City Colleges in Chicago of some 3,000 graduates, more than two-thirds of whom are minorities—we are a majority of minorities—but these 3,000 students showed no substantial differences in full-time placement rates among minorities as contrasted with majorities.

Finally, the community colleges do accept the challenge of providing employment training in the 1980's to prepare minorities for white-collar employment. They are already doing it on a large scale. We need more recognition. We perhaps need a better share of funding. We need better support for the part-time students who make up the large part of our enrollment. We need increased direct support for the literacy training which increasingly is an important component, if not a precursor, to effective job training.

I thank you for your interest.

Representative BROWN. Thank you, Mr. Grede.

[The prepared statement of Mr. Grede follows:]

PREPARED STATEMENT OF JOHN F. GREDE

Role of the Community College in Preparing Minority Students To Meet the Projected Growth in White-Collar Employment

I am John Grede, Vice Chancellor for Carter and Manpower Programs of the City Colleges of Chicago. I represent the experiences and potential of nine colleges of the Chicago system, 100,000 students in all. My views were developed with the assistance of the American Association of Community and Junior Colleges and its affiliated Council for Occupational Education.

There are two important criteria in estimating the effectiveness of the community college in preparing adults from minority groups for the increasing volume of white-collar type jobs in the American economy. Those two criteria are the extent to which the community colleges are already into the business of preparing people for jobs, particularly those that are new and emerging as well as older types of jobs that are showing increasing manpower needs. The second criterion is the track record of community colleges in enrollment of minorities, particularly in job-oriented programs and the extent to which they are placed in productive employment.

Community colleges today number 1,234, mostly public. They enroll over 4,300,000 students, fully one-third of all the enrollment in higher education in this country. Better than half of all new students in higher education enter through the community college route. Both the number of institutions and total enrollment has doubled in the last ten years. One of the great growth areas has been in the big cities in this country, every one of which has its community college system and collectively they represent twenty-five percent of all enrollment in community colleges in this country. Here, of course, is where we have the largest concentration of minority students. Blacks, Latinos, Native Americans, and the newer immigrant groups, the Koreans, Indo-Chinese, (Vietnamese, Laotians, Cambodians,) and with the recent liberalization of the USSR's policy on issuing exit visas, a sizeable number of Soviet Jews from major cities in Russia.

Along with the rapid growth in both numbers of two year institutions and enrollment, community colleges have shifted their emphasis toward preparation in job skills and away from their earlier role of paralleling the first two years of university work. Emphasis on job skills takes different forms and is offered at several levels. Preparation for job entry through two year associate degree programs and shorter certificate programs serves the young people fresh out of high school. More recently the job training emphasis has shifted to include

updating, upgrading, and re-training the increasingly older community college students averaging 29 years of age in contrast with 21 only a few years ago. For these older part time students, commonly working full time in business, industry, and public agencies, the employer has often been willing to contract with the community college for the needed in-service training. Of most recent vintage the Comprehensive Employment and Training Programs (CETA) for the unemployed, the poor, the academically disadvantaged, the functionally illiterate, have become an important component of the community college mission. The combination of job entry proficiency commonly prefaced by basic literacy and arithmetic skills training, taught in a no-nonsense work simulation environment, rounds out the range of the occupationally-oriented community college education.

The expansion of job oriented education has been accompanied by a large increase in minority enrollment as a percentage of total enrollment. This shift has been encouraged by the open admissions policy of community colleges and has been particularly evident in big cities. Thus the community college mission increasingly is skewed toward the lower socio-economic groups, the poor, the disadvantaged, the handicapped, the "forgotten man" as we used to define this segment of society in the 1930's. Community colleges enroll 56 percent of all minority students—more than the rest of higher education put together. These students are less likely to enroll in four year institutions with selective admissions. They tend to be less academically oriented, more impatient of long educational processes, less able to meet expenses, more home and neighborhood bound, and more limited by the sheer necessities of survival.

So much for the general posture of community colleges. They have come of age in the American educational complex as they have moved more toward job training and increasingly redirected their mission toward the pressing needs of adults from minority groups. Some specifics on programs now in operation may assist the members of the Joint Economic Committee in determining how much confidence they should place in the ability of community colleges to provide job preparation for minorities, particularly for the increasing manpower needs in white-collar areas.

Community colleges are comprehensive. They provide for students who plan to go on to senior institutions and then into the ultimate white-collar areas—the professions—law, medicine, engineering, business administration, social work, teaching. They also provide for those who want to enter the job market immediately, or for those who are undecided, for those who need remedial work, for those who need guidance and counseling, for those who want to convert life experiences into academic credit, for those who want to prepare for retirement, for special needs of women, for those who want to prepare for job change, for re-licensing, for personal adequacy, for civic competence. The focus is broad and it shifts depending upon the needs identified in a particular community. In the job training area, now selected by better than 50 percent of all community college students contrasted with only 12 percent ten years ago, the menu is varied. Commonly it covers five basic areas, the totality of the applied aspects of human knowledge. Community colleges offer programs in industrial and engineering technology, business and commerce, health fields, public and human services (which include emphasis on service industries, particularly those related to government agencies,) and even the creative and performing arts which increasingly offer employment opportunities. Four of the five primary areas are white-collar—the middle range of manpower targeted toward some 40 percent of the job market.

The two year associate degree program has been the hallmark of community colleges but we find today, with the increased numbers of older employed adults and a significant shift towards part time enrollment in the evenings and even on week-ends, that shorter packages, quicker processes of skill acquisition, flexible instruction, cooperative education, and closer relationships to business and industry have replaced the emphasis on the traditional longer college-type program.

Along with the trend toward short-cycle education, a world-wide movement since World War II, the community college mission is shifting toward a combination of adult basic literacy, number skills and job entry preparation, thus closing the gaps in basic skills not addressed sufficiently by elementary and secondary schools. The National Institutes of Education recently funded a half million dollar project to study basic literacy programs in community colleges. The combination of basic literacy and job entry skills is best symbolized by the CETA programs developing in community colleges.

These Department of Labor programs, administered through local prime sponsors, geared to the unemployed and the poor, enroll large numbers of minority students. They do include blue-collar areas of high employment opportunity such as welding, machine trades, and automotive mechanics. They also include, especially under the Skill Training Improvement Program (STIP), a component of CETA, a sizeable number of white-collar type programs such as clerk-typist, word processing, bookkeeping, drafting, cosmetology, optical dispensing (to supply the many optical boutiques mushrooming throughout the country), medical records, and legal clerk. Community college programs also include large scale in-service programs for Public Service employees under Title II–D of CETA to help improve job skills and promote transition to private sector employment.

Essential programs to help the newer immigrant are also emerging. Some I may mention from our own experience at the City Colleges of Chicago. Our Truman College, in the melting pot Uptown area of Chicago, serves a community with large concentrations of Indo-Chinese refugees, Native Americans, Blacks, Latinos, and the newest group, the Russian refugees. These programs funded variously by CETA, by vocational education legislation, and state funding, combine language skills emphasizing vocational English as a Second Language along with occupational skills such as keypunch, drafting, accounting, clerical, and computer programming, all provided in a bi-lingual mode.

All of these programs, largely federally funded and geared to minorities in need of improved communication skills and job skills, are significant alternatives to public aid. The economic benefits to society of job skills geared to needed manpower areas, coupled with the personal value of improved self concept which come with training and a feeling of worth, are more than adequate compensation for the public dollars spent on programs.

In summary, where does the community college stand in relation to the challenge of the 1980's for preparing minorities for the increasing employment opportunities particularly in white-collar jobs? The track record is good. Community colleges now have available job preparation programs at many levels, increasingly shorter, more direct, more closely developed with business and industry, supported by cooperative education with business and industry, and adequate placement services. Although programs continue to be provided in the highly employable components of the industrial, agricultural, and mining fields, more and more resources have gone into the white-collar areas of business, data processing, health, public and human services, and the creative and performing arts.

Minority enrollment has grown apace with occupational programs and exhibits a high degree of acceptance of these programs. In the City Colleges of Chicago we are unable to detect any significant differences in the patterns of program selection among minority students contrasted with non-minorities. Although there is still some argument voiced that minorities are under-represented in the professions of law, engineering, medicine, and therefore the community colleges should send more and more minorities into baccalaureate programs, we find that minority types accept equally the immediate job opportunities provided by programs oriented to the current job market even though the programs may not be geared to the professional level. Furthermore we find that minority and non-minority students do not consider occupational programs as limiting their entreé to higher education. An increasingly large percentage of our occupational students do go on to senior institutions and other postsecondary opportunities. Senior institutions increasingly are developing capstone programs geared to occupational programs offered by community colleges and encouraging transition with minimal loss of credit. The traditional distinction between baccalaureate type programs and occupational programs, or terminal programs as they were formerly called, is disappearing. Students select those programs which are viable and offer them the best opportunities for the good life.

More specifically, the community college offers a comprehensive spread of programs, not just a very limited fare as one tends to find in many proprietary schools. The costs generally are lower and are readily handled by adequate financial aid programs such as BEOG, SEOG, state supported aid programs, and work opportunities. Fifty-nine per cent of student aid in community colleges currently goes to minority students. Individuals can live at home, work and study simultaneously. Community colleges offer flexible scheduling, day, night, week-ends, summer, on-campus, and off-campus in business, industry, and public agency sites. They offer strong student support programs, so much needed by minority students who have had unhappy experiences further down in the educational hierarchy. Guidance, counseling, job placement, follow-up—all of these are essential to help

students identify with programs in which they can be successful and to monitor their progress toward a job satisfying to the individual and useful to society.

How good are the programs? We really need a comprehensive national study. In the meantime, the Illinois Community College Board tracked some 27,000 occupational students from 1974 through 1977. Here are some results:

1. 97 percent employed.
2. 82 percent of graduates were pleased with the jobs they got.
3. 67 percent took jobs in the community college district where they were prepared—a direct return to the community that helped finance the training program.
4. Students who completed two years or more of occupational preparation averaged $216 more per month than those with one year.
5. Some median salaries six months after graduation are:

	Per month
Fire prevention and control	$1,301
Dental hygiene	1,051
Real estate	1,001
Administrative management	976
Electronics technology	947
Computer programming	851
Radiology	834
Nursing	807

Our own local follow-up studies of some 3,000 graduates, more than two-thirds of whom are minorities, show no substantial differences in full time placement among minorities as contrasted with majorities.

The community colleges accept the challenge of providing employment training in the 1980's to prepare minorities for white-collar employment. They are already doing it on a large scale. They can do it better for more of our people. The Federal Government can assist with full recognition of the community college role in legislation, eventually in an all-inclusive Community College Act, but currently in the vocational educational legislation, the Comprehensive Employment Training Act and the Higher Education legislation. Such recognition should take the form of:

1. Liberalization of financial aids legislation to accommodate the typical part time community college student.
2. Increased funding, preferably with substantial minimum level guarantees for community colleges in recognition of their expanding role in relation to elementary and secondary education on one hand and traditional higher education on the other.
3. Legislative support for increased community college involvement in the local planning, design, and operation of CETA programs through prime sponsors.
4. Increased direct Federal support for basic literacy training.
5. Substantial recognition of the maturity of community colleges through better community college representation in Federal and State administrative agencies such as was provided in Title X of the 1972 Educational Amendments.

A full slate of detailed legislative positions are currently being prepared by the American Association of Community and Junior Colleges.

Thank you for your interest in the students who make up the community colleges.

Representative BROWN. Professor Martin, thank you for your patience. We will see that you also get a reward for brevity.

STATEMENT OF DONALD L. MARTIN, RESEARCH PROFESSOR OF ECONOMICS, LAW AND ECONOMICS CENTER, UNIVERSITY OF MIAMI, MIAMI, FLA.; AND SPECIAL STAFF, NETWORK INQUIRY, FEDERAL COMMUNICATIONS COMMISSION, WASHINGTON, D.C.

Mr. MARTIN. I've got about 5 minutes; is that right? Thanks very much for inviting me to share my views with the committee this morning.

I'm going to be somewhat radical and try to stick directly to my prepared statement and I'll try to stay within the 10-minute limitation.

The prospects for higher employment rates for minority groups in the first half of the 1980's are threatened less by economic and demographic forces than they are by institutional ones.

