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ABSTRACT

Researchers have investigated whether significant numbers of people can earn their way out of long-term poverty. Statistics show that between 1980 and 1986, the number of District of Columbia residents living in poverty increased by 8 percent. Between 1970 and 1980, the numbers of poor people living in the same area with other poor people increased; and of the total 1986 population in poverty, 82 percent were black. If successful, an employment-based strategy could be of direct benefit to significant numbers of poor DC residents, since many working-age adults were poor because full-time employment at the wages they could command was not enough to lift their households out of poverty. Discrimination by race in employment might be a problem. Jobs are available, but many are low paying, short term, and offer little hope for advancement. Funding by federal and DC governments and the private sector exists for employment and training activities. Employment barriers confronting all poor workers include the importance of skills, importance of transportation, and factors limiting access to job opening information. Challenges confronting poor men are their criminal records and sale of illicit drugs. Poor women are confronted with lower wages; poor single mothers must find child care. The following difficulties are associated with employment training: evaluation, coordination, federal requirements, retention, upgrading, remediation, child care, recruitment of men, and transition services. (Contains 36 references.) (YLB)

OPPORTUNITY LADDERS:

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The Committee on Strategies
to Reduce Chronic Poverty

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Greater Washington Research Center

The Greater Washington Research Center is an independent and nonpartisan organization that provides information about the people, economy, and governance of the Washington area. It monitors trends, analyzes issues, attempts to anticipate approaching problems, and suggests options for public policy and civic action.

The work of the Research Center is supported by over 180 member companies located throughout the metropolitan area and supplemented by foundation grants.

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Preface

In December of 1985 the Greater Washington Research Center published a report called *No Easy Answers* that drew attention to the problem of people in the Washington area living in chronic, long-term poverty. The report evoked widespread concern from Washingtonians in all walks of life. At the time, I was serving as Chairman of the Greater Washington Research Center; many people contacted me and other members of the Center asking what could be done to try to help reduce long-term poverty.

In response to this community concern, the Research Center asked a group of eleven distinguished local leaders to direct a detailed, in-depth analysis of the problem of long-term poverty in our area and to identify, if possible, strategies that might reduce the numbers of area residents living in chronic poverty. We were deeply gratified that these distinguished citizens accepted our invitation:

Oliver T. Carr, Jr. (Co-chairman)
President
Oliver T. Carr Company

The Reverend Henry C. Gregory, III (Co-chairman)
Pastor
Shiloh Baptist Church

Daniel J. Callahan, III
Chairman and Chief Executive Officer
American Security Bank

Vincent H. Cohen, Esq.
Senior Partner
Hogan and Hartson

Thomas Downs
Deputy Mayor and City Administrator
Government of the District of Columbia

Mary Graham
Board Member
The Meyer Foundation

R. David Hall
Member and Immediate Past President
District of Columbia Board of Education

Polly Shackleton
Former Member
City Council of the District of Columbia

Richard W. Snowdon, Esq.
Chairman
Community Foundation of Greater Washington

Carrie L. Thornhill
Deputy Director
Marshall Heights Community Development Organization

Eddie N. Williams
President
Joint Center for Political Studies

With major funding support from the Rockefeller Foundation, and under the direction of the eleven leaders listed above, the project commissioned nearly a dozen pieces of research to provide the community not only with baseline information on the nature and extent of chronic poverty but also with possible strategies for its reduction. Because *No Easy Answers* had already demonstrated that the greatest concentration of people in long-term poverty was found in the District of Columbia, the group chose to begin by focusing on that city. It is anticipated that any useful strategies that can be identified with respect to long-term poverty in the District may be of assistance to other parts of the greater Washington community as well.

This report summarizes the results of the first four major research papers prepared for the project. Other research is still in progress; still more can be expected in light of early findings. All reports will be released when they become available.

The significance of this first-look report is that it provides our community with basic information not before available. More important, it opens what the Research Center hopes will be a thoughtful community-wide discussion of the problem of long-term poverty and various strategies that might be adopted to confront it. I am delighted that the eleven leaders have agreed to oversee this attempt to identify and foster practical, feasible poverty-reduction strategies and programs.

The message of the original report is affirmed by this one: there are no easy answers to the complex problem of

long-term poverty. We should not give up, however, simply because we have no instant solutions. On the contrary, the dynamism and vitality of our citizens and our local economy offer real hope that incremental, carefully applied efforts will, over time, reduce the number of Washington's chronically poor. We hope you will do what you can to help. Together, I believe we can prevail.

R. Robert Linowes
Immediate Past Chairman
Greater Washington Research Center

Acknowledgements

This report is based on local and national research. Four local analyses were prepared specifically for this project. They are:

Marc Bendick, Jr. and Mary Lou Egan, "JOBS: Employment Opportunities in the Washington Metropolitan Area for Persons with Limited Employment Qualifications," (Washington, DC: Greater Washington Research Center, 1988)

Philip M. Dearborn, "EARNINGS: The Financial Incentive Offered by Low-Wage Jobs to Recipients of Income Support Benefits," (Washington, DC: Greater Washington Research Center, 1988)

Vikki L. Gregory, "ET: Employment and Training Activities Serving Predominantly Low-Income Residents of Washington, D.C., with Limited Employment Qualifications" (Washington, DC: Greater Washington Research Center, 1988)

Eunice S. Grier and George Grier, "PEOPLE: Low-Income Adults of Working Age in Washington, D.C." (Washington, DC: Greater Washington Research Center, 1988)

We are indebted to the Rockefeller Foundation's Equal Opportunity Program, under the leadership of James O. Gibson, for providing the funds that made this work possible. Additional funding was provided by the government of the District of Columbia.

We are also indebted to many officials of the government of the District of Columbia for making extensive and detailed information available to the researchers and to us. We are particularly grateful to Audrey Rowe, Special Assistant to the Mayor for Human Resource Development, and her staff for many hours of assistance and much valuable information.

Joan Paddock Maxwell, Senior Associate at the Greater Washington Research Center, was responsible for overseeing the information-gathering effort and for drafting this report.

SUMMARY

This report highlights the initial findings of a collaborative effort involving people from the business, governmental, and nonprofit sectors who are seeking ways to reduce long-term poverty in Washington, D.C. Our hope is to identify and foster specific, practical ways that existing major institutions, both public and private, can work together over the next several years to do this. Our first step in this direction has been to gather information. For over a year, researchers have been investigating various aspects of this question: can significant numbers of people, as has often been supposed, earn their way out of long-term poverty? This paper summarizes the findings of the project's initial information-gathering efforts.

We have looked at (1) the nature and extent of poverty in Washington; (2) the numbers and characteristics of workers and potential workers among Washington's poor; (3) the numbers and characteristics of area job opportunities potentially available to people with limited employment qualifications; (4) the net economic benefit to poor people of earnings from low-wage jobs as compared to public assistance; (5) resources available for employment and training of poor people in the city; and (6) the challenges facing an employment strategy.

The findings to date can be summarized as follows.

Poverty in Washington, D.C.

Between 1980 and 1986 the number of residents of the District of Columbia living in poverty increased by 8

percent, from 96,000 to 104,000 persons. (Poverty is defined here according to the federal poverty standard.) This finding is based on an analysis of people living in households and does not include those who are in institutions or who are homeless. Thus it *understates* the total population in poverty.

Who are Washington's poor? One-third are children and one-sixth are 65 or older. More than half of all poor, or some 54,000 people, are of working age. Of these working-aged people, nearly half are working poor. That is, they are employed but they do not earn enough to leave poverty.

Minorities experience poverty at a rate higher than would be expected from their percentage in the total population. Hispanic people are poor by nearly twice their percentage of the total population. Black people are over-represented by nearly one quarter.

The increasing concentration of poverty in the District

Between 1970 and 1980, the numbers of poor people living in the same area with other poor people increased. This increase might stem in part from the fact that over the last decade black people of moderate and middle incomes moved to or stayed in the suburbs while the less well-off moved to or stayed in the central city. Moreover, children were increasingly concentrated in poverty areas (defined as areas where at least one out of five residents is in poverty). In 1970, 40 percent of all District children under the age of 17 lived in poverty areas. In 1980, 53 percent of the District's children did so. Among black children, the percentages living in poverty areas rose from 45 percent in 1970 to 59 percent in 1980.

Poverty among black people

Of the total 1986 household population in poverty, 82 percent were black. The percentage of black men, 16 and over, who were either unemployed or not in the labor force was higher in the city than in the suburbs in 1970 and was dramatically so in 1980. During the same period, although the total number of black families declined in the District, both female-headed black families and female-headed black families in poverty increased. The rise in unemployment among black males and the black migration patterns might help explain these increases.

Short-term and long-term poverty

Poverty is surprisingly common in America. However, not all poverty is alike. One of the most important variables is the duration of poverty. Most poor people stay poor for only a year or two; a minority, however, remain poor for many years. One person in three in major urban areas is estimated to have fallen below the federal poverty level during at least one of the ten years between 1974 and 1983. However, only about one person in twenty is estimated to have lived in *long-term poverty*, defined as being poor *8 or more* of those 10 years. In the District the number of residents living in long-term poverty was around 48,000 in 1980 and over 49,000 in 1986.

Certain characteristics can help identify people in poverty who are in, or at risk of, long-term poverty. These are if they live in a household headed by someone who is:

- a high school dropout; and/or
- not employed; and/or
- a woman; and/or
- dependent on welfare.

Poverty in the District compared to the rest of the country

The situation in the District appears better than the situation in many other central cities. The city has a relatively low percentage of people in long-term poverty, when compared to other cities. Thus, as the District attempts to reduce the numbers of people living in long-term poverty, it faces a smaller problem than do many other cities.

Employment as a strategy to reduce long-term poverty

There are three general approaches to reducing poverty: to reduce the flow of people into poverty; to increase income support for the poor; and to help poor people help themselves. This report falls into the third category. It focuses on whether or not it is possible to increase the skills and employment opportunities of poor people who are no longer in school.

Workers and potential workers among the poor

An employment-based strategy, if successful, could be of direct benefit to significant numbers of poor District residents, including residents in long-term poverty. Of the total 1986 District household population in poverty, about 42 percent were workers or potential workers. Nearly half of the city's poor residents aged 18 to 64, or some 24,500 persons, were employed. Moreover, many of them were working full time. In other words, many working-aged adults were poor not because they were unable or unwilling to work, but because even full-time employment at the wages they could command was not enough to lift their households out of poverty. As for potential workers among the poor, 19,000 people aged 18 to 64 were neither employed nor disabled.

