THE URBAN UNDERCLASS

Disturbing Problems Demanding Attention
Within the past few years, concern has grown that an "underclass" may be developing in the United States. While there is no single, generally accepted definition of the underclass, those who discuss the issue are usually referring to a group of people who share certain characteristics:

- They are permanently without connection to the legitimate labor force.
- The women in the group are likely to be persistently poor, to experience prolonged welfare dependency, and to experience high rates of out-of-wedlock births, often starting in the teen years.
- The children in the group are likely to be persistently poor and to experience high dropout rates.
- Some people in the group exhibit disproportionately high rates of criminal behavior; others experience high rates of criminal victimization.

Individuals and families with these characteristics can be found in all geographic areas, but those discussing the underclass are usually referring to people who are concentrated in urban neighborhoods and who are predominately black or Hispanic.

Most of the experts who have studied the issue have concluded that there is an underclass and that it is growing. Many theories seek to explain why this may be happening. The research to date is inconclusive, in part because the available data are sparse and lacking in detail. This has made it impossible for the experts even to agree on the size of the underclass. Despite disagreement over size and causation, however, it is clear that people having the characteristics associated with the underclass

- suffer enormous deprivation,
- impose high costs on the rest of society, and
- represent a loss of human potential and productivity that the nation can ill afford.

It is also plausible—though not proven—that the emergence of concentrations of people with these characteristics, such as is found in some inner-city neighborhoods, not only intensifies the deprivation and social cost, but also creates an environment in which the underclass phenomenon feeds on itself in a continually expanding fashion.

This study starts by describing briefly the state of research on defining and measuring the underclass (see ch. 1). The study's central purpose, however, is to summarize what is known about policies and programs that might be useful in developing a strategy for responding to the
problems of the underclass.¹ We have grouped these policies and programs as follows:

- Those that address the persistent condition of poverty. Attacking the persistence of poverty can mean intervening early in the individual's life with prenatal and pediatric care and education programs. It can also mean intervening in adulthood by providing education, job skills, and job opportunities. Policies and programs for early intervention, adult education, and economic opportunities are described in chapter 2.
- Those that emphasize social standards. Policies to confront the drug problem, welfare dependency, dropping out of school, teen pregnancy, and gang violence are all aimed at maintaining social standards. These problems and programs are discussed in chapter 3.
- Those that address urban spatial concentration. These policies can involve providing greater opportunities to people to leave depressed areas or alternatively developing the areas. Such policies are discussed in chapter 4.

The complexities of the problems of the underclass appear to require a multifaceted strategy. Families in poverty, particularly those comprising the underclass, face multiple barriers as they attempt to escape that condition. No single program defined in traditional ways can overcome all those barriers. An effective strategy seems likely to require coordinated action involving economic development, criminal justice, health, education, job training, social service, housing, and transportation programs.

The major contributors to this study are identified in appendix I.

Franklin Frazier
Director, Education and Employment Issues

¹These policies and programs were conceived and implemented for various populations and not explicitly for the underclass.
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Abbreviations

AFDC: Aid to Families With Dependent Children
CDC: community development corporation
GAO: General Accounting Office
HUD: Department of Housing and Urban Development
JTPA: Job Training Partnership Act
WIC: Special Supplemental Food Program for Women, Infants, and Children
Counts of the Underclass Population

Regardless of how they define the term, most experts agree that the urban underclass comprises a relatively small percentage of the population. As shown in table 1.1, size estimates range from less than 2 million, based on the able-bodied persistently poor in urban areas, to 5.6 million, based on census tracts with high poverty concentrations. The number of residents in census tracts with high concentrations of families headed by women, school dropouts, welfare dependents, and jobless men is 2.5 million. The highest estimate of the U.S. urban underclass accounts for 13 percent of the nation's poverty population and 3 percent of its total population.

Table 1.1: Estimates of Underclass Size Based on Leading Definitions

<table>
<thead>
<tr>
<th>Definition*</th>
<th>Number</th>
<th>Percent of poverty population</th>
<th>Percent of total population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persistently poor who are neither disabled nor elderly in urban areas (1985)</td>
<td>less than 2 million</td>
<td>5</td>
<td>less than 1</td>
</tr>
<tr>
<td>People living in census tracts with poverty rates &gt; 40% (1980)</td>
<td>5.6 million</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>People living in census tracts with high concentrations of women-headed families, school dropouts, welfare dependents, and jobless men (1980)</td>
<td>2.5 million</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

*Includes children.

Nationwide, the number of people living in concentrated poverty census tracts increased by 48 percent between 1970 and 1980. The increase in the five largest cities was considerably higher. The number of individuals residing in census tracts with high concentrations of women headed families, school dropouts, welfare dependents, and jobless men grew by 230 percent during the period between 1970 and 1980.1 It is this estimated growth of concentrated poverty and social problems that has drawn much attention and concern. Although exactly comparable recent census data are not available, other data indicate that these trends continued in the 1980s. Note, however, that even in the most concentrated poverty areas, many adults are working and many families are not on welfare.