If we can assume that the impending recession will be relatively short, if not mild, and that current efforts to slow the rate of inflation are successful, so that the period 1980–85 will be one of moderate real economic growth, employment rates for minority members of society should improve for at least two reasons:

First, the age distribution of the population is changing. By 1985, the slowdown in birth rates that began in the 1960's will produce absolute declines in the teenage labor force, 16 to 19 years of age.

It has been estimated that between 1980 and 1985, the teenage labor force will decline by as much as 14.1 percent.

For similar reasons the participation of young adults between the ages of 20 and 24 will also fall, though not as dramatically. Since these groups register relatively high quit rates, the decline in their importance in the labor force should raise employment rate statistics generally, including those for minority groups.

This result is strengthened by projections that show a positive increase of 23 percent in labor force participation for the 35 to 44 age group.

Moreover, the decline in this decade in the participation of persons 45 to 55 should slow down in the first half of the 1980's. The last two demographic groups, 35 to 44, and 45 to 54, represent the most stable element in the American work force.

Thus, as the minority labor force matures, quit rates should fall and employment rates should rise.

The second positive element advancing the prospect of higher employment rates for minorities is the anticipated growth in human capital for these groups, that is in the educational content of that group.

In 1970, 57.2 percent of nonwhites completed less than 12 years of education, while only 36 percent of the white civilian labor force could be assigned to that category.

Estimates for 1985 suggest that only 38 percent of nonwhites will have completed less than 12 years of education. The drop in this statistic is expected to be even greater for nonwhite males from 60.5 percent in 1970 to only 40 percent in 1985.

If we examine the projected educational achievements of minorities beyond high school, a similarly optimistic outcome is predicted. Almost 27 percent of nonwhite labor force participants will have completed 13 or more years of schooling by 1985, compared with 16.4 percent in 1970.

We may draw two conclusions from the anticipated improvements in minority group human capital:

First, the significantly higher fraction of minority group members staying in school in the 1980's will reduce the number of nonwhites in the labor force with a relatively low chance of securing employment. Poorly educated job seekers, in today's labor market, find it more difficult to attain employment than better educated job seekers.

The second conclusion focuses on the kind of jobs better educated workers are likely to obtain. It has been estimated that in the period 1980 to 1985, there will be a decline in the supply of persons to both

farm and nonfarm laboring occupations by 4.1 percent and 3.8 percent, respectively.

Moreover, there is also a decline expected in the percent growth of the work force supplying service occupations from 14.9 percent for the period 1970–80 to only 1.9 percent for the period 1980–85.

These are all low wage, high turnover occupations that tend to depress employment statistics for the groups that are associated with them. Historically these occupations have been populated by minority group members of the work force having few skills and little education.

As more and more members of minority groups acquire educations and skills, they will be moving out of the low-wage sector into occupations with lower turnover rates.

Employment rates for these groups should improve. Of course, should the economy grow at an even faster rate, for example, 6 percent, employment opportunities for minorities should expand even further.

This rather encouraging picture of minority employment opportunities appears to fly in the face of some rather alarming facts. The committee's interest in minority employment prospects has, in part, been triggered by the dramatically high unemployment rates experienced by minorities in the last decade.

As we close out the 1970's, we do so with the knowledge that unemployment rates for nonwhites have averaged just under 14 percent.

In fact, nonwhite teenage unemployment has averaged over 30 percent during the same period, climbing to 43 percent in 1975. Equivalent white unemployment rates during the same period have been dramatically lower by almost 50 percent.

As we enter the new decade, unemployment rates for minorities continue to register at double-digit levels and the coming recession will only worsen these statistics.

What has caused these rates to be so high, and what do they reveal about the barriers minorities face in finding permanent employment?

Surprising as it may seem, the unemployment statistics that have alarmed all concerned Americans can tell us very little about barriers to employment opportunities for minorities.

Unfortunately, the statistics of the 1970's, especially as they pertain to minority groups, are grossly misleading.

This is so because, quite perversely, they have been biased and inflated by the work registration requirements attendant to our food stamp program as it has been amended in Public Law 91–671 and to our aid to families with dependent children program as it has been amended in Public Law 92–233.

Unless otherwise exempt, would-be food stamp and AFDC recipients must first register as eligible for employment, with the employment service.

These people are, however, involuntarily in the labor force and unless they find work, their numbers must inflate unemployment levels. All the evidence clearly shows that the Employment Service has failed to place more than 10 percent of work registrants.

My colleagues at the University of Miami, Professors Clarkson and Meiners, estimate that in 1976 the official average unemployment level was inflated by as much as 2,023,000 persons and that the official unemployment rate was inflated by 2 percentage points at 7.7 percent.

Of course, it is no secret that minority groups are heavily represented in both the food stamp program and AFDC. In June of 1977, 23 percent of food stamp recipients and 42 percent of AFDC recipients were nonwhites.

Clarkson and Meiners found that when they corrected the black unemployment statistics for involuntary work regulation, the unemployment rates for this group fell from 15.2 percent to 9.2 percent.

Interestingly, once white unemployment statistics were corrected for the work registration requirement, their unemployment rate fell by only 1.2 percentage points from 6.6 to 5.2 percent.

Although an unemployment rate of 9.2 percent may nevertheless be cause for concern, it is particularly striking to realize that Government programs can so distort unemployment statistics as to make them unusable for policy purposes.

The measured unemployment rate is not a policy variable to gage the employment prospects of minority groups or the height of barriers to jobs. In the 1970's, and soon in the 1980's, the unemployment rate is just as much a bureaucratic phenomenon as it is a manifestation of the marketplace.

In my opinion, the three most significant barriers to minority employment in the last three decades have been racial prejudice, poor education, and the minimum wage law.

The Civil Rights Act of 1964, together with dramatic increases in Federal, State, and local spending on education, have done much in the way of mitigating the most blatant abuses and wasted opportunities arising from the first two barriers.

Unfortunately, the minimum wage law, as it pertains to employment prospects for minorities remains perverse.

Over 40 years of experience with the minimum wage law has convinced the majority of economists that higher real minimums and expanded coverage contribute to lower employment. At the present time, the basic minimum wage is about 50 percent of the average, straight time wage in manufacturing.

Coverage extends to 84 percent of nonsupervisory employees in private nonagricultural industries. In 1974, coverage was extended to domestic workers and some agricultural workers are also covered by the act.

There have been countless studies of the effect of the minimum wage on a wide variety of variables including firm size, choice of production inputs, business failures, worker productivity, market shares, labor force participation, unemployment, employment and discrimination.

Only the last four topics are of immediate relevance here. Before discussing the barriers to employment erected by the Fair Labor Standards Act and its amendments, it is instructive to inquire about the influence of minimum wages on measured unemployment.

Even if no worker were fired from his job due to a rise in the minimum wage rate and employers continued to hire at the same rate as before the minimum was raised, measured unemployment might rise, anyway, because the higher wage will attract new entrants to the labor force who would have otherwise remained at home or in school.

On the other hand, a rise in the minimum will cause employers to reduce the number of job openings they wish to fill. Would-be workers searching for jobs will find fewer openings per search period.

This is equivalent to a reduction in the probability of finding employment or a reduction in the expected value of finding a job.

Lower expected earnings will cause some searchers to drop out of the labor force, thus lowering the rate of unemployment. Once again, the measured unemployment rate is a poor index of employment opportunities. The minimum wage could either raise unemployment or lower it.

As it pertains to minority group experience, recent evidence shows that minimum wage increases measured employed significantly for nonwhite males aged 20 to 24. Nonwhite teenagers also experience increased unemployment due to minimum wages, but the higher rates appear to cause this particular group, that is, nonwhite teenagers, more than others, to drop out of the labor force.

In my opinion, the minimum wage law not only narrows economic opportunities for inexperienced teenagers and adults with few skills and little education, it also narrows job opportunities for blacks and other easily identifiable minorities.

A floor on wage rates makes rationing jobs by discriminatory criteria more attractive since the wage criterion is prohibited. Significant employment reductions have been found to be associated with rising minimum wages and expanded coverage for nonwhite teenagers, nonwhite males aged 20 to 24 and nonwhite females 20 and over.

The adverse employment effects of the minimum wage on teenagers is especially troubling. And let me cite some statistics on this.

Two economists, Finas Welch and Robert Cunningham from the University of California at Los Angeles, in studying the combined effect of the Federal minimum, State minimum wage rates and the expansion of coverage in the 1970's, concluded that the added cost of hiring 18- to 19-year-olds due to the minimum wage was 11.3 percent. Employment for that group fell 15.2 percent. It fell 26.9 percent for ages 16 to 17, and 45 percent for ages 14 to 15 years old.

Many of these young teenage workers receive on-the-job training, and acculturation to the world of work, through their first jobs. Since this type of training will be useful on other jobs, the initial and subsequent employers are reluctant to finance such training by themselves.

As a result, teenagers often contribute to their own on-the-job education by accepting lower wages. Rising minimum wages and expanding coverage prevents financial participation by younger workers, discouraging their employment and, more importantly, discouraging investment in on-the-job training.

Declining birth rates and rising educational achievements could make the decade of the 1980's one of enhanced employment opportunities for minority groups in this country.

The prospect for such opportunities has been improved by the decline of racial prejudice in the marketplace brought about by legal and social changes.

The one barrier that has not yet been assaulted is the minimum wage law. It is and will continue to be a significant bar to achieving employment goals for minorities as long as the minimum rate is raised and coverage of the law is extended to more and more sectors of the economy.

Thus, employment opportunities for minorities in the 1980's will be inversely related to the effectiveness of the minimum wage law.

Thank you.

Representative BROWN. Thank you very much, Mr. Martin.
[The prepared statement of Mr. Martin follows:]

PREPARED STATEMENT OF DONALD L. MARTIN

Minority Employment in the Next Decade

Minority Employment Prospects

The prospects for higher employment rates for minority groups in the first half of the 1980s are threatened less by economic and demographic forces than they are by institutional ones. If we can assume that the impending recession will be relatively short, if not mild, and that current efforts to slow the rate of inflation are successful, so that the period 1980–85 will be one of moderate real economic growth of 3 percent per annum, employment rates for minority members of society should improve for at least two reasons. First, the age distribution of the population has been changing. By 1985 the slowdown in birth rates that began in the 1960s will produce absolute declines in the teenage labor force, 16–19 years of age. It has been estimated that between 1980 and 1985 the teenage labor force will decline by 14.1 percent.[1] For similar reasons the participation of young adults between the ages of 20 and 24 will also fall, though not as dramatically.[2] Since these groups register relatively high quit rates the decline in their importance should raise employment rate statistics generally, including those for minority groups.[3] This result is strengthened by projections that show a positive increase of 23 percent in labor force participation for the 35 to 44 age group.[4] Moreover, the decline in this decade in the participation of persons 45 to 54 should slow down in the first half of the 1980s.[5] These last two demographic groups represent the most stable element in the American work force. Thus, as the minority labor force matures quit rates should fall and employment rates should rise.

The second positive element advancing the prospect of higher employment rates for minorities is the anticipated growth in human capital for these groups. In 1970, 57.2 percent of non-whites completed less than 12 years of education while only 36 percent of the white civilian labor force could be assigned to that category.[6] Estimates for 1985 suggest that only 38 percent of non-whites will have completed less than 12 years of education. The drop in this statistic is expected to be even greater for non-white males from 60.5 percent in 1970 to 40 percent in 1985.[7] If we examine the projected educational achievements of minorities beyond high school, a similarly optimistic outcome is predicted. Almost 27 percent of non-white labor force participants will have completed 13 or more years of schooling by 1985 compared with 16.4 percent in 1970.[8]

We may draw two conclusions from the anticipated improvements in minority group human capital. First, the significantly higher fraction of minority group members staying in school in the 1980s will reduce the number of non-whites in the labor force with a relatively low chance of securing employment. Poorly educated job seekers, in today's labor market, find it more difficult to attain employment than better educated job seekers. The second conclusion focuses on the kind of jobs better educated workers are likely to obtain. It has been estimated that in the period 1980 to 1985 there will be a decline in the supply of persons to both farm and non-farm laboring occupations by 4.1 percent and 3.8 percent respectively. Moreover, there is also a decline expected in the percent growth of the workforce supplying service occupations from 14.9 percent for the period 1970–80 to 1.9 percent for the period 1980–85.[9] These are all low wage, high turnover, occupations that tend to depress employment statistics for the groups that are associated with them. Historically these occupations have been populated by minority group members of the workforce having few skills and little education. As more and more members of minority groups acquire educations and skills they

[1] Harold Wool, *The Labor Supply for Lower Level Occupations*, Praeger 1976, p. 244.
[2] Ibid.
[3] However, a lesser decline in non-white relative to white birth rates will result in a slightly smaller increase in employment rates for minority groups than the overall expected average increase. Nevertheless, the direction of change is not altered.
[4] Wool, op. cit.
[5] Ibid.
[6] Ibid., p. 247.
[7] Ibid.
[8] Ibid.
[9] Ibid., p. 254.

will be moving out of the low wage sector into occupations with lower turnover rates. Employment rates for those groups should improve. Of course, should the economy grow at an even faster rate (e.g., 6 percent) employment opportunities for minorities should expand even further.