Racial discrimination and employment opportunities

To the extent that racial discrimination plays a role in employment opportunities in the Washington area, minority poor adults' chances of increasing their incomes from employment are likely to be diminished. We do not have studies of racial discrimination in employment of poor people in the area. However, studies of area rental practices do give evidence of racial discrimination in rental housing. The results suggest discrimination by race in employment might also be a significant problem.

Competition for available jobs

Based on available projections, the Washington area seems likely to continue to have a shortage of workers. Together, employment and population trends suggest that, if the area's economy continues to expand as expected, workers and potential workers will be earnestly sought by employers. Thus, chronically poor adults of working age will have an improved opportunity to be considered for employment.

Does work pay?

For a poor able-bodied adult without dependent children, even a minimum-wage job yields a much higher income than does available public assistance. A single able-bodied

adult can net more than five times the value of public assistance from full-time work at $3.60 an hour.

However, for those with dependent children who qualify for the AFDC program (welfare), the difference at low wage levels is marginal. A parent eligible for AFDC with two dependent children gains only about $20 a week from full-time work at $3.60 an hour. Put in technical terms, such a parent incurs an equivalent marginal tax rate on earnings of 78 to 85 percent. Moreover, the immediate net financial benefit from entry-level employment for AFDC recipients can be completely lost if medical-care and child-care issues are not met without cost. When they are not so met, work *costs* rather than pays.

The opportunity offered by jobs and training

Since no job is advertised "Poor people only need apply," all area jobs available to people with limited employment qualifications were examined. Since research shows a strong correlation between limited educational attainment and long-term poverty, the examination centered on jobs that do not require a high school diploma.

Are jobs available?

Jobs are available, but many of them are low paying, short term, and offer little hope for advancement. About 584,000 Washington-area jobs do not require a high school diploma. This figure represents about 30 percent of all area jobs.

Starting wages for these jobs in 1987 averaged around $4.57 an hour or $9,505 for a year's full-time work. Seventy percent of the jobs paid $10,000 a year or less. Virtually all of these jobs paid starting annual incomes that were more than welfare, but only about one-third paid wages that would lift a three-person family out of poverty, and none entered the middle income range.

Of these 584,000 jobs, however, only three in four were full time, and only one in three was both full time and lasted for a year or more. It is estimated that each week 4,764 jobs became available that were full time, lasted one year or more, and did not require a high school diploma.

If a worker enters a job not requiring a high school diploma and is able to remain in it for some time, the

typical wages eventually rise to around $7.55 an hour, or $15,700 a year. Virtually all of these jobs pay more than both the welfare and poverty levels, although only 13 percent of the jobs pay at a rate that enters the middle income range.

Funding available for employment and training (ET) for poor District adults

In 1986, the federal and District governments and the private sector together allocated nearly $68 million for employment and training of predominantly low-income District residents. Local government agencies received $65.4 million of these funds.

The challenges facing an employment strategy

The research shows that workers and potential workers exist among the poor, that jobs they might obtain are available, and that funding exists for employment and training activities. But an employment strategy must overcome numerous barriers if it is to succeed. This section summarizes some of those barriers.

Employment barriers confronting all poor workers and potential workers

The importance of skills. In general, the greater the skill level required for a job, the better the pay. Available data indicate that significant numbers of poor adults do not have the necessary skills to acquire the better-paying jobs. Among employed poor young adults (aged 18 to 29) in the District in 1986, 23 percent had not *reached* the twelfth grade. Of those in the same age group who were unemployed, 36 percent had not reached the twelfth grade. A survey of local employment and training programs serving low-income people in 1986 found the average basic skills of participants was below the 7th grade level in both reading and math.

The importance of transportation. Jobs for people without a high school diploma are increasingly likely to be in the suburbs; access to transportation is therefore critical for inner-city residents. Public transportation is not available to many suburban areas. Where it is available, it is

often extremely time consuming. A car offers an alternative, but cars are in short supply among the poor. Among unemployed District residents of working age, nearly two-thirds do not have a car in the household.

Factors limiting access to job openings. Access to more than two-thirds of job vacancies comes from word of mouth or from direct application at the job site. This severely restricts chronically poor District residents' access to available jobs. They are typically not part of a personal network through which they can hear of a job. Their center-city residences are well away from where the great majority of possible employers are located, so it is more difficult for them to stop by many workplaces that might have jobs available.

Small improvements can make a big economic difference. Relatively small changes in a potential worker's profile can result in substantially improved opportunities for escape from long-term poverty. These changes include improved basic skills, access to a car, and access to information about available jobs. Although these changes might appear to be relatively minor, in many cases achieving them might be very costly and time consuming.

Challenges confronting poor men

Significant numbers of poor black male District residents are or have been incarcerated. This high male incarceration rate is significant from an employment perspective. For at least some of the jobs that pay enough to bring a family out of poverty, a criminal record is a barrier.

A profoundly troubling economic alternative available to poor men is the sale of illicit drugs. Roughly 8,000 people were charged in the District in 1985 and 1986 with drug distribution offenses. Approximately 20 percent of poor District men are estimated to have been so charged by the time they turn thirty. It seems probable that some men are not seeking employment because they are already employed in the illicit economy or because their criminal records limit their job opportunities.

Challenges confronting poor women

Women who work often make less than men. Among people

of the same minority/non-minority status, jobs associated with men paid 21 to 23 percent more than those associated with women.

The difference in earnings between men and women carries great importance in light of the large numbers of chronically poor families headed by women. More than half of all poor young women (aged 18 to 29) have children under six in their households; and over 40 percent of these young women work.

Challenges confronting poor single mothers and their young children

The most complex and difficult policy issue resulting from this analysis is the question of how and when to encourage employment and training for poor single mothers with young children. Public policies appear to be moving toward requiring poor single women with young children to work. However, although poor women with children must provide for their children as well as for themselves, the pay usually available to women with limited qualifications is very low. Even if such a woman works full time she might not earn enough to raise her family above the poverty level. Moreover, the majority of mothers with children under six do *not* work full time, year round. Among all women in the Washington metropolitan area with children under six at home, just one-quarter of married women and 38 percent of single women worked full time 50 or more weeks in 1979.

Child care, a matter of concern for all working parents, is of particular concern for the children of the poor. National studies and program experience warn that children born and raised in poor inner-city families are often at risk of not getting the stimulation necessary for full emotional and intellectual development. Because of her limited financial resources, a poor woman who works full time might be forced to place her child in child care that not only does not provide early childhood development assistance but is inadequate simply as custodial care.

For a poor woman with a child suffering from a medical condition requiring extensive treatment, difficulties associated with obtaining health care outside the Medicaid system can serve as major, sometimes insurmountable, barriers to employment.

It is hard for policymakers to encourage poor single

mothers of young children to work without putting those young children at particular risk.

Difficulties associated with ET

Evaluation. An inventory of ET programs serving predominantly low-income District residents in 1986 found a lack of consistent recordkeeping among some programs. Inadequate data make it impossible to fully understand the nature and extent of ET efforts in the District in 1986. Nor is an accurate assessment of these 1986 programs' long-term effectiveness possible.

Coordination. It is extremely difficult to coordinate the many employment and training activities serving low-income adults. A variety of federal, local, and private sources provides funds for employment and training to several District government agencies and a number of private agencies and employers. The inventory found 112 different programs providing ET services in 1986.

The problem of federal requirements. Significant federal funds targeted to low-income people paradoxically encourage program operators to select those participants with the best chance to succeed (perhaps even those who could find jobs on their own). People in long-term poverty often need extra help and support. Unless federal regulations are changed, District funds will have to be retargeted if the necessary help is to be provided.

Program completion and job placement. Slightly less than two-thirds of all participants enrolled in the inventory programs for which information was available completed them. Fewer than half (47 percent) of the participants who enrolled successfully completed the program and were placed in a job.

Upgrading. To advance into jobs and salaries that can move a family out of poverty, poor workers must upgrade their skills. However, making skills upgrading available in stages to low-level employees is complex; single parents who need to care for young children present a particular challenge.

Remediation. Although trainees' basic skills are low, the ET inventory indicated that adequate remediation services are often not available.

Child care. Child-care assistance is also in short supply. Given that in 1986 more than one-third of the

District's working-aged poor women had children under six in their households, and more than one-half of the city's AFDC recipients did, only about one-third of the training slots inventoried included some sort of child-care assistance. The lack of any form of child-care assistance in nearly two-thirds of the training slots might be a significant barrier for many poor women.

Finding poor men. Finding unemployed poor men who are not in school and not in the criminal justice system in order to recruit them for ET is more difficult than is finding poor women in similar circumstances.

Transition services. Job expenses can arise before a new worker receives a first paycheck; he or she might need counseling to adjust to the working world. But few ET programs offer transition services to help new employees stay employed.

Conclusions based on the research

It appears likely that some reduction in the poverty population, although perhaps only a modest one, can be made through an employment strategy. A successful strategy will probably have to have three central elements.

First, resources will have to be better *targeted.*

Second, the overall approach will have to be more *individualized,* on a case-by-case basis.

Third, many cases, perhaps most, will need a *long-term plan.* Making the move from poverty to self-sufficiency will usually require many small steps rather than one giant leap. The plan will need to provide for skills upgrading, employment, more skills upgrading, and new employment. In short, the plan will need to offer each person an opportunity ladder.

Our conclusions

Based on the research findings and on our own experience, we have come to the following conclusions:

1. It makes moral and economic sense to focus on trying to reduce the number of Washingtonians living in long-term poverty.

2. Given a strong economy and continued federal and local support for employment and training programs, it

seems possible to reduce the numbers of people in long-term poverty by helping them increase their earnings from employment. If such a reduction is to be achieved, the issues in the five conclusions that follow must be resolved.

3. For meaningful reduction in long-term poverty, employment and training activities must consistently provide opportunities to develop and upgrade skills over the long term so people can qualify for placement and/or advancement into jobs paying above-poverty-level wages.

4. It is not sufficient simply to adopt a pro-employment stance: barriers that prevent the chronically poor from getting and keeping jobs must be addressed. These include discrimination by sex, by race, and by national origin, low educational attainment, inadequate access to information about job vacancies, problems with access to adequate medical care and child care, inadequate housing, and transportation difficulties.

5. Children growing up in poverty deserve special attention. The working heads of some families with children will be unable to earn enough money for their families to leave poverty. The community should consider ways to increase those families' net gain from the head's low-wage employment by further supplementing earnings based on family size and/or by providing earnings-related assistance with such basic needs as housing and medical care.

6. Developing practical, reasonable ways to help chronically poor residents increase their employment and earnings will be difficult; a coordinated, aggressive effort involving both the private and public sectors of the region will be necessary to succeed.