1Persistent poverty is defined as a poverty spell lasting more than 8 or 9 years.

2Growth estimates of the underclass are not available for the persistent poverty definition.
Multiple problems affecting individuals create barriers to their entering the mainstream. From birth throughout life, many people are trapped in a cycle of persistent poverty. Lack of prenatal and pediatric care, poor nutrition, and unprepared parents engender children who begin life with physiological and developmental disadvantages.

The problem of persistent poverty as an intergenerational condition requires programs that intervene early in the cycle, that is, early childhood programs. As a persistent condition in an individual's life, poverty problems can also be addressed by later interventions, or adult programs.

Early Intervention

Prenatal and Pediatric Care

Poor nutrition, smoking, and substance abuse during pregnancy are leading causes of low birthweight and premature births associated with infant mortality and of lifelong physical and mental disabilities. In 1987, we reported that $400 in prenatal care could make the difference between a healthy baby and one that might need an average of $15,000 in newborn intensive care. In 1985 the Institute of Medicine reported savings of $3.38 for every dollar spent on additional prenatal care for 1 year for a group of low-income poorly educated women.

The chief barrier to obtaining prenatal and pediatric care for poor people is access—both to the professionals providing health care and to other necessary services, such as transportation and child care. Further, through lack of information, some women do not take advantage of the health care that is available.

Home-visiting programs, such as "Resource Mothers" in South Carolina, use an approach that covers both the informational and logistical aspects of the access problem. Women from the community who are themselves mothers visit pregnant teenagers at least monthly to give them prenatal and pediatric information and help them gain access to needed services. Intensive programs that work with pregnant mothers

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1 Prenatal Care: Medicaid Recipients and Uninsured Women Obtain Insufficient Care (GAO/HRD-87-137, Sept. 30, 1987).

to improve access to prenatal and postnatal care, such as California's OB Access and the provision of "prenatal plan" services by Baltimore's Johns Hopkins University Hospital, have been shown to improve prenatal care utilization and pregnancy outcomes. A recent GAO report found that "home visiting can be an effective strategy for reaching at-risk families typically targeted by early intervention programs."3

Nutritional assistance is another intervention that fosters healthy child development. The WIC program, the Agriculture Department's Special Supplemental Food Program for Women, Infants, and Children, provides infant formula, milk, cereal, juice, eggs, and peanut butter to low-income pregnant women, nursing mothers, and babies. Studies show that participation in WIC is associated with improved pregnancy outcomes, such as reduced incidence of premature births and low birthweight.

Our 1985 analysis of existing WIC research found the average birthweight of WIC infants to be 30 to 40 grams higher than that of non-WIC infants, a 1.0- to 1.6-percent weight difference. In addition, we found some evidence that WIC appears to have greater positive effects on infant birthweights among pregnant teenagers, poor black women, and women with multiple nutritional and health-related risks.4

Because WIC has to operate with limited funding, not every eligible woman, infant, or child can participate. In the late 1980s WIC served about 60 percent of eligible women and children.

Family Support Programs

In addition to health and nutritional needs, child development is also affected by parental child care practices. One promising approach is to provide instruction and assistance in child-rearing practices. Over the past 20 years, a proliferation of programs has focused on improving the parent-child relationship. These programs, loosely called "family support programs," generally provide

"information, feedback and guidance, joint problem-solving, help with securing entitlements and services, encouragement and emotional support. Support is provided


with the objective of promoting attentive parenting, parents’ personal involvement and healthy child development. “

Programs usually provide home visits and/or center-based services, such as peer support groups and parent education classes. Some include additional services, such as developmental child care, health and developmental screening, and adult education. Some evidence shows that family support programs have positive effects on children’s social competence and school performance as well as on post-school performance.

Successful family programs seem to be both comprehensive and intensive. Although such programs are costly, benefits may surpass costs. For example, a program offering social services, medical care, and developmental day care in the late 1960s and early 1970s showed impressive results over time. Although the sample size was small, the sample was compared 1 year, 5 years, and 10 years later to a randomly selected control group of families who did not receive special services. Sample families were more likely to be employed, they showed stronger parent-child bonds, and their children had better school attendance. Researchers estimate (in 1982 dollars) that the control families were costing $40,000 more a year in social services than the program families. This figure compares favorably to the $20,000 spent per family on the entire 30-month intervention.

Early Childhood Education

Research shows that intensive preschool programs can have significant immediate gains as well as some longer term gains. Currently the federal government provides preschool education to disadvantaged children through its Head Start program, begun as a part of the War on Poverty in 1965. In addition to preschool education, Head Start provides health, nutrition, and social services. Of particular importance, Head Start involves parents. Parents participate in program planning, operations, and teaching. Head Start also offers various services to parents, including home visits, information and referral, and counseling.

Evaluations have shown significant gains in cognitive and socio-emotional test scores due to Head Start. An analysis of Head Start studies found gains in IQ, readiness, and achievement measures. Although the gains diminish over time, Head Start did result in long-term gains in school competence. Specifically, studies have consistently

shown that former preschool enrollees are more likely to be promoted to
the next grade and less likely to be assigned to special classes than simi-
larly disadvantaged children. They also are more likely to graduate from
high school, enroll in college, and be employed. (See table 2.1.)