The Unemployment Rate as a Measure of Employment Prospects

This rather encouraging picture of minority employment opportunities appears to fly in the face of some rather alarming facts. The Committee's interest in minority employment prospects has, in part, been triggered by the dramatically high unemployment rates experienced by minorities in the last decade. As we close out the 1970s we do so with the knowledge that unemployment rates for nonwhites have averaged just under 14 percent.[10] In fact, non-white teenage unemployment has averaged over 30 percent during the same period, climbing to 43 percent in 1975. Equivalent white unemployment rates during the same period have been dramatically lower by almost 50 percent.[11]

As we enter the new decade unemployment rates for minorities continue to register at double digit levels and the coming recession will only worsen these statistics. What has caused these rates to be so high, and what do they reveal about the barriers minorities face in finding permanent employment?

Surprising as it may seem, the unemployment statistics that have alarmed all concerned Americans can tell us very little about barriers to employment opportunities for minorities. Unfortunately, the statistics of the 1970s, especially as they pertain to minority groups, are grossly misleading. This is so because, quite perversely, they have been biased and inflated by the *work registration requirements* attendent to our food stamp program as it has been amended in P.L. 91–671 and to our Aid to Families with Dependent Children program as it has been amended in P.L. 92–233.[12] Unless otherwise exempt, would-be food stamp and AFDC recipients must first register as eligible for employment with the Employment Service. These people are, however, involuntarily in the labor force, and unless they find work, their numbers must inflate unemployment levels. All the evidence clearly shows that the Employment Service has failed to place more than 10 percent of work registrants.[13] Professors Clarkson and Meiners estimate that in 1976 the official average unemployment level was inflated by as much as 2,023,000 persons and that the official unemployment rate was inflated by 2 percentage points at 7.7 percent.[14] Of course, it is no secret that minority groups are heavily represented in both the food stamp program and AFDC. In June of 1977, 23 percent of food stamp recipients and 42 percent of AFDC recipients were non-whites.[15] Clarkson and Mieners found that when they corrected the black unemployment statistics for involuntary work regulation the unemployment rates for this group fell from 15.2 percent to 9.2 percent.[16] Interestingly, once white unemployment statistics were corrected for the work registration requirement, their unemployment rate fell by only 1.2 percentage point from 6.6 to 5.2 percent.

Although an unemployment rate of 9.2 percent may nevertheless be cause for concern, it is particularly striking to realize that government programs can so distort unemployment statistics as to make them unusable for policy purposes. The measured unemployment rate is not a policy variable to gage the employment prospects of minority groups or the height of barriers to jobs. In the 1970s and soon in the 1980s the unemployment rate is just as much a bureaucratic phenomenon as it is a manifestation of the marketplace.

Barriers

In my opinion, the three most significant barriers to minority employment in the last three decades have been racial prejudice, poor education and the minimum wage law. The Civil Rights Act of 1964, together with dramatic increases in federal, state and local spending on education, have done much in the way of

[10] U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings*, August 1979.
[11] Current Population Survey 1976.
[12] See Kenneth W. Clarkson and Roger E. Mieners, *Inflated Unemployment Statistics*, Law and Economics Center, March 1977 (monograph).
[13] Ibid., p. 14.
[14] Kenneth W. Clarkson and Roger E. Mieners, "Institutional Changes, Repeated Unemployment, and Induced Institutional Changes," *Journal of Monetary Economics*, 1979 Supplement.
[15] Kenneth W. Clarkson and Roger E. Mieners, "Deflating Unemployment Statistics," American Spectator (March 1978), pp. 27–28.
[16] Ibid.

mitigating the most blatant abuses and wasted opportunities arising from the first two barriers. Unfortunately, the minimum wage law, as it pertains to employment prospects for minorities, remains perverse.

Over 40 years of experience with the minimum wage law has convinced the majority of economists that higher real minimums and expanded coverage contribute to *lower* employment. At the present time the basic minimum wage is about 50 percent of the average, straight time, wage in manufacturing. Coverage extends to 84 percent of non-supervisory employees in private non-agricultural industries.[17] In 1974 coverage was extended to domestic workers and some agricultural workers are also covered by the Act. There have been countless studies of the effect of the minimum wage on a wide variety of variables including firm size, choice of production inputs, business failures, worker productivity, market shares, labor force participation, unemployment, employment and discrimination.[18] Only the last four topics are of immediate relevance. Before discussing the barriers to employment erected by the Fair Labor Standards Act and its amendments, it is instructive to inquire about the influence of minimum wages on measured unemployment. Even if no worker were fired from his job due to a rise in the minimum wage rate and employers continued to hire at the same rate as before the minimum was raised, measured unemployment might rise because the higher wage will attract new entrants to the labor force who would have otherwise remained at home or in school. On the other hand, a rise in the minimum will cause employers to reduce the number of job openings they wish to fill. Would-be workers searching for jobs will find fewer openings per search period. This is equivalent to a reduction in the probability of finding employment or a reduction in the expected value of finding a job. Lower expected earnings will cause some searchers to drop out of the labor force, thus lowering the rate of unemployment. Once again, the measured unemployment rate is a poor index of employment opportunities.

As it pertains to minority group experience, recent evidence shows that minimum wage increase measured unemployed significantly for non-white males aged 20 to 24. Non-white teenagers also experience increased unemployment due to minimum wages, but the higher rates appear to cause this group, more than others, to drop out of the labor force.[19]

In my opinion, the minimum wage law not only narrows economic opportunities for inexperienced teenagers and adults with few skills and little education, it also narrows job opportunities for blacks and other easily identifiable minorities. A floor on wage rates makes rationing jobs by discriminatory criteria more attractive since the wage criterion is prohibited. Signficant employment reductions have been found to be associated with rising minimum wages and expanded coverage for non-white teenagers, non-white males aged 20–24 and non-white females 20 and over.[20] The adverse employment effects of the minimum wage on teenagers is especially troubling. Many of these young workers receive on the job training, and acculturation to the world of work, through their first jobs. Since this type of training will be useful on other jobs, the initial and subsequent employers are reluctant to finance such training by themselves. As a result, teenagers often contribute to their own on the job education by accepting lower wages. Rising minimum wages and expanding coverage prevents financial participation by younger workers, discouraging their employment and, more importantly, their investment in on the job training.

Conclusion

Declining birth rates and rising educational achievements could make the decade of the 1980s one of enhanced employment opportunities for minority groups in this country. The prospect for such opportunities has been improved by the decline of racial prejudice in the marketplace brought about by legal and social changes. The one barrier that has not yet been assaulted is the minimum wage law. It is and will continue to be a significant bar to achieving employment goals for minorities as long as the minimum rate is raised and coverage of the law is extended to more and more sectors of the economy. Thus employment

[17] Finis Welch, *Minimum Wages*, American Enterprise Institute (1978), p. 3.
[18] For a condensed treatment of these studies see, John M. Peterson and Charles T. Stewart, *Employment Effects of Minimum Wage Rates*, American Enterprise Institute, 1969.
[19] Welch, *op. cit.*, p. 34. See also Jacob Mincer, "Unemployment Effects of Minimum Wages," *Journal of Political Economy*, vol. 84, No. 4, Part 2 (August 1976), pp. 87–104.
[20] Mincer, *op. cit.*

opportunities for minorities in the 1980s will be inversely related to the effectiveness of the minimum wage law.

Representative BROWN. I ask my colleagues' unanimous consent to put into the record a statement entitled "Hispanic Employment Opportunities in the 1980's," from SER-Jobs for Progress Inc., Washington, D.C., and without objection, it will be inserted at this point.

[The statement follows:]

STATEMENT OF SER-JOBS FOR PROGRESS, INC., WASHINGTON, D.C., ON "HISPANIC EMPLOYMENT OPPORTUNITIES IN THE 1980'S"

SER-Jobs for Progress, Inc., commonly known as "SER" (Service, Employment, Redevelopment), is a non-profit Hispanic Community Based Organization. "SER" came into existence in 1966 through the efforts of farsighted individuals of the two largest and oldest Hispanic civic organizations in the United States: The League of United Latin American Citizens and the American G. I. Forum. "SER" continues to be sponsored by these two organizations.

To accomplish the goals promulgated by its funding organizations, SER operates employment training centers in more than one-hundred and thirty-three cities throughout the country. Since 1966, SER has assisted more than 150,000 economically disadvantaged Hispanic-Americans prepare for, secure, and retain gainful employment. It is from this experience in serving the Hispanic community that SER continues to address the problems of employment opportunities for Hispanics and other economically disadvantaged minorities in the 1980's.

PERSPECTIVES ON THE PROBLEM

Hispanic employment opportunities in the next decade will no doubt be affected by the state of our economy. In the month of March, this year, our Nation's economic upswing ended. And, based on various government and Congressional sources our economy is moving into a moderate recession which should continue into the early 1980's. This economic recession will have a more severe impact on the Hispanic employment and economic opportunities than the general population. For example, the national unemployment level is projected to increase from the current 5.8 percent to 8 percent during the depth of the economic recession. If this projection is accurate, we can expect the Hispanic unemployment rate to maintain its previous correlation with the national unemployment level figure. As of the third quarter of 1979 the national Hispanic unemployment level was 8.2 percent. This figure should eventually increase to the ten or twelve percent unemployment level as a result of the recession.

The most recent social indicators show that Hispanics are losing ground in terms of economic and social well-being when compared to the growth and continuing improvement of the majority white males. This being the case, we must identify present deficiencies in the socio-economic system which have held back the potential in the Hispanic community in order to focus future resources. Ideally, legislation can be implemented to realize the contribution of all who wish to participate.

The one indicator which consistently demonstrates a positive correlation with success in the labor market, reflected in increased earnings and overall social mobility, is the individual's educational attainment level. The higher the educational level, the greater the probability of maximizing labor market participation and earning capacity.

To illustrate, in 1960, 41 percent of Mexican origin males 15 to 17 years old were two years behind in school. By 1976, this rate had decreased to 28 percent. Given this data, there appears to be significant progress achieved by Mexican-American males. However, when measured in relative terms with majority males for the same time period, we find that majority males decreased their delayed education from 18 percent in 1960 to 10 percent in 1976. Therefore, the delayed rate for Mexican-American males actually increased in proportion to majority males from a ratio of 2.80:1 from 1960 to 1976.[1]

The next significant educational indicator is the rate of high school completion. (See Table 1.)[2]

[1] U.S. Commission on Civil Rights. *Social Indicators of Equality for Minorities and Women*, (Washington, D.C.) August 1978, pp. 11–13.
[2] Ibid., pp. 11–13.

TABLE 1.—PERCENTAGES FOR PERSONS 20- TO 24-YEAR-OLD COMPLETING HIGH SCHOOL

	Mexican-American		Puerto Rican		White	
	1970	1976	1970	1976	1970	1976
Male	55	64	44	68	83	87
Female	51	58	42	60	82	86

In 1970, Hispanics and whites maintained a marked gap in educational completion rates. In 1975, there appears to be growth in all categories, although marked disparity continues to prevail. The severity becomes more obvious when we see that of all Hispanics over 24 years old, only about 40 percent have completed high school. Among non-Hispanics there is a 66 percent completion rate. The disparity becomes greater upon examining post-secondary, or college completions during the same period.[3]

It appears that barriers to college completion are highly prevalent among the Hispanic population. In 1970, of those persons 25 to 29 years of age, only 5 percent of Mexican-American males, 4 percent of Puerto Rican males and 3 percent of the females in both groups completed college. The white male completion rate was 22 percent. By 1976, Mexican-Americans had raised their completion rate to only 11 percent and Puerto Ricans to only 6 percent, while the white male, had increased to 34 percent. Upon examining the college completion of all persons over 25 years old, we see that college completion is a fairly recent phenomenon among Hispanics. For Mexican-Americans over 25, the rate drops to 3.9 percent, and for Puerto Ricans it falls to 2.8 percent. However, the increase represents a challenge to our nation. Efforts and resources must demand a higher rate of increase for the coming decade to include the potential productivity of Hispanics.