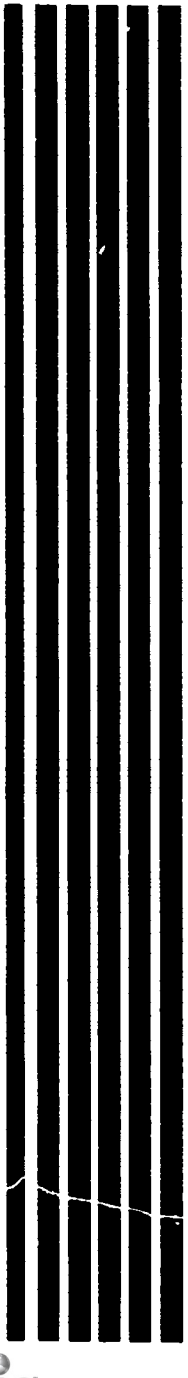
7. Reducing long-term poverty and its effects requires many and varied efforts. A successful employment strategy will benefit some of the long-term poor. However, we must also develop strategies to strengthen early childhood development, increase educational attainment, prevent and treat substance abuse, reduce teenage pregnancy, continue income support, increase the supply of affordable housing, and help the elderly and disabled.

We plan to spend the next several months sharing the information we have gathered (and are continuing to gather) with the Washington community and collecting responses and advice. We hope to help develop community consensus around realistic strategies that appear likely to

increase poor Washingtonians' abilities to leave poverty through their earnings from work.

To that end, if it seems appropriate, we will make a second report to the community, setting forth the responses and advice we have collected and summarizing what the consensus appears to be on Washington's prospects for reducing long-term poverty through an employment strategy. If consensus is achieved, we hope the community will develop and initiate additional programs to achieve this goal. We will do what we can to help.

The Committee on Strategies
to Reduce Chronic Poverty



PART I: INTRODUCTION AND CONCLUSIONS

Chapter 1

The Prospects of Reducing Long-term Poverty Through Employment

This report reflects our determination to seek answers that will assist impoverished Washingtonians in their attempts to improve their lives, and to prompt a community-wide search for approaches, no matter how elusive, to the difficult and disturbing problem of long-term poverty in the District of Columbia.

It results from a collaborative effort by a group of concerned citizens drawn from business, government, and nonprofits to assess the prospects of many thousands of our fellow residents who are poor.

What we found is troubling. A substantial and unacceptable number of our fellow residents live in the bonds of long-term poverty from which even employment does not guarantee escape. Nearly half of all working-aged adults are working and yet are still poor.

No comfort can be found in the statistic that since 1980 the increase in poverty in the District of Columbia has been modest, or that the experience of poverty is relatively common in America. What particularly concerns us is that the growth of long-term poverty, and its consequences, individually and collectively, are profound.

While poverty is relatively common in America, most people are poor for only a year or two. But an increasing number are poor for many years. Long-term poverty can cut short potentially productive lives; children can be deprived of a fair start in life; older people can end their days without dignity.

We also fear that chronic poverty can erode the spirit of this community. Such poverty fosters a sense of negativ-

ism and failure and can ultimately tear at the very heart of a society. By closing doors of opportunity, eliminating role models for children, and removing rewards for initiative, it affects those positive elements that bind our community together: family, education, employment, public safety, and productivity. Long-term poverty comes with increased risks of neglected children, idle adults, crime, drug abuse, alcoholism, mental illness, and deteriorating neighborhoods. It leads to declining tax revenues and increasing social welfare costs.

> ...to prompt a community-wide search for approaches, no matter how elusive, to the difficult and disturbing problem of long-term poverty.

Our potential for sustained economic growth, higher employment, increased urban development, and a healthy business climate in our city is unnecessarily limited as long as chronic poverty exists. No taxpayer, no business, no organization can escape a direct economic loss from the continuing poverty of District residents.

With a sense of considerable concern about the future of our citizens and our city, therefore, we as community residents confront the issue of what can be done to reduce long-term poverty. Our hope is to identify specific, practical ways that major existing institutions, both public and private, can work together over the next several years to do this.

We believe that we must begin with the facts. Thus, our first step has been to gather information. As a second step, we believe the community needs to come to consensus on policy, based on a careful assessment of the facts. As a third step, if consensus is reached, we believe we can all work together, each in our own way, to implement the policies on which we have agreed.

We know concerned people and groups have been trying to reduce poverty in our area for many years. In talking with a broad spectrum of these people, we have learned that additional information about people in poverty and the possible effects of various poverty-reduction

strategies would be of service to their work. We hope this report will help meet that need.

There are three general approaches to reducing poverty: to reduce the flow of people into poverty, to increase income support for the poor, and to help poor people help themselves. This report belongs to the third category. We focus on this question: Can significant numbers of people, as has often been supposed, earn their way out of long-term poverty?

This report summarizes the initial results of our information-gathering efforts. The findings, presented in Part II, together with our own knowledge and experience, lead us to the following conclusions:

1. It makes moral and economic sense to focus on trying to reduce the number of Washingtonians living in long-term poverty.

2. Given a strong economy and continued federal and local support for employment and training programs, it seems possible to reduce the numbers of people in long-term poverty by helping them increase their earnings from employment. If such a reduction is to be achieved, the issues in the five conclusions that follow must be resolved.

3. For meaningful reduction in long-term poverty, employment and training activities must consistently provide opportunities to develop and upgrade skills over the long term so people can qualify for placement and/or advancement into jobs paying above-poverty-level wages.

Can significant numbers of people, as has often been supposed, earn their way out of long-term poverty?

4. It is not sufficient simply to adopt a pro-employment stance: barriers that prevent the chronically poor from getting and keeping jobs must be addressed. These include discrimination by sex, by race, and by national origin, low educational attainment, inadequate access to information about job vacancies, problems with access to adequate medical care and child care, inadequate housing, and transportation difficulties.

5. Children growing up in poverty deserve special attention. The working heads of some families with children

will be unable to earn enough money for their families to leave poverty. The community should consider ways to increase those families' net gain from the head's low-wage employment by further supplementing earnings based on family size and/or by providing earnings-related assistance with such basic needs as housing and medical care.

6. Developing practical, reasonable ways to help chronically poor residents increase their employment and earnings will be difficult; a coordinated, aggressive effort involving both the private and public sectors of the region will be necessary to succeed.

7. Reducing long-term poverty and its effects requires many and varied efforts. A successful employment strategy will benefit some of the long-term poor. However, we must also develop strategies to strengthen early childhood development, increase educational attainment, prevent and treat substance abuse, reduce teenage pregnancy, continue income support, increase the supply of affordable housing, and help the elderly and disabled.

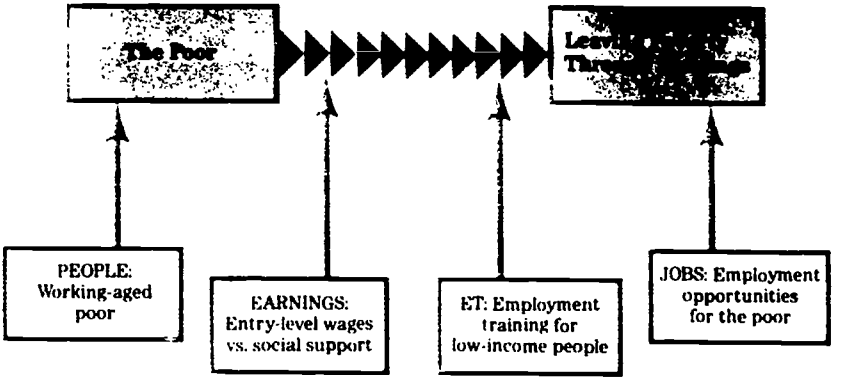
> Barriers that prevent the chronically poor from getting and keeping jobs must be addressed.

This publication represents the first step in what we hope will become a community-wide collaborative effort involving business, government, churches, and community groups to design and implement practical ways to help Washingtonians leave long-term poverty. If employment-based approaches are to make a difference, it is clear, they must both increase the number of poor people who become employed and increase those working people's net incomes from employment. In an attempt to measure the potential for achieving these objectives, we have commissioned several information-gathering projects. No single study will provide complete or conclusive information, but, taken as a whole, the studies will increase the community's knowledge and thus our ability to develop effective strategies to reduce long-term poverty in Washington.

Figure 1-1 depicts the four completed projects that are summarized in Part II of this paper. The two center boxes represent our objective: to reduce the numbers of people in

Figure 1-1

The information this report summarizes.



poverty through increasing their earnings from employment. The other boxes represent four important questions that we attempted to answer:

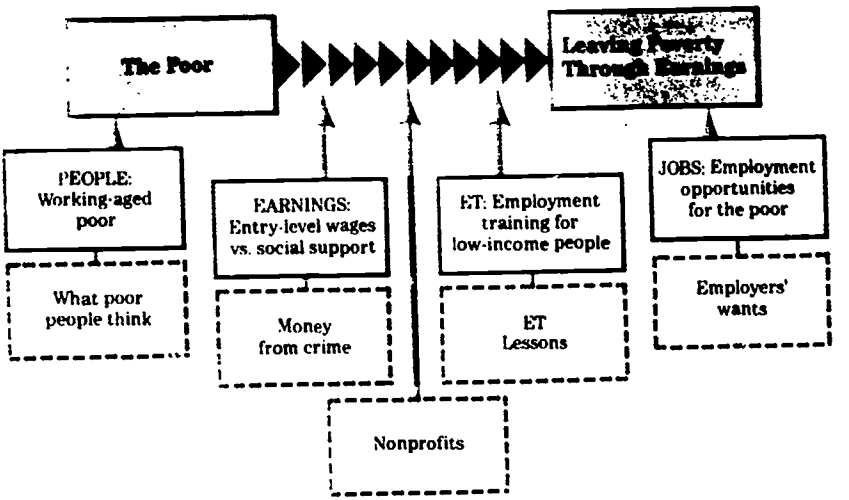
- PEOPLE: who are the District's poor of working age?
- JOBS: what are the jobs people with limited employment qualifications might obtain and how much do they pay?
- EARNINGS: how much can a worker net from entry-level wages as compared to social support programs?
- ET: what are the employment and training programs that serve low-income District residents?