Table 2.1: Long-Term Effects of
Head Start

<table>
<thead>
<tr>
<th>Figures in percents</th>
<th>Head Start</th>
<th>Control group</th>
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<tr>
<td>Employed</td>
<td>59</td>
<td>32</td>
</tr>
<tr>
<td>High school graduate</td>
<td>67</td>
<td>49</td>
</tr>
<tr>
<td>Enrolled in college</td>
<td>38</td>
<td>21</td>
</tr>
<tr>
<td>Been arrested</td>
<td>31</td>
<td>51</td>
</tr>
<tr>
<td>On welfare</td>
<td>18</td>
<td>32</td>
</tr>
</tbody>
</table>

Source: Harold Hodgkinson, The Same Client, Institute for Educational Leadership/Center for Demo-
graphic Policy, Washington, D.C., June 1985, p. 16.

Other intensive preschool programs, such as the Perry Preschool Proj-
ect, have shown long-term effects on employment and postsecondary
education. (See table 2.2.) The Perry Preschool Project has shown an
increased likelihood of employment, postsecondary education, and earn-
ings and a reduced likelihood of welfare receipt, teenage pregnancy, and
criminal behavior.

Although intensive preschool programs are considered costly, calcula-
tions by the Perry Preschool research team indicate that the benefits
exceed the costs by a large margin. The long-term benefits of such pro-
grams also suggest the merit of incorporating more education into the
day care provided to low-income children.
Table 2.2: Summary of the Results of the Perry Preschool Project

<table>
<thead>
<tr>
<th></th>
<th>Experimental group</th>
<th>Control group</th>
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<tbody>
<tr>
<td><strong>in education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Classified as mentally retarded</td>
<td>15</td>
<td>35</td>
</tr>
<tr>
<td>Completed high school</td>
<td>67</td>
<td>49</td>
</tr>
<tr>
<td>Attended college or job training programs</td>
<td>38</td>
<td>21</td>
</tr>
<tr>
<td><strong>in employment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hold jobs</td>
<td>50</td>
<td>32</td>
</tr>
<tr>
<td>Support themselves or are supported by spouse</td>
<td>45</td>
<td>25</td>
</tr>
<tr>
<td>Satisfied with work</td>
<td>42</td>
<td>26</td>
</tr>
<tr>
<td><strong>in the community</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arrested for criminal acts</td>
<td>31</td>
<td>51</td>
</tr>
<tr>
<td>Birth rate</td>
<td>64^a</td>
<td>117^a</td>
</tr>
<tr>
<td>Public assistance</td>
<td>18</td>
<td>32</td>
</tr>
</tbody>
</table>

^aPer 100 women.


Effective Schools Programs

For school age children, popular educational research cites "effective schools" as models for making urban and minority schools responsive to the needs of disadvantaged students. Such schools are notable for their population of students whose achievement test scores are unexpectedly high compared to other school populations of like socioeconomic background. Various studies have identified "school climate" factors that are common to effective schools, including:

- strong administrative leadership, often characterized by a strong principal who is able to promote clear goals for the school;
- high expectations for children's achievement;
- an orderly atmosphere conducive to learning;
- an emphasis on basic-skill acquisition, and
- frequent monitoring of pupil progress.

During the 1980s, the findings of the effective schools research were adopted by many schools, districts, and states as models for school improvement programs. The Hawkins-Stafford Elementary and Secondary School Improvement Amendments of 1988 authorized spending Chapter 1 compensatory education funds and Chapter 2 educational improvement block grant funds for effective schools programs.
A particularly promising effective school model has been put forth by Dr. James Comer of Yale University. The Comer model has four critical elements:

- a representative governing and management body composed of the principal, parents, teachers, aides, and support staff (e.g., a psychologist or social worker);
- a parent program;
- a support staff or mental health team program; and
- a staff and curriculum development program.

Comer emphasizes the need to establish stronger and more trusting ties between schools and the families and communities they serve. Involving parents and communities is important to help reduce the dissonance between home and school and the cultural alienation many minority children experience in school. Often there is "a component of mutual distrust, suspicion, and conflict between black parents and the schools as institutions." In addition, the mental health team enables the schools to respond to the many developmental needs of children from disadvantaged communities.

The Comer model was first implemented in 1968 in two New Haven elementary schools serving a largely low-income black population. These two schools went from being two of the lowest achieving schools in the city to being two of the highest. This model is now being implemented in other school systems, which are also realizing achievement gains.

There have been few good evaluations of effective schools programs. In a recent report, we found that school districts seldom disaggregate student achievement results by socioeconomic status or ethnicity. Therefore, districts with heterogeneous student populations cannot measure the effect of the program on the subgroups it is supposed to be helping—that is, minority and low-income pupils. More effective schools research needs to focus on the achievement results of disadvantaged students.