The next set of indicators relevant in describing the socioeconomic status of Hispanics are various labor market characteristics. The proportion of unemployed among Hispanic persons has consistently been higher than the proportion of unemployed persons in the general population. In March of 1978, about 9.2 percent of all Hispanics in the civilian labor force were unemployed as compared with 6.2 percent of the total population. In March of 1975, the unemployment rate for Hispanics was 11.8 percent; in March 1976, it was 11.1 percent; in March 1977, it was measured at 11 percent. In 1975, the rate of unemployment for all persons was 8.3 percent; in 1976, it was 7.3 percent; in 1977, it was 8 percent; and in 1978, it fell to 6.2 percent. This comparision indicated that the unemployment rate for Hispanics has remained one and a half times greater than the rate for all persons.[4]

Occupational characteristics of employed "Spanish origin persons" differed, sometimes markedly, from that of the overall employed population. For instance, although 16 percent of all employed persons in the civilian labor force were professional and technical workers, only 8 percent of the Spanish origin labor force were so employed. The proportion of employed persons of Spanish origin working as operatives (e.g., garage workers and attendants, produce packers, manufacturing checkers) was greater (26 percent) than for similarly employed persons in the overall population (15 percent).[5]

In 1975, the majority male had a median household per capita income of $4,330. The Mexican American income per capita was $2,130, or 49 percent of the majority male's income. The Puerto Rican male earned 50 percent, of this standard, Mexican-American female head of households 28 percent, and Puerto Rican female household, 29 percent.[6] The relative per capita income has remained the same from 1959 to 1975.

To highlight the long-range effect of such earnings disparity, SER has prepared a table which shows median Hispanic earnings for male head-of-household compared to majority male during a forty year work life.[7]

[3] Ibid., pp. 11–13.
[4] Ibid., pp. 14–16.
[5] Ibid., pp. 25–26.
[6] Ibid., pp. 50–51.
[7] Current Population Reports, *Consumer Income*, U.S. Dept. of Commerce, Washington, D.C. July 1978.

	14 to 25	26 to 35	36 to 45	46 to 55	Total over 40
Hispanic	$3,943	$9,087	$10,533	$9,938	$335,010
Majority male	4,044	11,856	15,703	15,647	472,500
Difference	1,010	27,690	51,700	57,090	137,490

The above table demonstrates the Hispanic male worker consistently earns only 71 cents for every $1.00 earned by the white majority male. In addition to this overall indicator, we have examined the earnings of the college-educated Hispanic in relation to the majority male. Surprisingly, we find the same ratio: 71 cents to $1.00.[8]

The majority of Hispanics with college degrees are relatively young. The impact of these degrees on their earning capacity have yet to be realized. Furthermore, the low percentage rate of Hispanics working as managers and administrators (15 percent) would indicate that the doors of opportunity have yet to be fully opened.

Statistics on the recent growth of the female labor force and discussions of its causes have expanded greatly in recent years. What they indicate is a tremendous shift in economic realities and life-styles, which have greatly affected the likelihood of women working in years to come.

Women's motivation for joining the workforce has changed little from years previous. Just like men, most women work to support themselves and their families. Economic pressures on family incomes have encouraged, and in many cases forced, more women to look for work outside the home. This trend is documented by women's labor force participation rates. Their rates passed the 50 percent mark in June, 1978 for all women 16 years and older. The same trend was evident for Hispanic women, whose labor force participation rate grew by nearly one-third from 1973 to 1977. The Hispanic women's rate far surpasses the increase for women overall.

A factor greatly contributing to this dramatic rise in the female workforce is the growth of female heads of households, particularly among minority women. In 1976, for example, women headed 21 percent of Hispanic families compared to 11 percent of white female-headed families. Yet among all families headed by women, Hispanic families fall into poverty status with a greater tendency than families maintained by any person working full-time year round. In 1977, over half (53.1 percent) the families headed by Hispanic females lived on an income below the poverty level as to approximately one-third (31.5 percent) the families headed by white women and one-tenth (8.78 percent) of families for the total population.

Families headed by women are more likely than husband-wife families to have children under age 18 and to have very low incomes. This was evident in median incomes earned by female heads of households: in 1977, Hispanic women heading families earned $4,939 compared to $6,643 earned by white women. Hispanic women 14 years and over earning a median income of $3,359 were outdistanced by majority women, who earned a median of $3,588, and even further surpassed by majority males, who earned a median income of $9,580.

Approximately 80 percent of Hispanic women workers are concentrated in lower paying, dead-end jobs in service industries, clerical occupations, sales work, and as non-transport operatives. (See table 2.) Although their high rep-

TABLE 2.—PERCENT DISTRIBUTION OF EMPLOYED PERSONS 16 YEARS OLD AND OVER BY MAJOR OCCUPATIONAL GROUP, SPANISH ORIGIN, AND SEX

	Hispanic female	Non-Hispanic female	Non-Hispanic male
Professional, technical and kindred workers	8.2	16.6	15.2
Managers and administrators, except farm	2.8	5.9	14.7
Sales workers	4.3	6.6	6.2
Clerical and kindred workers	29.1	34.9	6.4
Operatives	26.1	11.1	17.5
Service workers	25.2	21.3	8.8

Source: U.S. Department of Commerce, Current Population Reports, Persons of Spanish Origin in the United States: March 1977. Series P-20, issued September 1978, p. 12.

[8] U.S. Civil Rights Commission, Social Indicators of Equality for Minorities and Women, August 1979, pp. 23–25.

resentation in clerical positions is similar to women overall, their heavy concentration as operatives also contributes. Large numbers of Hispanic women may soon find themselves either unemployed, or moving into entry level clerical jobs.

Women still find several barriers to employment, as indicated by their higher rates of unemployment than that for male workers. The jobless rate for Hispanic women in 1977 reached 12.9 percent, while it peaked at 8.5 percent for women overall and 7.9 percent for the total population. One reason for this difference is the general lack of skills among women workers. Another is, quite simply, discrimination. In addition, Hispanic women must often grapple with the added liability of inadequate language skills. But variations in unemployment rates also stem from differences in educational attainment rates. Recent data indicate that Hispanic women fare among the worst in educational achievement rates. Among women 25 years or older completing four years of high school or more, Hispanic women achieved at rate (37.2 percent) only a little more than half of that for all women (64.4 percent). Moreover, among women 25 years and over completing less than five years of school, Hispanic females maintained a rate (18.7 percent) more than five times greater than that for the total population (3.4 percent).

Education is not only an important factor in selecting a job for women, but also greatly influences the labor force participation rates of female household heads. A general trend was for family heads with less education to participate less in the labor market. In March, 1977, 28.3 percent of all female heads of households completing eight years of schooling or less were labor force participants, compared to 77.2 percent of those with 16 years or more of education. This relationship was also true despite marital status, whether the women were Hispanic or not, and whether they had children or not.

Another barrier confronting Hispanic women workers is that of discouragement. According to a study recently released by the National Commission on Manpower Policy, minorities, youth, and women, who suffer the most from high unemployment rates, are more likely to have given up their job search because of discouragement.

The impact of a continued economic recession on employment opportunities in the 1980's is likely to increase the numbers of Hispanic discouraged workers who want employment but will not look for work because it would be in vain. This problem is compounded by the fact that Hispanics who are discouraged workers are not counted in the unemployment rate diminishes the relevance of unemployment statistics. As an example, in 1978, 56,000 Hispanics were classified as discouraged workers. Fifty percent, or 28,000, were in the prime group age of 25 to 54. Moreover, 36,000 or 64 percent of Hispanic discouraged workers were women.

To this date, there is a paucity of information regarding the Hispanic discouraged worker or those elements which contribute to non-participation in the labor force. Among the reasons for this void in data is a communications sequence that does not function, i.e.: (1) The Hispanic community has developed a distrust in the intentions and practices of the system represented by the state employment services that is responsible for gathering data. (2) the state employment service staff appear insensitive and apparently do not relate to the language and culture of Hispanics, and (3) in turn, the Hispanic community avoids contract with the state employment service system. This lack of communications aggravates and perpetuates the "under-count" which misrepresents the status of Hispanic unemployed persons.

There is a need for an extension of greater knowledge regarding the characteristic profile of the Hispanic discouraged worker. We must examine their family characteristics, education, past occupational participation in the labor force and other factors which may contribute to discouragement. If this type of information can be generated, we can compile a data base upon which decisions can be made at the national level affecting the Hispanic discouraged worker.

Thus far, the attempts made to identify the discouraged worker are limited, primarily because only within the last decade have efforts been made to statistically distinguish Hispanics from other ethnic groups. Therefore, adequate population data on Hispanics is relatively new and still in need of refinement. And the concept of discouraged workers has only recently gained recognition as a viable economic and labor force characteristic.

The youth unemployment problem in the United States has and will continue to receive considerable attention in the 1980's. Since the enactment of the Youth

Employment and Demonstration Project Act of 1977 (Public Law 95–93), the chronic unemployment problems of Hispanic youth will remain.

Three factors explain this lack of attention: The absence of timely and accurate data on Hispanics; the tremendous undercount of Hispanics by the Department of Labor (and the Census) which conceals the severity of the employment problems; and a recurring apparent insensitivity on the part of the Department to the needs of Hispanic people of the United States as reflected in the minimal resources of staff and funding to a group that has disproportionately greater needs.

In March, 1978 the Census Bureau conservatively estimated that there were at least twelve million Hispanics in the United States. Of this twelve million, 42 percent of these Hispanics, that is 5.04 million, were under the age of 18. The total population consists of only 29 percent under the age of 18. The "Spanish Origin" median age of 21.7 years was the lowest for any major group in the U.S. population.

Since the initiation of quarterly employment status data on Hispanics in 1973, Hispanic youth ages 16–19 had an unemployment rate twice that for all Hispanics and three times the unemployment rate for the total population.

Hispanic youth ages 20–24 have higher unemployment rates than the white population. The white population, ages 20–24, had an average 9.9 percent unemployment rate during 1975; the Hispanic was 11.2 percent for the same group.

Unemployment statistics for Hispanic men and women aged 16–24 show Hispanic women experiencing a higher rate of unemployment than young men. Furthermore, an increase in unemployment has a greater effect on young women in all age groups than on young men. In fact, as the rate for Hispanic youth rises, Hispanic women will advance 1.2 percent faster than that for young men.

The unemployment rates for Hispanic youth 16–19 within the subgroups are shown in table below. Mexican-American youth had unemployment rates similar to the total Hispanic 16–19 age group. Puerto Rican youth have a higher incidence of unemployment. The small size of the Cuban 16–19 age groups precludes the publishing of unemployment data for this group. (See Table 3.)

TABLE 3.—QUARTERLY UNEMPLOYMENT RATES IN 1978 FOR ETHNIC SUBGROUPS OF YOUTH AGE 16 TO 19 ARE HIGHEST FOR PUERTO RICAN YOUTH [1]

Group	Quarter I	Quarter II	Quarter III
Mexican	20.8	21.3	18.3
Puerto Rican	NA	26.9	27.0
Cuban	NA	NA	NA
Hispanic	22.1	21.0	19.8

[1]—Quarterly unemployment rates in percentages.

Despite the gaps and limitations of the data, a review of these unemployment statistics reveals:

1. Hispanic youth have chronic high unemployment rates with one cut of five unemployed for age 16–19.
2. Hispanic females aged 16–24 have higher unemployment than Hispanic males.
3. Great variations in unemployment rates exist among the Hispanic subgroups with Puerto Rican youth experiencing the highest rate of unemployment.