Figure 1-2 shows that same information plus five other important questions we are still investigating:

- WHAT POOR PEOPLE THINK: what men and women who are living in long-term poverty think about their chances for increased employment and increased earnings;
- EMPLOYERS' WANTS: what qualifications employers prefer in selecting applicants for entry-level jobs;
- NONPROFITS: an inventory of major nonprofit institutions currently serving low-income District residents;
- MONEY FROM CRIME: the role of income-generating

Figure 1-2

The additional information still being gathered.



crime in the economy of low-income Washingtonians, particularly earnings from drug sales;

- ET LESSONS: lessons learned from various employment and training efforts serving people with limited employment qualifications elsewhere in the country.

Results from the five additional studies will be released as soon as they are available.

> This publication represents the first step in what we hope will become a community-wide collaborative effort.

While we are keenly aware of the profound complexity of long-term poverty, we are cautiously optimistic about our community's chances to make some impact on the problem. We are confident we can take advantage of new opportunities offered to us through new information. When the War on Poverty started in the 1960s, the effort was often severely handicapped by a political need for quick action in the face of inadequate information. Today, we can

build on information amassed during the War on Poverty plus improved data now available from the Census Bureau and other sources. We can also use the increased analytical capacity afforded us by more powerful, more accessible computer technology to get critically important facts and develop new perspectives. The studies summarized in Part II of this report are examples of what we can learn.

> ...we are cautiously optimistic about our community's chances to make some impact on the problem.

Moreover, because we are a relatively small community (by comparison with the entire nation), we can be sharply aware of the intricacies and nuances surrounding long-term poverty here. We can bring people, ideas, and information together and have a chance to reach consensus on overall strategies and particular approaches that make sense in our area.

We plan to spend the next several months sharing with the Washington community the information we have gathered (and are continuing to gather) and collecting responses and advice. If the community agrees with the basic findings outlined in this report, the list of specific issues identified in Chapter 5 offers a possible way to focus examination of existing barriers that make it more difficult for poor Washingtonians to leave poverty through earnings from work. We plan to facilitate the convening of small groups of appropriate local public and private experts to explore specific, practical ways to reduce or eliminate some of these barriers. We know that this is a time of limited financial resources, both locally and nationally. Thus, if barriers are to be reduced, this will have to be done largely by existing institutions using existing resources, but using them better.

At the end of this period of listening and learning, if it seems warranted we will make a second report to the community setting forth what we have been told by knowledgeable local people and what the consensus appears to be on Washington's prospects for reducing long-term poverty through an employment strategy. If one can be developed, we will do what we can to help make it work.

Some of the questions we hope the community will address are:

- How can we help poor people in the inner city have better access to available jobs that pay above-poverty wages?
- How can we better provide employment and training opportunities for poor people to develop and upgrade the skills they need for jobs paying above-poverty wages?
- How can we reduce sex and race discrimination in employment?
- How can we ensure that children in working-poor families have access to adequate day care and medical care?
- How can we increase the net gain from employment for working-poor families?
- How can the public and private sectors develop a coordinated and aggressive effort to help chronically poor Washingtonians increase their employment and earnings?

As is demonstrated in the chapters that follow, we have already learned a great deal from the completed projects. We are pleased to share what we have learned with the community. We would be gratified if our report prompts a wider concern for the problem and contributes to an earlier reduction of the suffering in our community resulting from long-term poverty.

PART II: FINDINGS

Chapter 2

Poverty in Washington, D.C.

This chapter describes the problem of poverty in Washington, D.C.

First, it reports on the growth of poverty in the city, describes people in poverty by age, race, and sex, and points out the harm poverty can cause children. The chapter then describes the District's increasing numbers of poor people living in the same area with other poor people, and suggests that the increasing concentration of poverty in the city might be at least partly caused by the migration of members of the black middle class. It then discusses the increase among black residents of the city of unemployed men and of poor families headed by women. It suggests that the two trends might be related. Finally, the chapter explains the difference between short-term and long-term poverty, describes District residents in long-term poverty, and ends by showing that long-term poverty in Washington, D.C., is less extensive than in many other central cities.

The final three chapters look at the ability of employment-based strategies to reduce poverty in the city. Chapter 3 shows that significant numbers of poor people are of working age and that labor market trends point to continued competition among area employers for workers, thus improving the employment prospects of the poor. The chapter also shows that, with the important exception of welfare recipients, for able-bodied poor adults entry-level work pays considerably better than public assistance. Chapter 4 looks specifically at jobs people with limited employment qualifications can hope to obtain. Many such jobs are available; most are dead end; some are not. The

chapter also describes the $68 million available in 1986 for employment and training of the poor. The last chapter describes the many challenges an employment strategy will have to overcome if it is to succeed in reducing the number of people living in long-term poverty.

The increase of poverty in the city

An analysis of the District of Columbia's household population shows that between 1980 and 1986 the number of people living in poverty increased by eight percent, from 96,000 to 104,000 persons.[1] The city's total population dropped slightly during that period, and people in poverty as a percentage of all residents increased from 15.8 percent to 17.4 percent (see Table 2-1).

Poverty is defined here according to the federal poverty standard. This standard specifies a level of annual income below which a person is believed to be poor. The standard varies according to family size and is annually adjusted for inflation. However, the standard is not adjusted for local differences in the cost of living. Nor does it reflect the value of non-cash benefits received, such as public housing or free medical care. Despite these and other imperfections, the standard is generally accepted as a reasonable way to estimate poverty among groups of people.

[1] A household consists of all the people who live in one housing unit (a single-family home, an apartment, or a mobile home) whether or not they are related to one another. A household might have one member, two, three, or as many as ten or more. The federal poverty limits take into account the number of people in the unit, with smaller numbers having lower income limits. While technically the income limits pertain to families and unrelated individuals whether living alone or with others, Grier and Grier have applied them to households. The same standards, adjusted for inflation, have been applied to data from the 1980 Census and the Census 86 survey. As a result, the 1980 figures cited here will not agree exactly with those published by the Census Bureau or in reports that relied on these published sources of 1980 data. The 1980 Census reported that 18.6 percent of the city's total population lived in poverty. As described in the text, applying the poverty standard to households in 1980 yields 15.8 percent. The difference between the figures stems from the fact that the Grier and Grier methodology does not disaggregate income by families within a household. Neither the 1980 Census nor Census 86 reports poverty data for the population in institutions, military barracks, and college dormitories. The 1986 poverty income limits are shown in the Appendix.

Table 2-1

Household population in poverty
District of Columbia, 1980 and 1986

	1980	1986	Change No.	Change %
People in households	609,560	597,500	(12,060)	(2)
Poor people in households	96,340	104,000	7,660	8
Percent in poverty	15.8	17.4	—	—

Sources: 1980—U.S. Census, Public use Microdata Sample File
1986—Greater Washington Research Center, Census 86

The 1986 data came from Census 86, a survey of over 6,500 District households, described more fully in a paper by Grier and Grier.[2a] Because Census 86 is a survey of people living in households only, it does not include the more than 30,000 people living in institutions (such as prisons, military barracks, or college dormitories), nor does it include homeless people. Thus, the figures *understate* the total number of people in poverty, since many prison inmates and virtually all the homeless are poor.

Throughout this report, references to the poor are to those living in households.

Poverty brings with it significant financial costs. A preliminary estimate by a senior District official is that the government spent nearly one billion dollars in 1986 for programs serving low-income residents.[b]

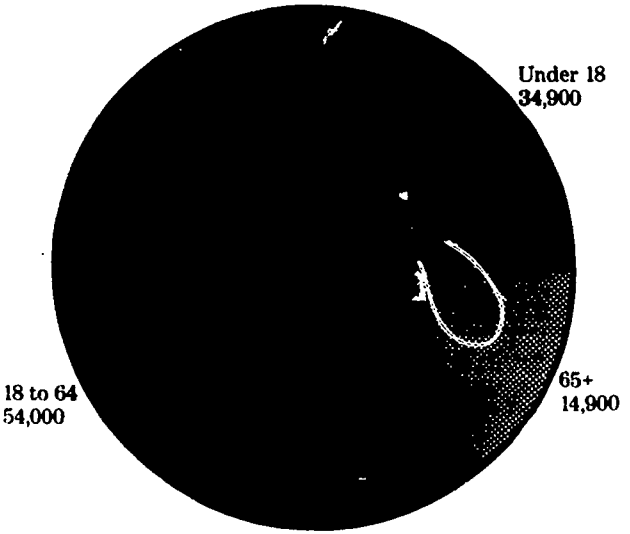
Characteristics of people in poverty

More than half of the city's poor, or some 54,000 people, are of working age. One-third of all poor are children and the remainder are 65 or older (see Figure 2-1). While the number of poor children declined since 1980, they remain by far the larger dependent-age group among the poor and are represented at a higher rate than any other age group (see Figure 2-2).

[2]Additional information on this group and on all poor and nonpoor area residents beyond that given here will be available from Census 86 when the analysis is complete.

Figure 2-1

More than half the poor are of working age
Washington, D.C., 1986



People in poverty by age

Source: Grier and Grier (1988a)

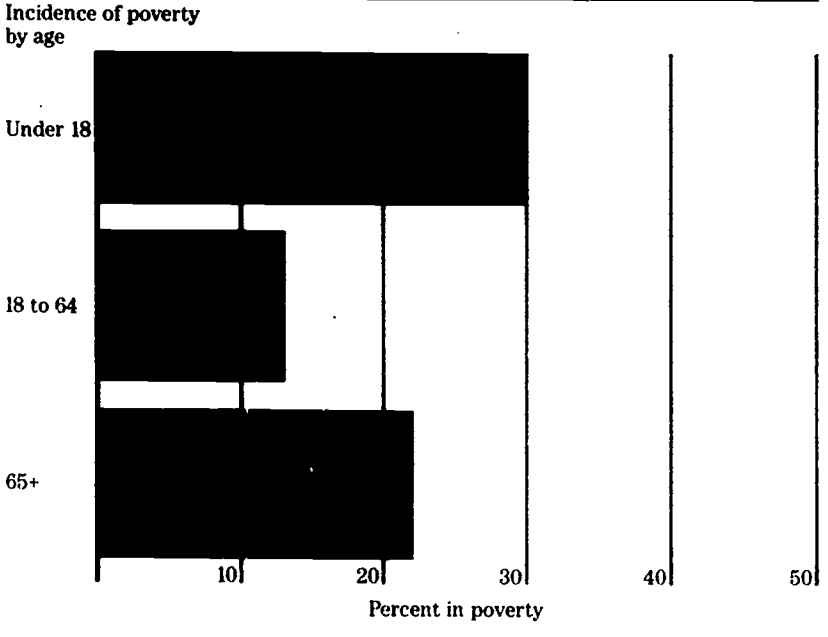
Women are more likely to be poor. Among working-aged adults (18-64), about 15 percent of women are poor, compared to 11 percent of men. More of the poor are women. Among the same working-age group, there are over one-and-a-half poor women for every poor man.