Poverty conditions exist not only for families caught in an intergenerational cycle but also for adults who experience long poverty spells (8 or more years of a 10-year period). Interventions for older youth and adults...
adults are intended to give them the education and skills they need to succeed in the labor market.

School-to-Work Linkages

School-to-work linkages create networks that connect youth to employment. Some linkage programs include the structured work experience, job placement, and counseling services that relatively few schools currently provide. Others involve school partnerships with individual or groups of businesses that provide job opportunities for students.

For example, the Boston Compact involved an agreement between business leaders and disadvantaged schools to provide college counseling and financial aid for college-bound students and jobs for other high school graduates. In exchange, the school system agreed to improve the academic quality of its students. Positive results of the Boston Compact include increased college and job placements. In the future, such partnerships will need to address criticisms of the compact, for example, that some of the jobs provided were low-paying and dead-end positions.

In a recent report, we found that, in general, U.S. schools and employers provide little systematic assistance to help students make the transition from school to work.7

Education and Training Programs for Out-of-School Youth and Adults

Traditionally, education and training programs for out-of-school youth and adults have provided a way to upgrade employment skills. The federal government's involvement in training the disadvantaged started with the Manpower Development and Training Act of 1962 and continued with a multitude of programs during the 1960s and early 1970s. Many of these were consolidated into the Comprehensive Employment and Training Act of 1973 and later into the 1982 Job Training Partnership Act (JTPA). JTPA provides classroom and on-the-job training programs in over 600 local service delivery areas. The services include job search assistance, remedial education, and training for specific occupations.

In a 1989 report, we found that adult JTPA participants who received moderate- or high-skill training generally got jobs at the skill level for

which they were trained. However, although JTPA did not appear to be "creaming," it invested fewer resources in serving those with the greatest needs. Our findings suggested that the hard-to-employ population would benefit from efforts to target JTPA at the more needy and provide them with more intensive services.

**Job Corps**

One federally funded job training program that provides intensive services is the Job Corps. This program provides counseling, medical attention, remedial education, vocational training, and other services in residential and nonresidential settings to disadvantaged youth aged 16 to 21. The Job Corps was found to have significant positive effects on employment and earnings as well as on reductions in welfare dependence, crime, and out-of-wedlock births.

**Comprehensive Competencies Program**

Many experts say that most people who are out of the labor force need basic academic skills, such as reading and computation. One program noted for teaching these skills is the Comprehensive Competencies Program, which is being used by "second chance" programs, secondary schools, and postsecondary institutions, often in combination with other education, training, and work experience. This program uses individualized, self-paced instructional materials, integrating workbooks, computer-based instruction, and audio-visual materials.

**Project Match**

Some argue that services more intensive than typical federal training and education programs may be required for multiproblem, socially isolated individuals. Intensive services would include long-term follow-up and case management. Project Match, started in 1985, is one such program that serves Chicago's Cabrini-Green housing project and surrounding area.

Project Match is based on the recognition that many clients are isolated from the world of work and are faced with overwhelming personal problems. Most of the program's clients are expected, absent program intervention, to lose the first job into which they are placed, and many are expected to drop out of their first education or training program.

Unlike most employment assistance programs, Project Match continues to work with clients after they are placed in jobs to help them stay on the job, advance to a better job, become reemployed, or go into an education or training program. It also uses a case management approach to

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*Job Training Partnership Act: Services and Outcomes for Participants With Differing Needs (GAO/HRD-88-52, June 9, 1988).*
Chapter 2
Addressing the Problem of Persistent Poverty

meet clients' multiple needs, not just those requiring employment services. Program staff serve as role models, friends, parent figures, and advisers for participants. Although Project Match is too new to have shown long-term gains, continued follow-up of its participants should demonstrate whether it is more successful than more traditional employment and training programs.

Employment Discrimination

There is evidence that discrimination based on race and gender exists in the labor market despite equal opportunity laws. A recent report by the National Research Council found that race still plays a major role in many of the attainment differences between blacks and whites.¹ Wide cultural differences between employers and applicants may partly explain the inability of many inner-city minority men to find and keep jobs. To the extent that racial discrimination is an operant factor, vigilant attention must be given to enforce current equal employment opportunity laws. The positive effects of education and training will be limited if access to jobs is still barred due to discrimination.

Emphasizing Social Standards

Current concern about the underclass is partly due to the relatively high incidence of dysfunctional behavior, such as drug abuse, crime, out-of-wedlock births, nonparticipation in the labor force, welfare dependency, and dropping out of school. For example:

- In 1987 the violent crime rate for cities with populations over 1 million was 71 percent higher than the 1977 rate, surpassing all previous rates. Blacks have been more likely to be victims of violent crime than whites, and the leading cause of death for black males between the ages of 15 and 24 has been homicide.
- Many inner-city school systems, where the vast majority of students come from poor families, have had dropout rates exceeding 40 percent.