A number of factors contribute to the described Hispanic unemployment problems which will in turn be compounded by the projected decline of job opportunities for minority groups in the 1980's. These factors such as social prejudice and labor market discrimination; education and training inedequacies; greater layoffs during recession and the concentration of Hispanics in many poverty areas; larger minority population growth in competition for non-skilled entry level jobs; are expected to continue and will significantly increase Hispanic unemployment in the 1980's.[9]

POLICY OPTIONS FOR IMPROVING FUTURE EMPLOYMENT OPPORTUNITIES OF HISPANICS

Future economic and employment and training policies should not only be developed to address the above existing factors, but to also meet the employment

[9] U.S. Department of Labor, Bureau of Labor Statistics, Employment & Earnings, April, July, October, 1978.

needs of Hispanics, Blacks, and other disadvantaged minorities during the next decade. In order to insure sufficient employment opportunities for minorities in the 1980's Congress needs to consider the following policy recommendations:

I. Better targeting of Federal employment and training funds to those economically disadvantaged groups, which would focus on Hispanics and Blacks. who are most in need.

II. A stronger federal emphasis in employment and economic development opportunities for economically disadvantaged minorities in the private sector through the utilization of ethnic minority operated community based organization of demonstrated effectiveness.

III. The creation of a National Commission of ethnic minority Economic and Employment opportunities to monitor federal and private sector efforts in conjunction with mandates set forth in Public Law 95-507, the employment goals of the Humphrey Hawkins Full Employment and Balance Growth Act, and CETA targeting efforts on structural unemployment in the minority community.

IV. The creation of a permanent Comprehensive Youth Employment and Career Development Act, clearly defining the roles of all levels of government in the eradication of the barriers encounted by structurally unemployed and unemployable youth in the labor market.

V. Foster the development of national programs combining employment and training with economic development.

SER-Jobs for Progress, Inc., has provided cost effective and efficient delivery of job training and employment service to Hispanics in barrios and in distressed rural areas throughout the country for a number of years. It is essential that Congress recognize and support the involvement of CBO's such as SER, National Urban League, and Opportunities Industrialization Center in reducing structural unemployment in order to stimulate job opportunities for minorities in the 1980's.

Enlisting the groups that have established local ties and can deliver employment services more effectively will build on their established records of success. The process is vital to social and economic stability and continued progress to achieve economic equity. The call is, now, for an acceleration of the process to redress the inequities of the past. Community Based Organization as partners in our Nation's efforts to combat unemployment can develop job opportunities for disadvantaged minorities in the future.

Representative BROWN. We also have some written questions from Mr. Wylie, a Congressman from Ohio, serving on the Joint Economic Committee, and these will be submitted to the witness.

Congressman Mitchell.

Representative MITCHELL. Thank you very much, Congressman Brown.

Much of the testimony was very provocative, and I have about 35 questions which I obviously will not get to, with the 5-minute rule.

Mr. Johnson, your testimony was particularly intriguing. I share with you the idea that the private sector ought to be involved. You said it has not been involved, primarily because of the redtape, the Federal redtape required. You said that in your testimony.

Could you give me two specific illustrations of the redtape; two specific examples of redtape that deters business from participating in this activity?

Mr. JOHNSON. Well, Congressman, I cannot give you specifics as far as the redtape, but I'm assuming—and correct me if I'm wrong—that the same papers that are required that community-based organizations fill out concerning hiring PSE people and CETA persons, that have to go to the prime sponsor for backup on what's being done, the same thing has to happen with the prime sector.

Representative MITCHELL. You see, I got concerned about your testimony because of certain catch-all phrases that were used. I've

heard them thrown around from time to time from various witnesses, yet when I press for specifics, I'm not able to get them.

Mr. Johnson, in your testimony, you refer to the lack of understanding, patience and tolerance by instructional and support staff.

Could you give me two specific illustrations of that lack of patience, toleration, and understanding? Two specific ones that you have experienced?

Mr. JOHNSON. Specifically, Congressman, educational systems that we go through to train to educate younger people are traditional. Educators are trained to deal with that traditional student that walks in that has a fairly good track record as far as educational background. And in many instances, what happens is when that nontraditional unemployed person comes in, that throws a monkey wrench into the mechanism, because while that's not supposed to happen——

Representative MITCHELL. May I interrupt you? I want specifics. I've been spending a great deal of time in the public schools in Baltimore. I've been in a school where the IQ is not measurable for certain students. It approached zero. And yet I found an amazing tolerance, understanding, and patience to the degree and extent that some kids, some of those children with unmeasurable IQ's are now working on jobs. I think we need to balance out the good with the bad. I want specific illustrations that you've experienced, rather than the general comment.

Mr. JOHNSON. Specifically when a student comes in that is a drug addict or a student that comes in that is a convict going through a community-based correctional facility, and we have those at the Urban Campus specifically, you know, that are going through what we call a DASI program, which is a drug rehabilitation program, and when my counselors are stymied because they have not dealt with—well, they have not dealt with—the background was at the time when they started working at the Urban Campus such that they did not deal with the drug addict or the convict or exconvict that has problems that have a tendency to block their educational enhancement.

Now I don't know how specific you want me to be.

Representative MITCHELL. Do I have time for one more question?

Representative BROWN. Sure.

Representative MITCHELL. In your testimony you were properly critical of temporary and make work programs. Obviously the desire is to do away with those. I would agree with you.

Yet, on the other hand, there are significant benefits, it seems to me, that can accrue from temporary or "make work" programs.

I refer to a circumstance of more than 35, 40 years ago, when I was employed by the National Youth Administration, making $3 a week. My job was to wash blackboards after school. That was make work. But it certainly taught me a sense of responsibility, being there on time, getting the job done properly, following through on my own pay to make sure that I recorded myself accurately. Would you argue that there are no benefits at all to the programs that are temporary, or those that you describe as make work?

Mr. JOHNSON. I'm sorry, Congressman, I guess I didn't make myself clear, when I began. I said I was going to articulate as much as I could. Maybe I didn't make the point clear.

I didn't say I felt the programs were no good. There is some value. but the problem is community-based organizations don't have the input that they should have into the planning process.

Representative MITCHELL. My last question, you refer to the GAP program, which has been in operation from April of this year to the end of September of this year.

Mr. JOHNSON. Pilot program.

Representative MITCHELL. Right. How many students went through the program?

Mr. JOHNSON. Approximately about 56. We didn't want to play the numbers game.

Representative MITCHELL. Of that 56, how many were placed in permanent jobs?

Mr. JOHNSON. Of that 56, 26 were, and the rest went to education because they had either GED or basic skills.

Representative MITCHELL. All right. Of the 26—you say 26 were placed in permanent jobs?

Mr. JOHNSON. Yes.

Representative MITCHELL. Do you plan to monitor the retention rate in those jobs?

Mr. JOHNSON. They are being monitored.

Representative MITCHELL. For what length of time?

Mr. JOHNSON. Six months to a year, they will be monitored, and if there are problems, like I said, they have counselors and job developers that follow up with them and work hand in hand with that employer.

Representative MITCHELL. Thank you. My 5 minutes is up. If I get another 5 minutes, I'd like to address some of the rather startling conclusions you've drawn, Mr. Martin.

Representative BROWN. Thank you, Congressman Mitchell. You may have the opportunity to get that 5 minutes because you may wind up with the gavel, and I hope you'll be as generous with yourself as I have been. [Laughter.]

Senator Jepsen.

Senator JEPSEN. Well, I think that I would be glad to yield a couple of minutes to the Congressman.

Representative BROWN. He'll have that opportunity.

Representative MITCHELL. Please go right ahead.

Senator JEPSON. OK.

Mr. Johnson, you mentioned that business can be sometimes frustrated with the Government redtape in some of this programing. You say Government programs are an attempt to stimulate private sector businesses are discouraged from participating.

Mr. JOHNSON. No; business are participating, but I think they could be participating at a more productive level, and I guess I believe that the community-based organizations can be kind of a go-between in working because the community-based organizations are usually the ones that are in tune with what's transpiring in the community, and they can work hand in hand with the private sector in trying to enhance that process.

Senator JEPSEN. Mr. Johnson, what specific problems does your intermediate organization face in dealing with the CETA program?

Mr. JOHNSON. Specifically in Des Moines, the prime sponsor agency is bascially run by local and county governments. Their interest is more

politically oriented as opposed to the interest of the community. The community-based organization runs into the problem where we get plans for programs brought to us finished and say, "Well, this is what we'd like you to see, we had a good idea and we think this is great," and really the input of the community-based organizations having a viable input into the planning and implementation and administration of the various programs, and I also believe that we don't get the information down in the community-based level of, OK, what moneys are coming in, how much it is, how effectively can we go about getting those moneys.

We wind up taking proposals in to prime sponsors where they are unacceptable because they cited whatever regulations that seemed to fit the need, and we wind up saying, well, what do you want, you know, what will fit your criteria. So that we can at least, you know—no matter how piecemeal it may be, try to serve and instruct the unemployed minority person.

Senator JEPSON. Mr. Martin, would you recommend a wage differential in the minimum wage?

Mr. MARTIN. Yes; I would, but only as a—say as a stopgap measure. I think that the minimum wage affects minorities at all levels, not just youth—not just the teenagers. And at one time I would have promoted very aggressively a youth differential, and if there's no other kind of differential, then I'd promote that one.

I'm very concerned——

Representative BROWN. Are you suggesting minority differential?

Mr. MARTIN. That's politically difficult to do.

Representative BROWN. You seem to be coming close to saying that.

Mr. MARTIN. I'm suggesting something much more radical than that, frankly.

Representative BROWN. You're not going to get arrested in here.

Representative MITCHELL. Don't bet on it. [Laughter.]

Mr. MARTIN. I'm questioning the efficacy of the minimum wage bureau. If it has such effects on a significant minority of a population—by the way, the statistics that I did not quote were for people over 65 years of age, who are women in general, although I did talk about black females. There are other groups, other segments of this society, that are basically low wage workers, low education, less skilled workers. They are the ones that bear the brunt of this.

It so happens that at this time they are heavily represented by minority groups, minority groups in the context of what we are talking about here. But any less skilled, low wage, low educated person is going to be affected by a minimum wage law.

But, yes, I'm promoting—I would promote the youth differential, I would promote a minority differential. I would promote any differential to get these people working. I think the minimum wage has that kind of detrimental effect on them.

Senator JEPSEN. I think my time is up.

Representative BROWN. I gather what you're saying, though, is you'd like to get rid of the minimum wage, and you consider that to be not politically viable?

Mr. MARTIN. I guess that's your business whether it's politically viable on economic grounds and social grounds. I believe that the minimum wage is detrimental to minorities in this country.

Representative BROWN. Having voted both for and against the minimum wage law, I find myself to have a degree of flexibility that perhaps my colleague here, Congressman Mitchell, does not share. So I think he will probably further discuss the minimum wage with you.

I do have one question I want to address to Mr. Johnson, because it relates to something he said, and something in which I am personally interested.

Mr. Johnson, you called for a financial and moral commitment from business to hire the hard-to-employ. In past hearings we have heard time and time again that a key to solving the structural unemployment problem is small business participation, and I think you had something in your comments to say about small business.

I agree with the moral commitment concept, that that should be made by business. In fact, I think by all of us. Maybe even politicians, to the extent that we accept Mr. Martin's willingness to get rid of the minimum wage.

But it occurs to me that small business is under particular pressure in this society where we have heavy regulations. Small businesses are least able to deal with these regulations because they are small, and cannot hire lawyers because they are generally under financial pressures that big business doesn't feel, and my question, Mr. Johnson, is this:

Would you favor a program of the Government providing to business, small business in particular, some kind of a subsidy or part payment of the wage if they hired hard-to-employ people in exchange for the willingness of small business to train that person?

In other words, literally pay part of the wage as a training incentive?

Now that comes fairly close to our payment to institutions, or the loan program to institutions to train in an institutional environment, and I'm suggesting the possibility of subsidizing and training in an employment environment.

You would be on the job and presumably fully trained. Does that appeal to you, or do you see flaws in it?