> Among working-aged adults,... there are over one-and-a-half poor women for every poor man.

The poor are much more likely than the nonpoor to be black and Hispanic. Among the District poor, more than four-fifths are black people; 11 percent are Hispanic people; just 5 percent are white (see Figure 2-3). These figures reveal Hispanic people to be the most seriously overrepresented racial or ethnic group among the poor: Hispanics

Figure 2-2

Poverty is highest among children Washington, D.C., 1986



Source: Grier and Grier (1988a)

are poor by nearly twice their percentage of the total population. Black people, who constitute the overwhelming majority of the poor, are overrepresented by nearly one-quarter.

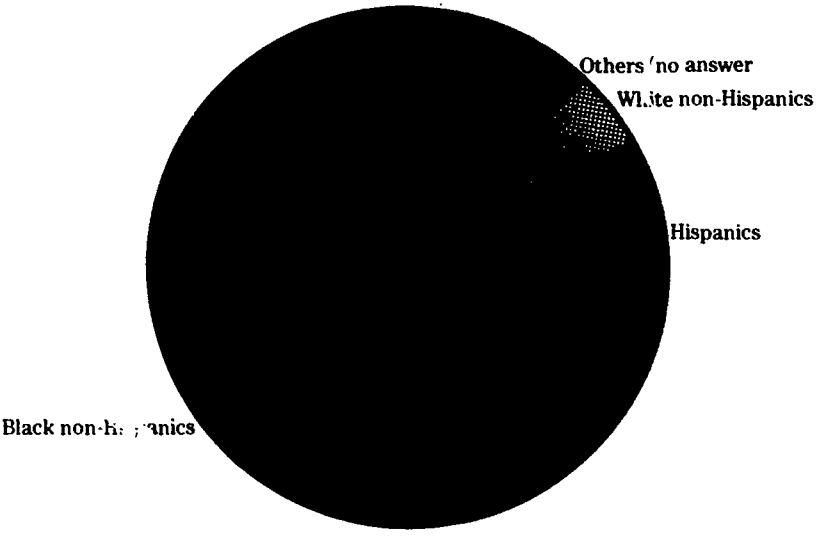
Children and poverty

Poverty has a particularly harmful effect on children. Poverty is associated with infant mortality, poor health, developmental delay, child abuse and neglect, and deviant social behavior. District data[c] show that:

- of all District babies who died in 1983, 60 percent lived in areas of the city with high rates of poverty;
- the majority of the 2,300 children in the District's foster care system in 1987 came from poor families;
- of all the juveniles arrested during 1985 and the first

Figure 2-3

Most poor people are black
Washington, D.C., 1986



Source: Grier and Grier (1988a)

six months of 1986, 67 percent lived in high poverty areas;

- over 50 percent of the District's welfare (AFDC) recipients had their first child when they were in their teens.

According to one local expert, approximately 900 District families were homeless in 1987, including 2,000 children.[d] The prospects for children under such circumstances are troubling indeed.

The increasing concentration of poverty in the District

The proportion of poor people living in the same area with other poor people also increased. From 1970 to 1980, the percentage of the District's poor population living in what are known as *poverty areas* (areas where at least one resident in five is poor) increased by nearly one-fifth, from

56 to 65 percent. And the District's poor population living in *extreme poverty areas* (areas where at least two residents in five are poor) increased by over one-fifth, from 9 to 11 percent.[e]

The proportion of the total population living in poverty areas increased as well. The percentage of the total District population living in poverty areas increased by nearly one-quarter, from 33 to 41 percent. The percentage of the total population living in extreme poverty remained unchanged at 4 percent (see Table 2-2).

Table 2-2

People living in poverty areas
District of Columbia, 1970-1980

	1970		1980		1970-1980 Change
	No.	%	No.	%	No.
Total poor people	123,109	100	113,356	100	(9,753)
In poverty areas*	69,275	56	74,337	66	5,062
In extreme poverty areas†	11,105	9	12,207	11	1,102
Total people	756,510	100	638,333	100	(118,177)
In poverty areas*	251,125	33	262,945	41	11,820
In extreme poverty areas†	29,240	4	27,708	4	(1,532)

*Areas where at least one resident in five is poor
†Areas where at least two residents in five are poor

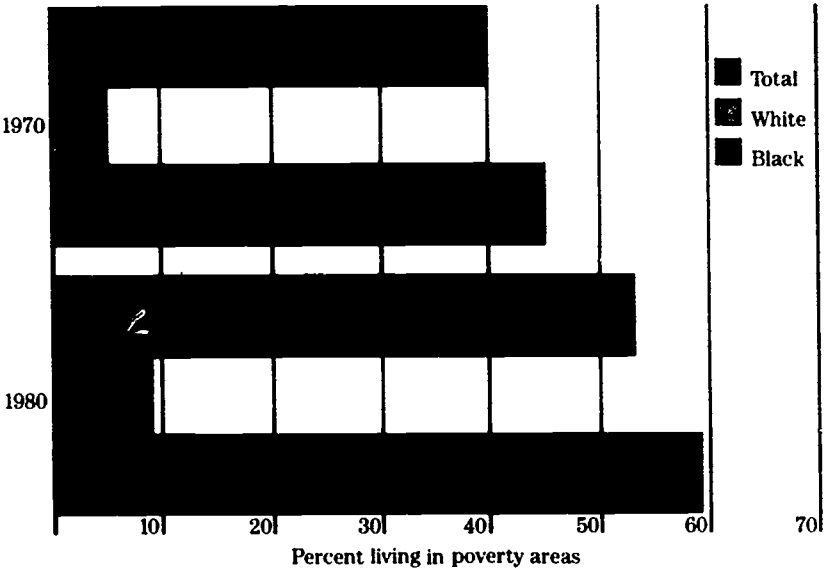
Source: Maxwell (1987)

The growth of areas characterized by low income, described by Professor William Julius Wilson of the University of Chicago and others, brings with it profoundly sobering consequences. Wilson has dubbed these the *concentration effect.*

Wilson warns that it is much harder for poor people to leave poverty if they live in areas where poverty is endemic. He observes that the exodus of the middle class removes a key source of support from an area's basic institutions: its schools, its religious institutions, its businesses and stores. Jobs and access to information about jobs decline. Because there are fewer regularly employed adults and long-term joblessness is the norm, children spend less time with

Figure 2-4

Children are increasingly concentrated in poverty areas Washington, D.C., 1970 and 1980



Poverty areas: 20% or more of all residents are in poverty
Source: White (1988)

people who have steady jobs. Because they lack role models who are succeeding in the mainstream economy, children might choose not to develop the kinds of intellectual and verbal skills necessary to join and remain in that economy. Schooling might seem irrelevant to their lives; they might refuse or be unable to participate wholeheartedly, frustrating and discouraging those teachers who try to interest them in academic pursuits. The result? Wilson's analysis: "A vicious cycle is perpetuated through the family, through the community, and through the schools."[f]

In the context of Wilson's analysis, it is deeply troubling to note that the percentages of District children living in neighborhoods where one out of five residents is in poverty are extremely high and are increasing.[3] In 1970, 40 percent

[3]Data are not currently available on the percentages of *poor* District children living in such neighborhoods.

of all District children under the age of 17 lived in such areas. In 1980, 53 percent of the city's children did so. Among black children, the percentages rose from 45 percent in 1970 to 59 percent in 1980.[g] Figure 2-4 illustrates these findings.

The migration patterns of black people

The reason for the increasing concentration of poor people living with poor people might lie at least partly in the migration patterns of black people moving into and out of the District. Between 1960 and 1980, while the Washington area's black population increased dramatically, little of that growth occurred in the District. Black people who stayed in the city had lower incomes than those who moved from the city to the suburbs. Among black movers to the area, those who moved to the District had lower incomes than those who moved to the suburbs.[h] Thus, when compared to the suburban black population, the income of the city's black population declined.

Table 2-3

Changes in black population* by location†

	1960	1970	1980	Change 1960-1980
Black population in D.C.	340,653	414,488	416,086	75,433
Black population in Washington suburbs	61,793	123,580	357,560	295,767

*People 5 years and older for whom residence five years earlier is known.
†The Washington suburbs were redefined between 1960 and 1970 and again between 1970 and 1980. The data shown here have *not* been adjusted to make the suburban areas comparable.

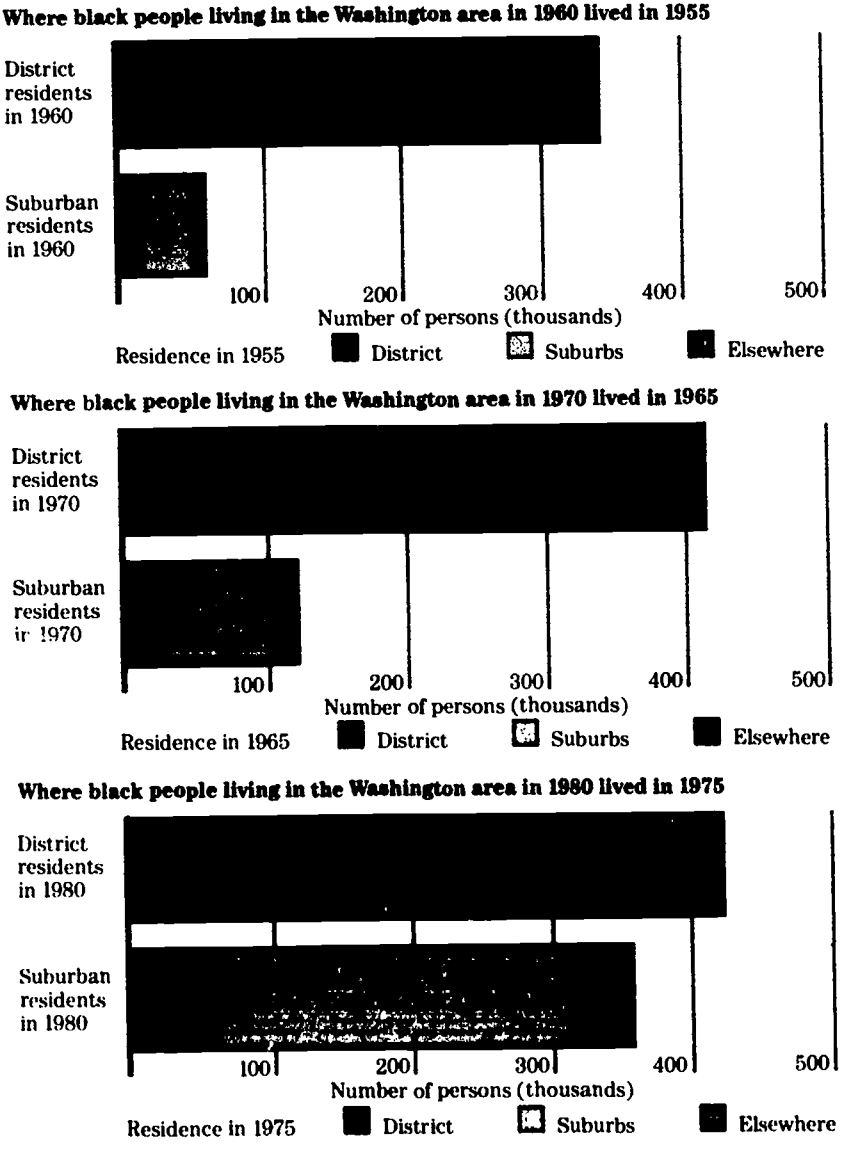
Source: White (1988)

To see this in more detail, we first compare District and suburban growth. As Table 2-3 shows, between 1960 and 1980 the black suburban population shot up by more than five-and-a-half times. During the same period the black District population increased by less than one-fourth.