Some social scientists argue that certain attitudes or expectations contribute to damaging behavior. But the availability and relative attractiveness of various income opportunities—jobs, drug trafficking, theft, welfare—may also have much to do with whether people engage in the types of behavior illustrated above. Public policies targeting this behavior need to make legitimate income opportunities more attractive than the alternatives.

Promising Policies to Promote Mainstream Behavior

Confronting the Drug Problem

Although all levels of society suffer from the presence of illicit drugs, the problems of drug trafficking and drug abuse have taken a particularly hard toll on the disadvantaged populations in inner-city areas. The perception of high earnings is a major factor motivating youth to get involved in drug trafficking, which has incited increasing violence in large metropolitan areas, such as Washington, D.C., and Los Angeles. In addition to the drug trade, drug abuse accounts for an increased incidence of AIDS, infant mortality, and children born addicted to drugs.

rose from $1.2 billion to $4 billion. These federal drug control strategies were aimed at supply reduction through enforcement and demand reduction through prevention and treatment, with emphasis on reducing supply.

In a 1988 report, we recommended that state and local prevention programs be held accountable for demonstrating success in order to receive federal funding. In addition, we indicated that the federal role in drug treatment could be to fund research that would help determine the best treatment for different population groups with different drug abuse problems. We also recommended that for efforts at demand reduction to be more effective, there needs to be more coordination and less fragmentation in drug policies and programs.

Mitigating Welfare’s Ill Effects

Welfare recipients are a diverse group. Although many use welfare for a short time only, about one-quarter of Aid to Families With Dependent Children (AFDC) recipients stay on welfare for 10 or more years and account for at least 60 percent of the cost of AFDC.

Work/Welfare Linkages

Critics of welfare programs have argued that programs such as AFDC may help keep people trapped in the underclass by undermining personal responsibility. Some analysts feel that programs that require welfare recipients to work or participate in work-related services like education and training will end participants’ expectation of entitlement to support and foster an attitude of controlling their own lives.

Past work/welfare programs, however, have not lived up to their potential chiefly because they have not enrolled large numbers of welfare recipients and have not given them intensive training. While the Work Incentive program, for example, imposed a nominal work requirement since 1967, low funding ensured that few AFDC recipients were actually required to work or participate in work-related services. In a 1987 report on state work programs using Work Incentive and other funding, we found that most programs offered primarily job search assistance and provided little education or training, largely because of inadequate funds.


The Manpower Demonstration Research Corporation conducted an evaluation, using an experimental design, of work/welfare programs in 11 states over a 5-year period beginning in 1982. In the study sites, AFDC recipients were randomly assigned to an experimental group that participated in the program or to a control group that did not. This procedure helped ensure that differences in outcomes were due to the program itself.

Final results from five of the study sites included the following:

- Four of the five programs produced employment gains for AFDC women. The exception was the workfare program in West Virginia, where a high unemployment rate and rural conditions severely limited job opportunities.
- Employment increases were usually greater for women than for men. Increases were also greater for those without prior employment (that is, for those more likely to be in the underclass) compared to those with a recent work history.
- Although the programs produced gains, they were modest. Excluding West Virginia, where there were no gains, increases in quarterly employment rates for the experimental group, as compared to the controls, ranged from between 3 and 9 percentage points. Earning differences in the four states ranged from $110 to $560 a year.

While the Manpower Demonstration Research Corporation's findings show that work/welfare programs can have positive effects, they also support the assertion made by some experts that such programs move participants into the working poor rather than out of poverty. For example, in this study, average total earnings for the experimental group were low, although not as low as earnings for people who did not participate in the program (see table 3.1).³

³The average earnings reported for both groups include earnings of persons who were not working.
The Family Support Act of 1988 is the latest embodiment of work/welfare legislation. The Job Opportunities and Basic Skills Training program created by the act provides funding for education, training, and employment-related activities for certain AFDC recipients. To receive enhanced federal funding, states must spend at least 55 percent of program resources on groups who are welfare-dependent or likely to become so. The law targets parents under age 24 not in high school or without a high school degree or work experience, people who have received AFDC for any 36 of the preceding 60 months, and families whose children are within 2 years of losing their AFDC eligibility. The research suggests that these types of hard-to-serve individuals are most likely to benefit from intensive services.

The Family Support Act also revises child support provisions and provides medical and child care assistance to those moving from welfare to work. In addition, certain provisions of the act create opportunities for states and localities to assess and address the needs of parents and their children.

Child Support

Many experts propose reform of child support enforcement to both encourage work and discourage out-of-wedlock births, thereby reducing the welfare dependency of some underclass individuals. In 1985, only 18 percent of unwed mothers aged 18 and older had court-ordered child support awards. By imposing a support obligation on the absent parent, proponents argue that child support reform would discourage out-of-wedlock births by requiring the absent parent to take responsibility. Enhanced child support enforcement might also increase work incentives for the custodial parent by providing a source of income that does not decline with earnings.