Mr. JOHNSON. It appeals to me, but there needs to be more than just the monetary assistance to that small business. Like I verbalized earlier, that there has to be an understanding by that business, be it small or be it large, of that unemployed person. What makes a structurally unemployed person tick, or what are some of the problems that the structurally unemployed persons has encountered and is encountering and some of the problems that may take place in that person making a viable adjustment into that work role, especially the private sector.

Representative BROWN. Would you agree that perhaps a small business work place is an easier place for a structurally unemployed person, the people that you've described in your program, to obtain their employment training and their learning opportunities?

You mentioned some very delicate subjects. You mentioned personal hygiene. You know, I see the ads on television, when somebody has bad breath, not even their husband or wife want to tell them.

But it seems to me those are very delicate problems. But my question is, Does that work better dealing with those problems in a small business environment than a large business environment?

Mr. JOHNSON. I really couldn't answer that. I guess what would work best would be that those problems are dealt with during pre-

training, before you go into the acutal training, and I guess that's what the GAP program has tried to do.

Representative BROWN. From your experience, do you do better with people, again in the small business environment, after you've done that?

Mr. JOHNSON. Yes. And I guess when I say pretraining, not only with the employee, but also the employer.

Representative BROWN. Are they more flexible?

Mr. JOHNSON. Yes, they have more understanding of what the problem is with the structurally unemployed person, and they have an understanding of what we're trying to do before the person comes into his employment.

Representative BROWN. So if you have an intermediary organization, the CBO or whatever it is, and a small business environment, where that small business might be paid—in effect, we're combining Mr. Martin's youth differential or unemployment differential in that idea—the subsidy for training. Do you think that might be an effective operation?

Mr. JOHNSON. Yes, I think it would be.

Representative BROWN. Mr. Martin.

Mr. MARTIN. Yes, I like the idea of that kind of a subsidy for the purposes of training. What you are really doing effectively is lowering the wage rates to the employer. And the kind of training we are talking about—and this is an important point—the kind of training that we are talking about is generalized training that can be used in lots of different working environments, so that the employer doesn't have the incentive to pay for it himself.

Representative BROWN. Mr. Rueda has suggested that Hispanics and other minorities, as I recall, you had a need for getting as much money out of their employment as they could get, not only the psychological benefits, but the fact that they were getting support from the family or peers or any other way, that is siblings, and they literally need the money. So you could afford to put somebody on at a perhaps journeyman wage, but subsidize that wage at an apprentice level initially, so that the company is paying or the employer is paying the apprentice level, but the beneficiary is getting a journeyman wage and the difference would be assigned to the cost of training and attacking some of these social problems that Mr. Johnson referred to.

Well, I believe that you all seem stunned and amazed, so it's a good time to make my exit and turn the gavel back to Congressman Mitchell. And let me thank you.

And, Mr. Grede, I didn't mean to ignore you, because I'm from Ohio. We're way ahead of the Nation. We have a very developed community college system. And my wife attended a community college last summer and is eminently brighter as a result. [Laughter.]

And I think it has a good place in the economy, and deals with many of these problems, so I need not develop the issue with you, but will leave it to my colleagues to develop.

Senator Jepsen, thank you, and Congressman Mitchell, I'll turn the gavel back to you, and be generous with Senator Jepsen.

Representative MITCHELL. Congressman, you know I'm characterized as the soul of generosity.

Mr. Martin, I must confess that I was absolutely astonished by the statements that you made in your prepared statement. With reference

to the inflated unemployment data required because people were AFDC recipients and food stamp recipients.

Mr. MARTIN. Well, it is astonishing, I agree with you.

Representative MITCHELL. Well, I'm astonished from another direction, because implicitly and almost explicitly in that statement that you made, you are suggesting that the majority of people receiving food stamps or the AFDC benefits do not want to enter into the manpower market. You are saying they are involuntarily placed there, and I take great issue with that. On what basis could you make that kind of a statement?

Mr. MARTIN. I'm not impugning their work habits or their sense of responsibility. I'm talking about people who had not been looking for work previously that had been voluntarily out of the labor force, for whatever good reason, they were out of the labor force. In no sense does that statement imply that we have a bunch of shirkers here, or we have a bunch of people who are doing something that they ought not to be doing.

Let me give you an example. There is, as you know, a food distribution program as well as a food stamp program. The food distribution program does not require work registration. The makeup of the food distribution recipients, their socioeconomic, demographic makeup is very similar to the makeup of the food stamp recipients and unemployment rates for that group for the food distribution recipients are markedly lower than they are for the food stamp programs recipients.

Without that work registration requirement, the people in the food distribution program are doing other useful things or other things in their life, and my statement implies nothing about the proprietary of their activities.

The fact is that in order for someone to justifiably get his food stamps or her food stamps, he or she has to go out and register for work, period.

Now they could have done that prior to Public Law 91–671 and Public Law 92–233, but they didn't do that, for whatever reasons. I make no statement about their reasons.

Representative MITCHELL. Well, the drafting of the language—and perhaps I'm reading too much into it, but I seriously doubt that—strongly suggests that.

Mr. MARTIN. Well, they were involuntarily in that labor force. That doesn't mean that they were in any sense shirkers prior to that time.

Representative MITCHELL. Well, I won't tautologize the point. I have made my point. I think there's a problem with drafting.

Let's come to the matter of minimum wage. When I was 14 or 15 years old, I worked at one time—I think I've told the members of the committee this before—I lied about my age and worked as a waiter. Black waiters at that time were making $3 a week plus tips.

When it was found that I was not of age, the owner of the hotel, the management, wanted to reduce my pay to one half of that. People who were older than I, doing the same work that I was doing got full pay. But I was to be penalized simply because I was young.

I quit. I quit that job, because I don't think it's fair to demand equal work for less than equal pay. I then went to work to become a shipping clerk in one of the downtown department stores and the same thing happened.

There's a very basic principle involved here: equal work for equal pay. And I do not believe that most employers are so altruistic that they would hire and use youth at a minimum differential simply to give them a chance. I think there is a profit motive involved.

Mr. MARTIN. Of course there is.

Representative MITCHELL. And I think many of them would seize upon this opportunity to displace those that they have to pay a decent minimum wage by utilizing the youth.

Now, as my colleague has indicated, you have skirted dangerously close to a minimum wage differential for minorities, and certain hardcore unemployed people, unskilled people.

Those hardcore, unskilled, unemployed people have to pay the same prices. In fact, I read 35 studies or more that show that the poor pay more. They pay more in percentage of their income as compared to someone else. Their food costs are higher in the inner city as opposed to suburbia.

Would you then entertain the idea of a price differential for that group?

Mr. MARTIN. I think that it's very important to make a distinction between the wealth level of the individuals that we're talking about, how wealthy they are, and the wage rates that employers have to pay them. If we want to engineer a social policy to make sure that the majority of our citizens do not fall below a certain income level, then we ought to do that by taxing the entire working population of this society, and not particular employers who happen to hire people who are unskilled.

I'm not against redistribution of income to poor people. I think that's a very important part of our society, a very important part of our commitment to the society. But there is a confusion and there has been a confusion since the Fair Labor Standards Act was passed, a confusion between wage rates that employers pay and income levels that less skilled individuals received.

If a person receives, let's say, $1.50 an hour because effectively that's what his product is worth, that's just about what he can do, given his education and age, and we think that he ought to receive more, that is when you add up the number of hours he's worked during the week and his wage rate per hour, and we find that his income is very much below some arbitrary level that we decide is the desirable level, then we can redistribute moneys via a negative income tax or something like that, and that comes from the general populace, not from a particular set of employers who shouldn't necessarily have to pay a higher tax than anyone else.

Representative MITCHELL. In the absence of that situation, which has merit, would you support a price differential for minorities?

Mr. MARTIN. No; because I don't want to distort prices or wages any further than they have been distorted. For whatever reason, whether it is that employers are profit oriented or not profit oriented, the fact is the minimum wage disemploys people, especially minorities. You can't get away from that. That's what it does. Let's get away from that kind of disincentive, that kind of distortion.

Likewise, I don't want to fool around with prices for the same reason.

Representative MITCHELL. OK. One last statement from me, then, to Mr. Grede.

Even if you're right, which I don't think you are, is it fair, then, to pay those who need the most to survive less than a minimum wage? It is not.

Mr. Grede, Mr. Johnson launched several broadsides. Among them was the criticism that students are taught a narrow spectrum of skills suitable for only one job, or taught the jobs that would be virtually obsolete in a few years. Do you agree with that, in your community college?

Mr. GREDE. I think it's a situation where we're between a rock and a hard place. It seems to me that the traditional concept of education is to prepare people broadly, in the sense that if a job phases out, technological changes, or whatever reason, the individual is somehow equipped to move to an additional job. Therefore, he can compensate for a change in the economy, or personal life, or whatever. But I think increasingly in a society like ours, with the rapid rate of technological change, that we are really much better off to put our money on the concept of continuing education, retraining, upgrading, and updating.

I think we are accepting the idea of a learning society where people—and this is the bag that community colleges are promoting—are continuously in need of alternating between the job area and some kind of educational program, even though it be done through the employer, because you've got to update and upgrade, rather than try to prepare someone for all kinds of events.

Representative MITCHELL. Then you are saying it's your experience that you are not training within a narrow spectrum?

Mr. GREDE. Not at all. Not if you accept the whole concept of retraining, coming in out of the training mode, and alternating that with the work mode. I think that's at least our answer to it.

Representative MITCHELL. Thank you.

Senator Jepsen.

Mr. GREDE. May I comment just a minute on that minimum wage question?

Representative MITCHELL. Yes.

Mr. GREDE. I think it's again creating a problem. As you undoubtedly know, under the CETA legislation, under title II(b), we are mandated to pay stipends to individuals who are in training for jobs, presumably when transitioned into the private market. We are geared, of course, to stipends at the maximum wage level, which roughly is about $96 a week, that is about what our people get. In terms of running programs to train people, $2 out of every $3 in CETA goes for stipends, which under limited appropriations means the amount of money available for training programs is limited.

I think it would be useful to run some experiments in this area, to see if the concept of stipends, for example, is that critical.

Now, I would agree essentially with what you're saying about the need of minority types for support funds. They have expenses. But I'm not so sure that what training of some sort, with perhaps some kind of an adjusted stipend which in turn would permit more money to go in programs itself, might not be a viable experiment.

I think it might be worthwhile trying.

Mr. RUEDA. Congressman Mitchell, may I make a comment on this minimum wage discussion?

Representative MITCHELL. Yes.

Mr. RUEDA. I haven't seen any studies in my research project on the effect of subminimum wage on Hispanic unemployment. However, I fell that it would be a detriment, as far as Hispanic mature workers obtaining employment. It would create a competition between youth and mature workers, because Hispanics occupy such low positions in occupation and industries that if you gave a subminimum wage, then you are hurting the older worker who probably has a family to support.

I feel that this issue needs to be analyzed much further, but I think it would have a detrimental effect in the employment of older Hispanic workers.

Representative MITCHELL. Thank you for your comment.

Senator Jepsen.

Senator JEPSEN. Yes; I'll not wax too long or too lyrical on any of the subjects, but I'd like to touch on several that have been mentioned here.

First of all, the statistics do show that there is a relationship between minimum wage and unemployment, especially in your youth area.

I don't say that to belabor the point, but unless I misunderstand. I think that's correct.

Representative MITCHELL. Yes; that's correct.

Senator JEPSEN. In Iowa, we have a very low unemployment rate, lowest in the Nation, and I can attest from personal—and give you specific examples that because of names and places I wouldn't want to give, and so on, but I can just tell you from personal experience that there are people who find it much more—much easier and more desirable to stay on the various Government doles and programs than work, and it happens all the time, often in Iowa. Maybe Iowa is unique, I don't know.

But I can give example after example where people who wanted to hire people have interviewed people, and when they've asked them how much do you pay, and they've told them, $3.75 or $3.60 or $4.10, something like that—we have a lot of retirement homes in Iowa—they laugh at them and say I make more than that doing nothing, and they have made their call and they go back and they start. It's not infrequent, and I would guess that Iowa is not unique, and they aren't black totally and they aren't white totally, and I don't think anybody's got a corner on ambition or lack of it.

In Iowa, in fact, most of these people would not be black. And I have had, time and time again, one employer after another, most of them small business, say we can't hire people. I've had small businessmen who have big investments, in the fast food type of service which have been local, but when the Hardee's and the others that are national, when they move in, these people close their shop down because they can't hire people.