Figure 2-5 shows the sources of the District and

Figure 2-5

Where black people in the Washington area lived five years earlier, 1960, 1970, and 1980



Note: Persons 5 and over at the start of each period.
Source: White (1988)

suburban growth. We see that while the bulk of the suburban growth came from outside the area, movers from the District also contributed to the increase. Conversely, few people from outside the area moved to the District; even fewer suburban residents moved to the city.

What is important for this discussion is that the suburban growth was made up of predominantly moderate-income and middle-class people, both from the District and from outside the area; the District growth was made up of people with lower incomes. For example, among all black people, the median income[4] of those who lived in the District in both 1975 and 1980 was $8,051. The median income of those who lived in the District in 1975 but who moved to the suburbs in 1980 was $11,284, 40 percent higher. Of black people who lived *outside* the metropolitan area in 1975 but lived *in* the area in 1980, the median income of those who moved to the District was $6,663 while the median income of those who moved to the suburbs was $9,961, nearly 50 percent higher. The 1970 data show similar trends, although they are not as pronounced.

Figure 2-6 illustrates the differences in income for three groups: black movers to the area from elsewhere in the United States or overseas; black District residents; and black residents of the Washington suburbs. The figure presents the median income of each group in 1970 and again in 1980. The paired bars compare the group that moved to or remained in the District with the group that moved to or remained in the suburbs. In all cases, we see that the income of the suburban group is higher than the income of the District group.[5]

Poverty among black people

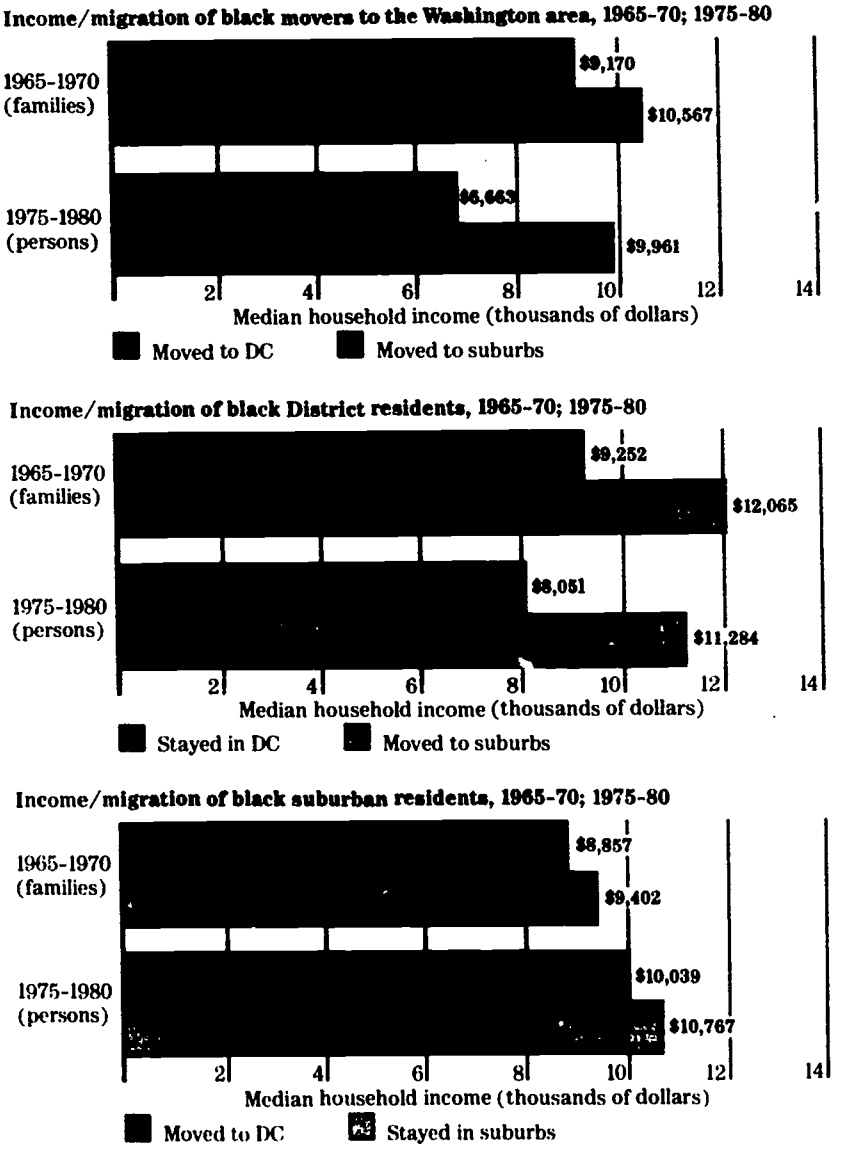
We saw earlier that most of the people in poverty in the District are black. In 1986, black people made up 66 percent of the city's total population; however, they made up 82 percent of the poor population. A major cause of poverty is lack of employment. The percentage of black

[4]Defined as the annual per capita income in 1970 of people 15 and over who had income during the year.

[5]Equivalent income and migration figures for white people can be found in the Appendix.

Figure 2-6

How the incomes of black people in the Washington area varied according to their migration, 1970 and 1980



Source: White (1988)

males 16 and over in the District who were either unemployed or not in the labor force was lower than the white equivalent in 1970 but sharply higher in 1980. The migration patterns might help explain why the percentage of black men in the District who were unemployed plus those not in the labor force was nearly one-quarter higher than the suburban equivalent in 1970 and was over two-thirds higher in 1980 (see Table 2-4).[i]

Table 2-4

Men 16 and over unemployed or not in the labor force District of Columbia and Washington suburbs, 1970, 1980

	Percent unemployed or not in the labor force	
	1970	1980
Black men		
District residents	27%	41%
Suburban residents	22	24
White and other men		
District residents	32	28
Suburban residents	17	18

Source: Maxwell (1985)

The sharp increase of unemployment among black District men might at least partly explain the increase among the District's female-headed black families in poverty during that same period. Although the total number of black families declined in the District between 1970 and 1980, both female-headed black families and female-headed black families in poverty grew (see Table 2-5).

Male unemployment might result in female-headed families because economic considerations play a major role in family formation. A man who is often or usually jobless has gloomy economic prospects and might hesitate to marry. Similarly, a woman who is already supporting herself and perhaps one or more children might feel that if she were to marry such a man she would simply be adding another mouth to feed.

Poverty is far from inevitable among families headed by women. But it might be difficult for one worker to earn enough to raise a family's income above poverty, especially

Table 2-5

Female-headed black families and female-headed black families in poverty, District of Columbia, 1970 and 1980

	1970		1980	
	No.	%	No.	%
All black families	121,058	100	102,415	100
Female-headed black families	34,488	28	43,198	42
Female-headed black families in poverty	11,309	33*	13,195	31*

*As percentage of all female-headed black families

Source: Maxwell (1985)

if that worker's educational attainment is relatively low. Sixty-four percent of poor women heading families in the District in 1980 had not completed high school.[j]

To look at changes in employment among men and their possible impact on family formation, we can calculate the numbers of men employed full time per 100 women of the same age and race. Because full-time employment is generally necessary to help support a family, this ratio might indicate the availability of men who are economically qualified for marriage. We pick the age range of 25 to 29 as this is a prime age for family formation. In 1970 in the District of Columbia, for every 100 black women in their late twenties, there were 65 black men of the same age working full time. By 1980, that number had fallen to 53.[k] In other words, in this age group there were two black women for every black man with a full-time job (see Table 2-6).[6]

Short-term and long-term poverty

When we think about poverty, we tend to think in universalities; poverty is poverty is poverty. Recent research shows that this thinking is flawed. Not all poverty is alike. One of the most important variables is the duration of poverty; most poor people stay poor for only a year or two.

[k]For white people the equivalent numbers were much higher: 81 in 1970 and 73 in 1980.

Table 2-6

Men working full time per 100 women Black people, District of Columbia, 1970, 1980

	1970	1980
People 25-29	65	53

Source: Maxwell (1985)

A minority, however, remain poor for many years. While all poverty is troubling in one of the most affluent nations in the world, chronic (or long-term) poverty is perhaps the most troubling of all.

Until recently, the only detailed information we had on Americans in poverty came from the census. Every decade Americans are counted and their personal and economic characteristics inventoried by the Bureau of the Census. This portrait, although detailed, has a major drawback, however; it provides only a single-moment picture of the poor. Think of yourself standing with a camera on a certain

> While all poverty is troubling,... chronic (or long-term) poverty is perhaps the most troubling of all.

street corner in 1970. You take photographs of all the people walking by. Then, ten years later, you go back to the same corner and take another series of photographs. While your two sets of photographs will show you the people walking by in 1970 and in 1980, they won't tell you much about what happened to them in the intervening years. You can't even be sure if you've photographed any of the same people in both series. Census data are a bit like these photographs. Although analysts learn a great deal from census results, and have also developed ways to estimate changes over time, the snapshot nature of the census limits its utility for understanding the dynamics and duration of poverty.

Fortunately, in 1968 the Survey Research Center at the University of Michigan initiated a new project, the Panel Study of Income Dynamics, which has greatly increased our understanding of poverty. Five thousand families, statisti-

cally representative of the citizenry of the United States in 1968, agreed to give researchers detailed information on their personal and economic circumstances not just once, but every year from 1968 onwards. The researchers have followed the lives of these families through marriages, births, children leaving home, family breakups, illnesses, and deaths. Instead of showing us a snapshot, the Panel Study gives us a videotape, showing the economic ups and downs of families over time.