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Experimentals</th>
<th>Controls</th>
<th>Difference</th>
<th>Increase (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego (15 months)</td>
<td>$3,802</td>
<td>$3,102</td>
<td>$700</td>
<td>23</td>
</tr>
<tr>
<td>Baltimore (12 months)</td>
<td>1,935</td>
<td>1,759</td>
<td>176</td>
<td>10</td>
</tr>
<tr>
<td>Arkansas (6 months)</td>
<td>291</td>
<td>213</td>
<td>78</td>
<td>37</td>
</tr>
<tr>
<td>Virginia (9 months)</td>
<td>1,119</td>
<td>1,038</td>
<td>81</td>
<td>8</td>
</tr>
<tr>
<td>West Virginia (15 months)</td>
<td>713</td>
<td>712</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Chapter 3
Emphasizing Social Standards

The Family Support Act of 1988 mandates immediate withholding of child support payments from the wages of absent parents on behalf of AFDC families and others who apply for this service, extending to all families in 1994. It also requires judges and other officials to use state-established uniform guidelines in determining awards.

Enforcing the child support obligations of poor people poses special problems. Many absent parents may not have earnings to provide child support. Intentionally "missing" parents are also a problem to locate. One way of dealing with these problems, now being tried in some states, is to link employment and training services to child support enforcement efforts. For example, Merion County, Indiana's, Teen Alternative Parenting Program gives absent parents "in-kind" credit toward their child support obligations for attending school or training, as well as for participating in parenting classes and visiting their children. The program's objective is "to improve child support compliance by increasing the willingness and long-run ability of young men to pay child support." The program has not been operating long enough to determine its long-term benefits.

Work Incentives

Where job opportunities are available but not sufficiently attractive, experts theorize that incentives are needed to make work more attractive than welfare. A minimum wage job with few or no benefits, for example, often compares poorly with AFDC and its accompanying Medicaid coverage. In 1987 we calculated the 1984 national median income per month for a family on AFDC at $759 (this includes the market value of in-kind benefits, such as food stamps and Medicaid). In contrast, the median income for single parents who work and are not on AFDC (but receive such supplemental welfare assistance as food stamps or Medicaid) was $893. And the true difference is probably smaller, because in calculating income, we did not subtract expenses that might be incurred by working, such as transportation and day care costs.

The existence of work disincentives can also be illustrated by the fact that, in 1988, monthly maximum levels for AFDC and food stamps combined for a family with two children were higher than monthly earnings from full-time work at the minimum wage in 20 states, and only slightly

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less in another 13 states. In addition, AFDC automatically entails eligibility for Medicaid and involves no payroll taxes or work expenses.

Increasing wages is one approach suggested to make work more attractive than welfare. An alternative to increasing the minimum wage would be to raise the percentage rate of the current Earned Income Tax Credit. The tax credit gives a 14-percent wage increase to workers earning less than $6,500 in 1989. Raising the credit rate would increase the rewards to work.

Making health coverage available to the working poor would remove one barrier to work for those underclass (and other) individuals who are currently on welfare. A commonly proposed approach is to extend Medicaid coverage to persons whose income is below a certain level. Those at higher income levels not covered could be provided government insurance on a sliding fee scale. Another proposal is to require employers to provide health coverage.

Extending child care assistance to the working poor might also help increase work incentives, since many low-wage jobs may not prove profitable once child care expenses are paid. The Family Support Act provides child care assistance for up to a year after a welfare recipient leaves the rolls, leaving this expense uncovered after the first year of work. While some working poor parents receive child care subsidized by states and the federal government, most states cannot meet the demand for such assistance. The Congress is considering proposals to increase child care aid to poor families.

Helping Youth Improve Their Opportunities

Dropping out of school, having children out-of-wedlock, and getting involved in crime are characteristics of youthful behavior that severely limit future opportunities and increase the likelihood of welfare dependency and unemployment. In addition to drug and work programs, other efforts target youth directly.

School-to-work programs are often seen as a way of preventing students from dropping out of school. Many dropout programs often are more flexible than regular school system programs at meeting the job-related needs of at-risk students. For example, some dropout programs allow students to combine school with work or training.

The Family Support Act provides Medicaid coverage for up to 12 months for individuals who move from welfare to employment.
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Our survey of 465 local dropout programs found that interventions normally involved a range of services. Ninety percent provide basic education and personal counseling. Sixty percent allow students to combine school with job skills training, and 54 percent provide part-time job placement assistance. In addition, program administrators cited efforts in such areas as promoting parental involvement (73 percent) and providing assistance in obtaining social services (66 percent). Administrators were also aware of restraints, such as a lack of child care services, that prevent some students from staying in school. About one-fifth of the programs we surveyed offered child care services, and close to half reported offering pregnancy and parental counseling.

Social Services in Schools

The high incidence of pregnancy, unemployment, and drug abuse among youth in inner-city schools has generated support for school-based social service programs, such as health clinics that provide contraceptive information, job placement services, substance abuse programs, and day care for teenage mothers. Although there is little evidence for the success of traditional drug and sex education programs, there is some indication that school-based clinics help reduce teenage pregnancy. These clinics tend to offer services geared at improving the overall physical and mental health of teenagers as well as family planning. Because providing these services in the school is controversial in some communities, the success of school-based social services is tied to local community support.