They want to give Mary Jane Smith, who worked for them in years past, or many years ago, the high school job, and the summertime work, but they can't hack and cut paying the top minimum wage when, in fact, if they went to work for a combination of tips and the wage they could pay them, the young people would be working, they would be making more money than they would at minimum wage, and the private enterprise system would really work.

But here again, this isn't—I just wanted to put some balance in, because I think we have hit—and I appreciate and respect and I hear

what you are saying, and I'm not disagreeing. I just wanted to have the record given some balance, and I didn't hear Mr. Johnson say really that you had to have, or because you went to a community college, you didn't have more than one major. But this was a strike, a slap at a community college.

I was lieutenant governor in Iowa when we established community colleges, and they are a very sound system, accessibility is the key word, accessibility is very important to all of us, for education, economic opportunity, and so on. It's one of the reasons for community colleges.

Another reason for community colleges was terminal courses. When you have a terminal course, you go to be a welder, you don't teach a man to be around just for the sake of teaching him. You go for a terminal course.

When he does leave that school, he has, if he has taken a terminal course, as differentiated from transcript or credit courses, then that's what he learns, as I understand it. Is that correct, in the community college?

Mr. GREDE. This is the point I was making. Increasingly, the answer to the welder, for example, who can get a good job at $10 to $12 an hour now, is that he has the option of coming back for additional work, should he desire to move into some other kind of area.

In fact, the term "terminal" is pretty much a no-no. We try to discourage this as such and provide alternative options, because people don't want to get locked in.

Senator JEPSEN. I appreciate that, and I'm going to disagree with you just slightly here, just to put some things in the record.

I understand why educators say terminal courses and terminal is a no-no. We fought that battle in Iowa. We nearly terminated community colleges in one session of the legislature after we started, because people—the reason we put them in was to establish vocational training, establish somewhere where people can readily, easily, accessibly go to learn a job skill, to learn work so that they can go out and be gainfully employed.

And the minute we did this, within 2 years, the administrators were coming in and having charts and maps and blueprints for football fields and stadiums and all kinds of things that had nothing to do with the vocational training that we wanted to be made available to people.

So, as you can tell, I went through that. I hear what you are saying about it's a no-no. I think we need to establish productivity back into our society, and people learn to work with their hands and do things with their hands.

I happened to be born and raised on a farm, and that's the only thing I knew how to do, is work, and I worked for 25 cents a day and no tips, and somehow or another one of the things that I was taught, which I think is invaluable—I don't know how all of us collectively could get that in—I like to see people taught the value of work, and to believe and feel and be proud that it's a badge of honor to work, and that's one thing, among other things, that somehow or another it's something my grandfather taught me.

I want to tell you one other thing which pertains to everything we're talking about here, and that is we were going along in a buckboard, and that is when I was very young, on a muddy day in the

spring, and there had been model A's and model T's on this road, and that's why we were in a buckboard. One didn't make it and was in a ditch, and several people were stopped and we were coming up through, and the farmers were talking, they were all talking about the things that that guy down in the ditch could have done not to get down here, if he'd just done this and just done that.

And my grandfather turned to me and said, "You know, what they're talking about really doesn't make any difference now. They ought to be trying to figure out some way to get him out of the ditch."

We all know all kinds of reasons why we are all stuck in a rut or down in the ditch, but we need to talk about how to get out of it, and that's what those of us in Congress—Congressman Mitchell has got a long history of service in saying, by golly, stand up and work and talk and sacrifice for what's right.

I appreciate that and respect that. And I just wanted to put some balance in this thing.

Mr. Johnson, one last question: What do you thing is a perception in the minority community regarding youth differential and minimum wage? As long as we've got this, we'll get that on the record.

Mr. JOHNSON. I, like Congressman Mitchell, started working at 11 years old because I had to, and I did not get minimum wage, but at that time my family was struggling to survive, and that 50 cents an hour I got was 100 percent more than what we had before. And I wasn't worried or concerned about the minimum wage. I was concerned about my family surviving.

Senator JEPSEN. I heard what you said, but I don't think you really answered my question.

Mr. JOHNSON. Yes; I guess what I'm saying concerning the youth wage differential is that if you ask that minority black family that's trying to survive, and I'm saying not looking at our value systems the way they are now, but looking at and understanding their value systems, that they are talking about surviving, and I think if you asked an average black family that's in that predicament if they would mind if their child would be making 25 or 50 cents less than the minimum wage, I think they'd say yes.

Senator JEPSEN. That's assuming that that's giving them work and so on. You didn't quite verbalize, but I think I know what you mean.

Representative MITCHELL. I think I got his drift also.

Senator JEPSEN. I appreciate it, and that is that rather than no job at all, the person is going to learn some basic work skills and learn something about the work ethic and something about the responsibility and the good feeling and the self-pride and so on that goes with doing something and receiving some kind of a paycheck, rather than something that's——

Mr. JOHNSON. And I guess the emphasis has to be shifted from putting money from a person's pocket to putting something in that person's head where they have a marketable skill for the future.

Senator JEPSEN. I have nothing further, Congressman Mitchell. I know that I took part of your time. You've been very gracious.

Mr. MARTIN. May I interject something else?

Representative MITCHELL. Yes.

Mr. MARTIN. I often like to think of this minimum wage problem in the following way, and it's somewhat flip, but it does meet the point, it does get to the point, and that's this:

Is it better to be employed at $1.50 an hour, than unemployed at $3.25. That is what we're talking about, unemployment rates at $3.25, or employed at $2 an hour.

Representative MITCHELL. I've heard that many times, as I've served on the various committees of this Congress, and I raise the question, Can you sustain life at $1.25 an hour? Or $3.25 or $3.50?

Gentlemen, you've been here for 2 hours now. You've been most patient with us.

I have a series of questions that I want to ask you.

Gentlemen, would any of you mind if the questions that Congressman Wylie and I have proposed be mailed to you for a response? Would you have any objection? [No response.] Your responses will be placed in the hearing record.

Do you have any other comments?

Thank you very much. The committee is now adjourned.

[Whereupon, at 12:15 p.m., the committee adjourned, subject to the call of the Chair.]

[The following questions and answers were subsequently supplied for the record:]

RESPONSE OF JOHN F. GREDE TO ADDITIONAL WRITTEN QUESTIONS POSED BY REPRESENTATIVES MITCHELL AND WYLIE

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C., October 23, 1979.

MR. JOHN GREDE,
Vice Chancellor for Career and Manpower Programs, City Colleges of Chicago, Chicago, Ill.

DEAR MR. GREDE: As Chairman of the Task Force on Economic Disparities of the Joint Economic Committee let me take this opportunity to thank you for your recent testimony before the committee. Your analysis and response on the issue of minority employment will be published as a committee hearing for public record.

Utilizing the prerogative of the Chair I have left the official record open to include your response to the following questions. Your prompt and accurate response would be greatly appreciated.

What is the relationship of the community college with the private business sector? In acknowledging that private sector employment growth is the key to long term employment how have the community colleges geared a curriculum to meet the regional labor market demands?

In your book, "Career Education in Colleges," you speak of the need for training of middle-level management positions particularly through the next decade. How successful do you consider the community college system in meeting those needs?

Question from Congressman Wylie:

I am becoming increasingly interested in the question of voluntary job-sharing. Would you agree that the amount of happiness in the world would be increased if some of the employed youth of our country could volunteer to work half-time and be paid half-time and let or even help an unemployed youth work the other half of the time on the same job?

Shou'd the Joint Economic Committee make a special effort to look into how this could be done?

I raise this question in part because I realize that a lot of job-sharing is already occurring among housewives who are trying to help the family budget, and this may be an area where the Congress could be especially helpful.

In addition, it also occurs to me that with minority youth unemployment at 40 percent or so, then minority youth employment must be 60 percent or so. Similarly, with white youth unemployment at 15 percent or so, then white youth employment must be roughly 85 percent.

If some percentage of the employed youth (both minority and white) were to prefer to work part-time, job-sharing could have a significant effect on unemployment rates for all youth.

Would you submit for the record any studies you know about that bear on this approach?

Again, thank you for your participation as I shall look forward to your response.

Sincerely,

PARREN J. MITCHELL,
Chairman, Task Force on Economic Disparities.

—

CITY COLLEGES OF CHICAGO,
Chicago, Ill., November 14, 1979.

Hon. PARREN J. MITCHELL,
Chairman, Task Force on Economic Disparities, Joint Economic Committee, Congress of the United States, Washington, D.C.

DEAR CONGRESSMAN MITCHELL: In your letter of October 23rd you requested some answers to a number of questions from yourself and Congressman Wylie. I answered an earlier request from John Albertine on the question Congressman Wylie posed about voluntary job sharing. This was mailed to Mr. Albertine on November 1st.

One additional question that your letter posed was that of the relationship of the community college with the private business sector with emphasis upon how community colleges have geared curricula to meet labor market demands. I would like to say generally that community colleges have moved strongly within the last few years to work more closely with the business and industrial community as well as with governmental agencies. There are several different modes of interrelationship with the private sector which I can identify.

1. *Cooperative Education.*—With the aid of federal funding, community colleges have developed a large number of cooperative education programs which combine classroom and laboratory learning with real life work experiences integrated into the regular college term. This particular kind of program offers substantial advantages in the acquisition of attitudes and work habits important to job success. The work-study relationship is important for many community college students who need to work for pay in order to continue their education. Some community colleges, such as LaGuardia on Long Island, are totally organized on the cooperative education basis so that all students, even those who are not majoring in career oriented programs, are exposed to the world of work prior to completing their education. The City Colleges of Chicago have developed a network of cooperative programs coordinated from a central office and encompassing all nine colleges within the system. During 1978, 1,402 students were placed in work experience locations and over the past three years City Colleges have worked with a thousand private employers in the Chicago area to provide work slots.

2. *Advisory Committee.*—Virtually all occupational programs offered by community colleges have Advisory Committees drawn from business and industry. The Advisory Committees serve to keep community college programs close to business and industrial needs, and particularly close to placement opportunities. Curricular changes are commonly suggested by Advisory Committees.

3 *Client Centered Programs.*—Within recent years, community colleges have moved very strongly into the development of programs geared to training needs of business and industry. These programs include basic literacy training at the job site for minority type employees who must be able to read safety regulations, fill out employment applications, and understand communications from supervisors within the plant. There are also contract arrangements whereby a community colleges have prepared analyses of training needs for operational divi- or industry moving into the area. In-service programs for employees of business and industry are offered at the business or industrial site, or at the college. College faculty are made available to teach the program or qualified employees from the plants are hired on a part time base to implement the program. Community colleges have prepared analyses of training needs for operational divisions within a company. Specialty training in particular aspects of welding and brazing have been made available and set-up men for lathe operations have been trained for companies in their own plants.

Contract client services are, of course, not limited to the private sector but also have been developed in cooperation with governmental units at the city, county,

state, and federal levels. Contract arrangements provide for recruit and inservice education for police and fire fighters. Paramedics, building inspectors, and even executive level personnel have participated in community college programs tailored to their particular requirements.

4. Placement.—Community colleges increasingly are expanding placement services to emphasize servicing the graduates and program completers of occupational programs rather than just finding part time jobs for individuals when they are students. Placement services are working more and more closely with business and industry to help direct program completers to satisfactory jobs, to follow up the progress of students on those jobs, and to confer with the employer about the kinds of skills needed for job success. In a related area, community colleges have been working very closely with CETA prime sponsors to help transition public service employees from public agencies to private employers. Funds are provided under CETA for this function and increasingly community colleges are providing assessment services, guidance and counseling preemployment training, and job interview practice to make individuals more readily employable in the private sector.

The next question was related to the training of middle-level management positions with particular concern for the success of the community college in meeting needs in that area.

First let me say that community colleges throughout the country offer a total of 1,300 different occupational programs. These programs lead to the associate degree or to specialized certificates offered for programs of less than two years in length. The programs are aimed at jobs between the professional and managerial level on one hand and the skilled craftsman on the other, although the lines separating the middle-manpower range from the labor force categories on either side is not a very precise one. Norman Harris of the University of Michigan has estimated this segment of the occupational spectrum to represent approximately 40 percent of the U.S. labor force. It is toward this market that community college programs are directed. Currently the largest number of students enrolled in community college occupational programs are in business, commerce, and management technologies, including: secretarial; nursing and allied health; electronics and machine technologies; law enforcement and corrections.