> ...most people left poverty within a year or two. But a small percentage did not.

Analyses of these data show that poverty is surprisingly common in the United States. One person in three (35 percent) in major urban areas[7] is estimated to have fallen below the federal poverty level during at least one of the ten years between 1974 and 1983. However, most periods of poverty were relatively short term, meaning that most people left poverty within a year or two. But a small percentage did not. About 1 person in 20 (5 percent) is estimated to have lived in long-term poverty, defined as being poor *8 or more* of those 10 years.[1]

District residents in long-term poverty

Washington, D.C.'s household population was analyzed using this methodology to estimate the numbers of city residents in long-term poverty. The analysis produced an estimate that in 1980 more than 48,000 District residents were living in long-term poverty.[8m] When applied to the city's 1986 household population derived from the Greater Washington Research Center's Census 86 project, the same methodology produces an estimate that over 49,000 per-

[7]Defined as a person living in the central county of a metropolitan area with a population of one million or more.

[8]When applied to the total population rather than the total household population, the methodology yields estimates that 52,000 District residents were living in long-term poverty in 1980.[m] The 1980 estimate in the text has been adjusted to make it comparable with the 1986 data.

sons were in long-term poverty.[n] Because these estimates are based on the city's household population rather than its total population, they understate the total population in long-term poverty.

Based on Panel Study data, the estimated 49,000 District household residents in long-term poverty in 1986 break down as follows:

- children 0-17: 44 percent
- adults 18-64: 45 percent
- people 65+: 12 percent[9]

The population can be further subdivided into only two racial groups: whites/others and blacks. Hispanics cannot be separated out in sufficient numbers in the Panel Study; consequently we are unable to provide any estimates of long-term poverty among Washington's Hispanic population. It is unlikely that this limitation has caused us to overstate long-term poverty; it might have caused us to understate it.

A similar limitation of the numbers of elderly persons in the Panel Study makes it impractical to subdivide people 65 and older by race. Among those under 65 in long-term poverty, whites/others make up 10 percent; blacks constitute 90 percent.

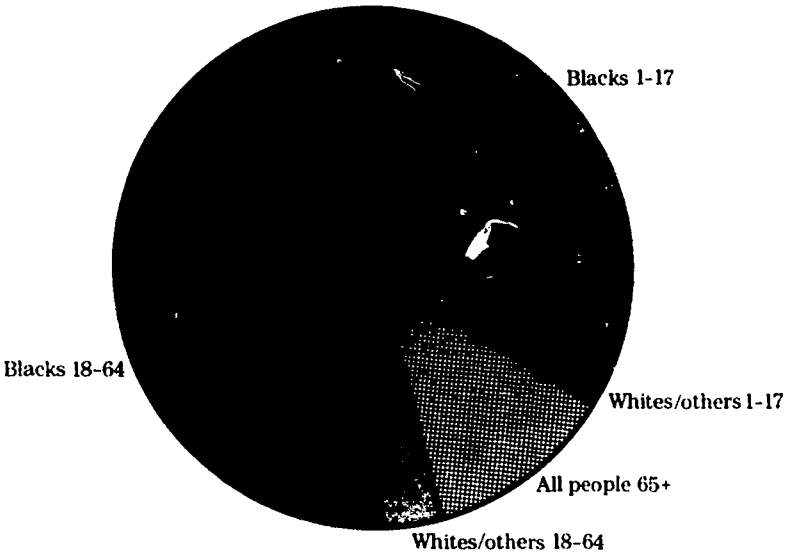
Figure 2-7 illustrates the District's estimated 1986 population in long-term poverty by age and race.

Of the District's total household population in poverty in 1986, nearly 45 percent were also in long-term poverty.[o] Given that long-term poverty is much less common than short-term poverty, this high percentage might appear contradictory. A good way to understand why it is *not* contradictory is to compare people in poverty to patients in a hospital. Imagine yourself visiting a hospital. The hospital director explains that the great majority of patients stay for only a few days and then go home. But when you walk through the wards, nearly half the patients you see have been in the hospital for many months. The explanation is that during a six-month period one long-term patient can occupy one bed for the entire time, while dozens of short-term patients, one after the other, can occupy one of the other beds. So it is with the population in poverty. At any one time, a substantial percentage of the

[9]Total adds up to 101 percent due to rounding.

Figure 2-7

Most people in long-term poverty are black
Washington, D.C., 1986



People in long-term poverty by age and race

Source: Grier and Grier (1988b)

poor are in long-term poverty. But among people who experience poverty, short-term poverty is much more common than long-term poverty.[p]

In addition to its cost in suffering and lost opportunities, long-term poverty also has a major fiscal impact. To continue the hospital analogy, just as a long-term patient receives a disproportionate share of hospital services, a person in long-term poverty receives a disproportionate share of social services. For example, many families in long-term poverty were begun by teen births. One expert has estimated that in 1986 alone the District spent $116 million for assistance to such families.[q]

Understanding the differences between short-term and long-term poverty is the first step. But how can that knowledge be put to use? Program operators cannot be expected to determine the presence or absence of long-term poverty on an individual case basis. Official records

almost never document an individual's income history over ten years. Individual recollections are often hazy and might be inaccurate. Most important, we do not want to wait until the end of ten years to start treatment; we want to find ways to prevent long-term poverty now.

Fortunately, we can use the Panel Study data to approximate the *risk* of long-term poverty by certain other characteristics. These include whether or not people are currently poor, their age and race, and certain other factors. Figures 2-8 and 2-9 illustrate some of the key characteristics of long-term urban poor people, according to the Panel Study. The warning signs in Figure 2-8 have been extensively reported in the media. The other characteristics in Figure 2-9 are perhaps less well known.

Certain characteristics can help identify District residents in poverty who are at risk of long-term poverty. These are if they live in a household headed by someone who is:

- a high school dropout; and/or
- not employed; and/or
- a woman; and/or
- dependent on welfare.

Poverty in the District compared to the rest of the country

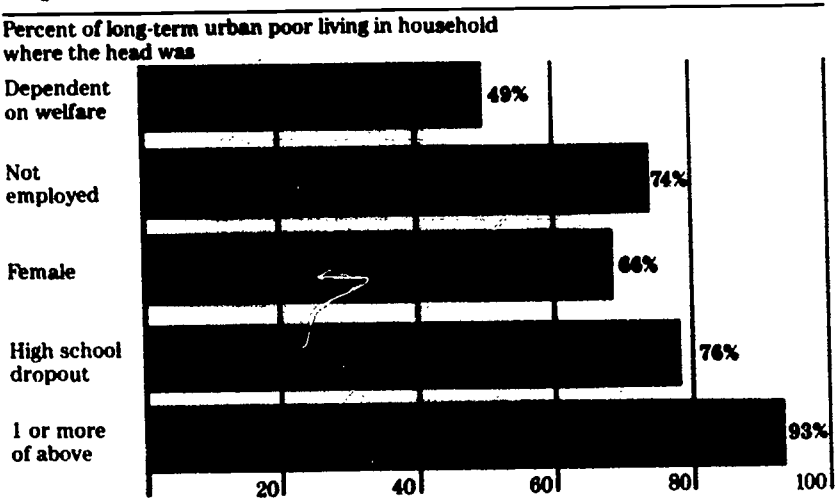
While the problem of long-term poverty is an extremely difficult one, the situation in the District appears better than the situation in many other central cities. Based on the city's relatively low percentage of people in long-term poverty, when compared to other cities, the city appears relatively well-positioned to attempt to reduce the number of people living in long-term poverty.

> ...the situation in the District appears better than the situation in many other central cities.

A long-term poverty population is typical of central cities. As a percentage of the city's total population, the District's long-term poverty population is significantly smaller than that in many other cities of comparable size.

Figure 2-8

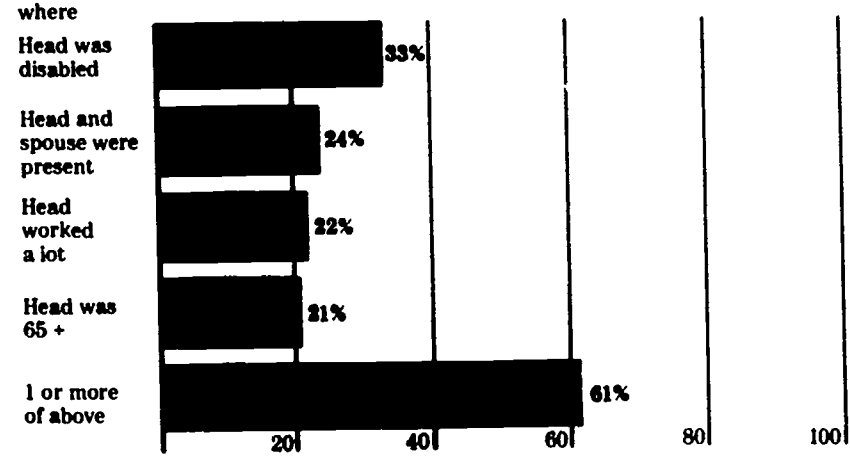
Warning signs associated with long-term poverty, major urban areas, 1980



Source: Adams and Duncan (1988)

Figure 2-9

Other characteristics found among households in long-term poverty, major urban areas, 1980



Source: Adams and Duncan (1988)

Estimates were made of the percentage of people living in long-term poverty in six cities, including Washington, with total 1980 populations ranging from 340,000 to 780,000.[f] Of those cities, Washington's percentage of those living in long-term poverty was the second lowest (see Table 2-7).

Table 2-7

Percent of 1980 city populations chronically poor, 1974–1983, Six cities compared

Cleveland, OH	14.4
San Antonio, TX	11.4
Oakland, CA	10.7
Boston, MA	9.4
Washington, DC	**8.6**
Denver, CO	6.4

Source: Adams and Duncan (1988)

The changes in the poor neighborhoods of America's five largest cities between 1970 and 1980 have also been profiled.[s] The cities' overall populations in absolute numbers decreased by 9 percent, but their poverty populations increased by 22 percent. In at least some cases, the concentrations of poor black people in the central cities increased dramatically as a result of the migration of middle-class and moderate-income black people to the suburbs. Poor people living in what are known as poverty areas increased by 58 percent. (In the District the equivalent increase was 16 percent.) The poor living in extreme poverty areas shot up by an extraordinary 182 percent. (In the District the equivalent increase was 22 percent.)