Gang Programs

The prevalence of gangs, as well as gang violence, is getting worse in many cities across the nation. Such programs as the Community Youth Gang Services in Los Angeles and the Chicago Intervention Network work in communities to prevent gang membership and violence. They provide counseling to youth and their families and other community groups. The Community Youth Gang Services provides teams of gang counselors who work neighborhood streets. Other programs, such as Operation Jeopardy of the Los Angeles police department, contact parents of youth that have been identified as interested in gang membership. They give parents counseling and information to prevent their children from becoming gang members. Many education, law enforcement, and program experts argue that these community-oriented prevention efforts are essential in keeping youth from joining gangs.

More intensive programs based in the community, like Philadelphia’s House of Umoja for black gang members and Los Angeles’s El Centro for

Hispanic youth, deal with juvenile delinquents who have already become involved in gang activity. They are residential programs that are based on creating a pride in ethnic origins and providing troubled youth with a family-like environment, peer support, and adult role models that encourage them to finish school and obtain legitimate employment. Their primary purpose is to encourage self-sufficiency and community responsibility in former gang members.

A study of the House of Umoja showed a recidivism rate of 3 percent for its first 600 members compared to the 70- to 90-percent rate for similar youth released from conventional juvenile correction facilities. Although these programs are praised by experts, long-term studies of their effectiveness are needed.

**Mentoring**

Mentors, or role models, work one-on-one with disadvantaged youth to provide guidance and support in such areas as education, employment, and other personal matters. Increasingly, many experts are recognizing the need for intensive mentoring programs to deal with the multiple problems besetting disadvantaged youth.

One of the best known mentor programs is Eugene Lang's "I Have a Dream" Foundation, which guarantees college tuition to students who complete high school. Business leaders "adopt" sixth grade classes, with students being provided an adult mentor. In Lang's first class adopted in 1981, 52 of the 61 sixth-grade students finished or were close to finishing high school, a dropout rate much lower than the expected 75 percent for that school system. Thirty-six of these students attended college, as compared to the one or two sixth graders that would be expected from that school.

New York State recently passed legislation that will institute a program similar to "I Have a Dream" beginning in the 1991-92 academic year. New York will provide the financial aid as well as counseling and other services necessary to enable low-income students to go to college.
Policies that can be used to address the negative effects of living in isolated inner-city neighborhoods divide roughly into two categories: mobility opportunities and development. The first moves individuals out of the neighborhood, whereas the second is directed at neighborhood improvement. Some activities—such as providing transportation from inner cities to suburbs or building low-income housing in middle-income areas—are intended to bring people out of inner cities. Other policies, namely, housing vouchers and certificates, do not have mobility as their intent but could be used for that purpose.

Prominent development policies include enterprise zones and community development corporations (CDCs). Both are intended to revitalize economically distressed areas by investment and job creation. The mobility and development policies described below seem promising based on anecdotal evidence; rigorous evaluation of their effects remains to be done.

**Mobility Policies**

**Transportation**

One approach aims at improving people's access to transportation to get them to jobs outside their neighborhoods. City governments and employers starved for labor in areas like metropolitan Washington, D.C., for example, pay travel expenses and offer bonuses to inner-city residents willing to work in the suburbs. In some cities, van pools bring urban residents to suburban businesses suffering from labor shortages.

**Construction of Low-Income Housing**

Exclusionary housing codes often block the construction of low-income housing and concentrate subsidized units in the inner city. In recent years states have used various strategies to encourage the construction of low-income housing outside the central cities. Some states have set up housing finance agencies to subsidize new low-rent housing outside the cities in moderate- to high-income areas.

For example, in Richmond, Virginia, tax-exempt bond financing is available for developers who dedicate at least 20 percent of their units to low- and moderate-income tenants. Maryland's Montgomery County, one

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of the richest counties in the United States, requires housing developers to allocate at least 12 percent of their units for low- and moderate-income families in exchange for relaxed zoning restrictions.

**Housing Vouchers and Certificates**

Although intended to help poor people afford decent housing wherever it might be located, housing vouchers and certificates can also affect residential mobility. The section 8 certificate program, for example, pays a portion of recipients' rent for privately owned housing.

Families participating in this program are mainly low-income households earning 50 percent or less of the median income for the area in which they live. Families receiving this assistance pay 30 percent of their monthly adjusted incomes for rent; the program pays the difference between that amount and an approved monthly rent, which must be equal to or less than the fair-market rent the Department of Housing and Urban Development (HUD) has approved for the area. In addition, units must meet HUD's housing quality standards. In fiscal year 1987, this program provided assistance to 800,000 low-income families.

The housing voucher program differs from the section 8 program in several important respects. Authorized by the Housing and Urban-Rural Recovery Act of 1983, vouchers provide more flexibility to low-income families in choosing rental units, since families are not restricted to units that meet HUD's fair-market rent. Families can choose any unit they want, and HUD will pay the difference between the fair-market rent for that unit and 30 percent of a family's income. If a family rents a unit below the fair-market in a given area, it is allowed to keep the difference. This is supposed to create an incentive for families to shop around for lower than fair-market rents.