Precise statistics probably are not available as to exactly how community colleges have met or have not met the need for the training of middle level management. A general category includes paraprofessionals, semi-professionals, high level technicians, middle level technicians, middle level managers, foremen, leading men, some categories of skilled, clerical, and sales workers, and very highly skilled craftsmen and journeymen. However, this whole complex represents about forty per cent of the potential labor force as contrasted with approximately fifteen per cent for the professional workers and high level managers to which the baccalaureate and higher academic degrees are geared.

Middle manpower occupations are partially supplied by those who "filter up" from lower level type positions. It is also true that in an era of over supply of baccalaureate and higher degrees individuals will take middle manpower opportunities even though they may be nominally over-qualified in terms of educational credentials. Nevertheless, in broad perspective approximately half-a-million completers at the associate degree of certificate level are aimed at approximately forty per cent of the labor market whereas roughly a million-and-one-half recipients of the bachelor degree and above are targeted toward approximately that fifteen per cent of the potential labor market identified as professional and managerial.

In summary, it is probably impossible to determine exactly how well community colleges are meeting middle level management needs. It is probable, however, that community college output will not result in an over supply of candidates for the positions toward which associate degree and certificate graduates are targeted. My testimony on October 18–19, 1979, is perhaps more to the point in citing the data from the Illinois study of vocational graduates which indicated a high degree of placement in jobs related to training for graduates of community colleges in Illinois. To the best of my knowledge no national study can present data that specific.

Sincerely,

JOHN F. GREDE,
Vice Chancellor for Career and Manpower Programs.

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C., October 24, 1979.

Mr. JOHN F. GREDE,
Vice Chancellor, Career and Manpower Programs, City Colleges of Chicago, Chicago, Ill.

DEAR MR. GREDE: Representative Chalmers P. Wylie has requested that the enclosed question be sent to you. The question, along with your answer, will be included in the record of the Joint Economic Committee hearing on "Minority Employment Opportunities: 1980–85," which was held on October 18.

We would appreciate your reply as soon as possible in order to insert your answer in the final transcript.

Thank you for your attention to this matter.

Sincerely,

JACK ALBERTINE,
Executive Director.

Enclosure.

QUESTION FROM REPRESENTATIVE WYLIE

I am becoming increasingly interested in the question of voluntary job-sharing. Would you agree that the amount of happiness in the world would be increased if some of the employed youth of our country could volunteer to work half-time and be paid half-time and let or even help an unemployed youth work the other half of the time on the same job?

Should the Joint Economic Committee make a special effort to look into how this could be done?

I raise this question in part because I realize that a lot of job-sharing is already occurring among housewives who are trying to help the family budget, and this may be an area where the Congress could be especially helpful.

In addition, it also occurs to me that with minority youth unemployment at 40 percent or so, then minority youth employment must be 60 percent or so. Similarly, with white youth unemployment at 15 percent or so, then white youth employment must be roughly 85 percent.

If some percentage of the employed youth—both minority and white—were to prefer to work part-time, job-sharing could have a significant effect on unemployment rates for all youth.

Would you submit for the record any studies you know about that bear on this approach?

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CITY COLLEGES OF CHICAGO,
Chicago, Ill., November 1, 1979.

Mr. JACK ALBERTINE,
Executive Director, Joint Economic Committee, Congress of the United States, Washington, D.C.

DEAR MR. ALBERTINE: The following are my comments on Congressman Wylie's proposal for voluntary job-sharing.

Certainly there is a significant humanitarian appeal to Congressman Wylie's proposal that the employed youth of our country volunteer to work half time and be paid half time and let or even help unemployed youth work the other half of the time on the same job. I do not know of any studies in this area which would provide us with some kind of an objective base for evaluation of the proposal. However, some thoughts do come to mind, mostly negative, in regard to the feasibility of the proposal to be implemented on a large enough scale to impact on the problem of minority youth unemployment currently at rate of 40 percent.

First of all, the precedent of job sharing among housewives probably represents second incomes and most likely does not involve basic subsistence or survival levels of income as would be the case with many minority youth. Secondly, for minority youth to work half time in effect means they would receive half of the current minimum wage, assuming the rate to remain the same but the total hours employed in a week to be half of full time. It would appear that all of the arguments for the minimum wage as a base level for survival could be directed against this proposal.

Some other negative aspects of the proposal are apparent. The proposal assumes that the jobs in question are standard and interchangeable and that individuals are likewise standard and interchangeable parts who could be orga-

nized and allocated on some basis large enough to impact on the problem of unemployment among minority youth. I really can't conceptualize how the mechanics of the mixing and matching would be carried out on any scale large enough to be significant. As a model program on a small basis it might have some utility to express the concept and perhaps influence attitudes toward sharing, but it would appear to be a kind of thing that would have to be highly decentralized and done in very small clusters. Superficially it would seem to bear a close relationship to the problem of developing car pools in any significant amount to impact on the energy crisis.

The one positive aspect that I could see is that such a proposal, if implemented on any sizable level, would statistically reduce unemployment since many more people theoretically could have jobs. However, the total volume of work and the total income generated would not change.

Sincerely,

JOHN F. GREDE,
Vice Chancellor for Career and Manpower Programs.

RESPONSE OF DONALD L. MARTIN TO ADDITIONAL WRITTEN QUESTIONS POSED BY REPRESENTATIVES MITCHELL AND WYLIE

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C., October 23, 1979.

Mr. DONALD L. MARTIN,
Special Staff, Network Inquiry, Federal Communications Commission, Washington, D.C.

DEAR MR. MARTIN: As Chairman of the Task Force on Economic Disparities of the Joint Economic Committee let me take this opportunity to thank you for your recent testimony before the Committee. Your analysis and response on the issue of minority employment will be published as a committee hearing for public record.

Utilizing the prerogative of the Chair I have left the official record open to include your response to the following questions. Your prompt and accurate response would be greatly appreciated.

In your prepared statement you state that the unemployment rate for blacks is "grossly misleading" and overstated. You base that on the work registration requirement that was instituted for food stamp assistance and AFDC. In assuming that, do you not assume that blacks who are food stamp and AFDC recipients are not willing and/or able to work if it were available? You also don't mention the fact that the Bureau of Labor Statistics always refers to the high discouraged worker count in the minority community. These people drop out of the labor force because they can't find work and become frustrated and hence stop looking. What of these people in your calculation of net "grossly mislead" unemployment rates?

Question from Congressman Wylie:

I am becoming increasingly interested in the question of voluntary job-sharing. Would you agree that the amount of happiness in the world would be increased if some of the employed youth of our country could volunteer to work half-time and be paid half-time and let or even help an unemployed youth work the other half of the time on the same job?

Should the Joint Economic Committee make a special effort to look into how this could be done?

I raise this question in part because I realize that a lot of job-sharing is already occurring among housewives who are trying to help the family budget, and this may be an area where the Congress could be especially helpful.

In addition, it also occurs to me that with minority youth unemployment at 40 percent or so, then minority youth employment must be 60 percent or so. Similarly, with white youth unemployment at 15 percent or so, then white youth employment must be roughly 85 percent.

If some percentage of the employed youth (both minority and white) were to prefer to work part-time, job-sharing could have a significant effect on unemployment rates for all youth.

Would you submit for the record any studies you know about that bear on this approach?

Again, thank you for your participation as I shall look forward to your response.

Sincerely,

PARREN J. MITCHELL,
Chairman, Task Force on Economic Disparities.

—

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, D.C., October 24, 1979.

MR. DONALD L. MARTIN,
Special Staff, Network Inquiry, Federal Communications Commission, Washington, D.C.

DEAR DR. MARTIN: Representative Chalmers P. Wylie has requested that the enclosed question be sent to you. The question, along with your answer, will be included in the record of the Joint Economic Committee hearing on "Minority Employment Opportunities: 1980–85," which was held on October 18.

We would appreciate your reply as soon as possible in order to insert your answer in the final transcript.

Thank you for your attention to this matter.

Sincerely,

JACK ALBERTINE,
Executive Director.

Enclosure.

QUESTION FROM REPRESENTATIVE WYLIE

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If some percentage of the employed youth (both minority and white) were to prefer to work part-time, job-sharing could have a significant effect on unemployment rates for all youth.

Would you submit for the record any studies you know about that bear on this approach?

—

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D.C., November 5, 1979.

HON. PARREN J. MITCHELL,
Chairman, Task Force on Economic Disparities, Joint Economic Committee, Congress of the United States, Washington, D.C.

DEAR CONGRESSMAN MITCHELL: Thank you for your letter of October 23, 1979. I hope the following will answer the questions contained in that letter to your and Congressman Wylie's satisfaction respectively.

I will answer your questions first. My reference to the involuntary labor force participation of AFDC and food stamps recipients, in no way suggests that these minority group member recipients are unwilling or unable to work if it were available. Your question should not focus on whether minority group members are willing to accept any available job, rather, it should focus on whether non-labor force alternatives are relatively more productive to some minority group members than labor force alternatives are to these members. For example, in 1971, 1 year prior to the Institution of work registration requirements for AFDC recipients, unemployment among mothers in the AFDC program, who were living at home, was 5.7 percent (Council of Economic Advisers, 1974, p. 172), 1.2

points below the average female unemployment rate of 6.9 percent for the year (U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings, 1972, Table A–33). In 1973, the first full year after the Institution of work registration requirements for AFDC mothers, unemployment among members of this group was 11.5 percent (Council of Economic Advisers, 1974, p. 172) and 5.5 points above the unemployment rate for females in general, 6.0 percent (Employment and Earnings, 1974, Table A–33). No one would want to argue that the care of children by their mothers is an unproductive occupation. Clearly many mothers would be unwilling to enter the labor force to seek and acquire available jobs if their productivity at home were greater than their productivity, and therefore their earnings, on the job. A work registration requirement that causes mothers to enter the labor force in order to receive AFDC benefits is a requirement that produces involuntary unemployment.

In my testimony of October 18, 1979 before your task force, I compared the unemployment rates for participants in two Federal food programs. The Food Stamp Program requires work registration as a condition of eligibility to receive food stamps. The other, the Food Distribution Program, provides for no such work registration requirement. A study by your Joint Economic Committee entitled "Studies In Public Welfare, Paper No. 17," December 1974, compared these two programs. Total monthly income for food stamps recipients was $364.00, total monthly income for food distribution recipients was $373.00. The labor force participation of both groups was virtually identical, 11.4 percent for food stamp recipients and 11.6 percent for food distribution recipients. The participation of part-time workers was 9.7 percent for food stamp recipients and 9.6 for food distribution recipients. These groups were virtually identical in other demographic characteristics as well. The unemployment rate as of November 1973, for food stamp recipients was 30.2 percent. The unemployment rate for food distribution recipients was 24.5 percent. What may we conclude from this comparison? In my opinion, we must conclude that the work registration requirements associated with the food stamp program and the AFDC program cause people to enter the labor force to seek work who otherwise would not be in the labor force. Once again, this observation and this conclusion harbors no implication about the motivations of those subject to the work registration requirements.

The discouraged worker phenomenon to which you refer, provides even more reason not to use the official unemployment rate as a measure of employment opportunities and/or employment barriers to minorities. The inflated unemployment statistics caused by the work registration requirements discussed above, together with the discouraged worker phenomenon, caused by both market factors and the minimum wage law, suggests that unemployment rates are poor social policy indices and should be used with great caution.

I am sorry but I must answer no to Congressman Wylie's first question. If there is a shortage of jobs for youths, which I believe there is, that shortage has been artificially created by our minimum wage law. It would be better to institute a youth differential in the minimum wage law than to ration jobs by handing out half a job to would-be teenager workers. In my opinion, it would be better for the Congress to work on a youth differential than to work on job sharing. Regarding Congressman Wylie's last question, I have already submitted into the record in my footnotes to my testimony several studies concerning the minimum wage rate and youth unemployment.

I hope you find my comments responsive and helpful.

Sincerely,

DONALD L. MARTIN,

Research Professor of Economics, University of Miami, Law and Economics Center and Federal Communications Commission Network Inquiry Staff.

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