Over a 3-year period in the 1970s, HUD conducted a kind of housing voucher program—the "Demand Experiment" of the Experimental Housing Allowance Program—to study, among other things, the effect of housing allowances on residential mobility. These allowances were similar to today's vouchers except that they required rental housing to meet minimum housing quality standards. The experiment found that vouchers increased mobility for participants by a small, but significant amount (7 percent). Participants who moved tended to choose slightly better neighborhoods with more public services and transportation, less crime, and fewer low-income residents.
In a recent examination of certificates and HUD's new voucher program, we found that the effect of either of these programs on a family's ability to rent housing where they choose depends on the fit between an area's fair-market rent set by HUD and the area's actual rents. Although HUD uses the best data available to calculate the fair-market rent, data limitations frequently result in rent allowances that are set either too high or too low.²

In areas such as Houston, where rental markets are depressed and fair-market allowances are inflated, families could afford to live in almost every area of the city. In contrast, in New York City, where the fair-market rent was low compared to actual rents, families had difficulty finding housing, and voucher recipients had high rent burdens. As currently run, therefore, voucher and certificate programs will increase mobility only in areas where fair-market rent allowances are at least as high as actual rents.

Public School Choice

Another approach to providing greater mobility opportunities is through the school system. Although considerable research supports the benefits of socially and economically integrated schools, there is considerable debate over how to achieve this. Currently, two approaches receiving a lot of attention are educational vouchers and magnet schools.

Some experts endorse educational vouchers as a way to reduce the inequality in the choices available to disadvantaged children and those available to children of more affluent families. Other experts assert that these vouchers would tend to be biased toward families who were more affluent and informed. Furthermore, they argue that vouchers would drain more talented students from inner-city schools, leaving the most disadvantaged behind. Although a few states have begun to experiment with voucher systems, and despite a few experiments done in the 1970s, it is still too early to know the effects of such systems.

Magnet schools have been tried in many urban school districts. Magnet programs are intended to reduce racial isolation by encouraging voluntary transfers of white students to schools in low-income neighborhoods. The "magnet" to attract these students (and their parents) might include an enriched math or science program, a day care center, or lower pupil-staff ratios. Researchers studying magnet schools have found that

their attraction and the capacity to take in new students are sometimes insufficient to significantly improve the receiving school's racial balance.

### Development Policies

#### Enterprise Zones

The most prominent economic development initiative currently being discussed is the proposal for federal enterprise zones. An enterprise zone is an economically distressed area designated for preferential government treatment to promote investment and job creation by private industry. Such preferential treatment can include tax incentives and regulatory relief. The idea behind enterprise zones is that they will attract new businesses to the area and will encourage those already there to expand.

As of March 1989, 37 states had adopted enterprise zones, most supported by tax relief or other financial incentives. In contrast, the federal enterprise zone program, created in 1987, offers no tax incentives and instead relies on federal agencies such as HUD to offer unspecified incentives, such as waivers of certain regulations. However, legislation before the Congress would provide for a federal tax credit for employers in federally designated enterprise zones.

#### The Targeted Jobs Demonstration Program

The Targeted Jobs Demonstration Program (1980-83) used legally binding agreements, in which firms receiving federal economic development assistance promised to hire disadvantaged people. This program operated in 14 areas. An evaluation of this concept suggests that making targeted hiring a requirement for receiving assistance can increase job opportunities for low-income people.

Portland, Oregon, one of the program participants, was able to demonstrate success in targeting jobs toward low-income and unemployed residents through the use of its First Source Agreement. This agreement required businesses receiving public assistance for economic development to use the city’s Training and Employment Division as their first source for recruiting employees for all jobs covered by the contract. Low-income people obtained a substantial share of newly created permanent jobs. For example, one employer indicated that 75 percent of the
114 new jobs created due to public assistance went to disadvantaged individuals referred by the Training and Employment Division.

Community Development Corporations

Another development approach involves locally run CDCs that receive both private and public support. CDCs, or neighborhood development organizations, vary greatly by community in scope of activities. They are run by community residents and targeted to specific geographic areas that tend to encompass many low-income people.

CDC activities include building and rehabilitating homes and real estate, creating local jobs and businesses, and providing social services and supports, such as child and elder care, home ownership counseling, summer camps, health screening, and drug and alcohol abuse programs. To revitalize and stabilize communities, CDCs work to increase business and individual investment in communities.

Development of local leadership is an important byproduct of an effective CDC. CDC field directors are entrepreneurs who must be able to resolve conflicts and organize the community. Strong leaders can help renew faith in and empower communities to change. They can also provide positive role models in socially isolated neighborhoods. In fact, former CDC leaders have become city council members, mayors, state legislators, and presidential appointees.

During the 1980s, federal support for CDCs has almost disappeared. Most now rely on private businesses, local governments, and foundations.
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