Endnotes to Chapter 2

a. Grier and Grier, 1988a.
b. Office of the Special Assistant for Human Resource Development, Office of the Mayor, 1988.
c. Office of the Special Assistant for Human Resource Development, Office of the Mayor, 1987.
d. Carr, 1988.
e. Maxwell, 1987.
f. Wilson, 1987.

g. White, 1988.
h. White, 1988.
i. Maxwell, 1985.
j Maxwell, 1985.
k. Maxwell, 1985.
l. Adams and Duncan, 1988.
m. Adams and Duncan, 1988.
n. Grier and Grier, 1988b.
o. Grier and Grier, 1988b.
p. This helpful analogy was made by Bane and Ellwood, 1983.
q. Burt, 1987.
r. Adams and Duncan, 1988.
s. Wilson, 1987.

Chapter 3

Employment as a Strategy to Reduce Long-term Poverty

This chapter discusses ways people can get out of poverty, describes poor people of working age in Washington, D.C., examines labor market trends, and reports on the net economic benefit to able-bodied adults of entry-level employment in comparison to available social support programs.

Earnings from work represent the major way people can leave poverty through their own efforts. We see that significant numbers of poor Washingtonians are of working age. An employment-based strategy, if successful, could thus help many—but by no means all—poor people. The current Washington-area labor market is tight and this trend is likely to continue, meaning that employers might be more willing to hire and train people with limited employment qualifications. Finally, with the important exception of welfare (AFDC) recipients, even entry-level wages offer considerably more net income to able-bodied adults than do social support programs. However, this is true only if the job is full time and lasts for a full year.

Ways out of poverty

Poverty is defined in this analysis in terms of income. Specifically, it is defined as not having enough income to exceed the federal poverty standard. This limited definition does not attempt to take into account other problems that are sometimes associated with poverty, particularly with long-term poverty, such as emotional deprivation, alien-

ation, increased exposure to criminal behavior, and inferior nutrition, education, housing, and medical care. Some of these problems, if present, will not necessarily be affected by increased income. However, some might be.

The two most common ways for poor people to get the money they need to leave poverty are either through earnings (their own or a family member's) or through income transfer programs. Given the pressure on the national budget because of huge current deficits, government income transfer programs appear unlikely to increase. Indeed, some people are pressing to reduce those programs already in place. Thus, the more promising avenue for us to investigate is ways to increase employment and earnings.

We have two basic approaches to help people increase their eligibility for employment at jobs paying enough to lift a family out of poverty. The first is to increase the educational attainment of young people in school.

Table 3-1

Relationship of education and earnings
Black males aged 35 to 44
District of Columbia, 1979

Years of school completed	Mean annual earnings in 1979 of black male full-time workers aged 35 to 44
Elementary	
0-7 years	$11,813
8 years	13,262
High school	
1-3 years	13,947
4 years	15,753
College	
1-3 years	16,578
4 years	21,878
5-6 years	24,895
7 or more years	33,105

Source: Maxwell (1985)

There is a direct and unambiguous relationship between increased education and increased earnings from employment. Table 3-1 shows that, for black District men aged 35 to 44, as years of school completed rose, so too did

their 1979 mean annual earnings for full-time employment. Similar analyses for black and white men and women in various small age groups between 18 and 64 produce similar results.

Despite the clear association between increased education and increased earnings, several observers suggest that some children from low-income neighborhoods do not perceive academic achievement as in their own personal best interests.[a] Due to the concentration effect described in Chapter 1, some children do not have role models outside of school who are regularly employed at jobs paying enough money to get the worker out of poverty. Not seeing a correlation between academic skills and income, some of these children are not willing to pursue these academic skills themselves.

> ...some children from low-income neighborhoods do not perceive academic achievement as in their own personal best interests.

The second basic approach is to increase the skills and employment opportunities of people who are no longer in school.[1] This analysis focuses on this second approach.

Given the complexity of poverty and the diversity of persons in poverty, any one approach to reducing poverty will be of potential value only to a subset of poor people. If we could enhance the ability of adults no longer in school to increase their earnings from employment, we would affect three groups of the poor. First, we would help those people of working age who are able and willing to work and who either already have or can develop marketable skills. Second, we would help other family members who are

[1]An increase in the minimum wage would increase earnings from employment of those who remained or became employed. But a higher minimum wage might cause employers to hire fewer workers. Furthermore, if the District of Columbia were to enact a minimum wage that was significantly higher than the minimum wage in surrounding jurisdictions, the resulting wage differential would presumably lead to some loss of jobs to those jurisdictions and elsewhere. No attempt has been made to quantify the potential job loss at various wage differences.

economically dependent on those adults.[2b] Finally we would help children living in low-income neighborhoods. If the numbers of poor adults who are working full time, year round, are increased, and if their skills and earnings are increased, more currently low-income children will have access to role models who are benefitting financially in the mainstream economy from acquired skills.

Workers and potential workers among the poor

An employment-based strategy, if successful, could be of direct benefit to significant numbers of poor District residents, including residents in long-term poverty.[3]

Workers and potential workers made up some 42 percent of the total 1986 District household population in poverty. (The information in this section comes from Grier and Grier, 1988a.) Of the 53,400 poor persons aged 18 to 64, some 24,500 were employed and another 19,000 were neither employed nor disabled.[4]

The percentage of poor adults who are also in long-term poverty is somewhat lower than the percentage of the total poor household population. Of the District's 53,400 poor people aged 18 to 64 in 1986, about 20,800 are estimated to be in long-term poverty, or approximately 39 percent.[c] Thus about two poor working-aged adults in five are in long-term poverty.

It is important to note that nearly half of all working-aged poor people were working, many of them full time.

[2]It would be naive to think that economic gain achieved by one family member is automatically shared by that person's dependents. It would be unduly cynical, however, to assume that dependents never benefit. Local research is not available on the frequency with which poor dependents benefit from increased earnings by a family member. However, national data show that the family is the most important mechanism for income maintenance.[b]

[3]It should be noted that the city's population in poverty is fluid rather than fixed. A successful employment strategy could serve to increase the city's poverty population by attracting other poor people to Washington. No attempt has been made to estimate the numbers of poor people who could be attracted to the city in such a case.

[4]One working-aged adult in five reported being disabled. Of these, 12 percent reported that they were employed. To be conservative, we have excluded from the category of potential workers all unemployed working-aged adults who reported being disabled.

Thus many working-aged adults were poor not because they were unable or unwilling to work, but because even full-time employment at the wages they could command was not enough to lift their households out of poverty.

Consistent with this finding, poor working-aged adults' households were relatively large. Nearly three-quarters lived in households of three or more people; nearly one-quarter lived in households of six or more. It is therefore not surprising that well over half had one or more children under 18 living in the household with them.

It is also important to note that black and Hispanic persons are disproportionately represented among poor adults of working age, just as they are among all poor persons. Specifically, 82 percent are black and 11 percent are Hispanic (see Table 3-2). Among nonpoor adults of working age, 61 percent are black and 5 percent are Hispanic.

> It is important to note that nearly half of all working-aged poor people were working, many of them full time.

The answers to some important questions about poor unemployed adults are not known. Specifically, we do not know how many unemployed poor people might be offered jobs by employers. We do not know what skills they have or might obtain that would make them attractive to employers. We do not know how many have characteristics that would make them unattractive to employers. Nor do we know how many of the unemployed poor would be willing to accept a job if offered one, or to participate in training if given the opportunity.

Racial discrimination and employment opportunities

To the extent that racial discrimination plays a role in employment opportunities in the Washington area, minority poor adults' chances of improving their earnings from employment are likely to be diminished. We do not have information on racial discrimination in employment of poor people in the area. However, an analysis of the Washington-

Table 3-2

Characteristics of working-aged poor in households District of Columbia, 1986

Persons 18–64 years in households	Number	Percent*
Total	53,400	100%
Race and ethnic origin†		
Black non-Hispanic	43,800	82
White non-Hispanic	2,900	5
Hispanic	6,100	11
Other	400	‡
Sex†		
Male	20,300	38
Female	32,600	61
Disabled†		
Yes	11,300	21
No	41,300	77
Holding a job at time of survey†		
Yes	24,500	46
No	29,000	54
Number of persons in household		
One	6,600	12
Two	7,300	14
Three	9,900	19
Four	9,000	17
Five	8,600	16
Six or more	12,300	23
Children under 18 in household (both sexes)		
Yes	31,200	58
No	22,400	42

*Figures might not add to 100 percent due to rounding.
†Total excludes those for whom this information was not supplied.
‡Less than 0.5 percent.

Source: Greater Washington Research Center, Census 86

area labor force in 1985 showed that younger black male residents of greater Washington with college degrees were less able to achieve jobs commensurate with their education than were members of any other major race or sex group of equal age and educational attainment. The report called the gap "not a result of past inequities but of present practices."[d]

The results of a study in 1986 of housing discrimination in the Washington area also merit attention. The Regional Fair Housing Consortium (1986) reported the results of a major area-wide test of discrimination in rental housing. Out of 280 tests made around the metropolitan area, preferential tratment was given to a white applicant over a black applicant more than half the time. Table 3-3 summarizes the findings. Widespread local discrimination against black applicants for rental units was clearly demonstrated.

Table 3-3

Racial discrimination in the rental housing market
Summary of test results
Washington metropolitan area, 1986

	Metro Area	Montgomery County	Northern Virginia	District of Columbia	Howard County	Prince Georges
Total valid tests	280	64	71	81	19	45
Percent showing preferential treatment to white tester	53%	64%	56%	50%	47%	44%

Source: Regional Fair Housing Consortium (1986)

It should be noted that possible discrimination against Hispanics was not tested by the Consortium. It should also be noted that discrimination in rental housing does not prove job discrimination. Nonetheless, the results suggest employment discrimination by race might also be a significant problem.

Competition for available jobs

The Panel Study findings on long-term poverty, as discussed in Chapter 1, show that chronically poor people often live in households headed by someone with limited employment qualifications. Their educational level might be modest (76 percent are high school dropouts); some might

not have much experience of the world of work (74 percent were unemployed in 1980). Consequently, an employment strategy for the poor has two essential prerequisites. First, jobs must be available for people with limited employment qualifications. Second, the other people competing for these jobs must not be so many and so much better qualified that the chronically poor job seeker will never be hired.

In the following chapter we will examine the number of and wages provided by jobs available for workers with limited education and skills. As we shall see, significant numbers of such jobs are available in the Washington area. However, the extent to which these jobs will provide opportunities for poor and unskilled District residents will depend in great part on the labor supply available. Since employers hire whomever they think is the best choice among the available candidates, low-skilled applicants' chances will depend on the numbers, qualifications, and salary demands of the other people applying for the same jobs.

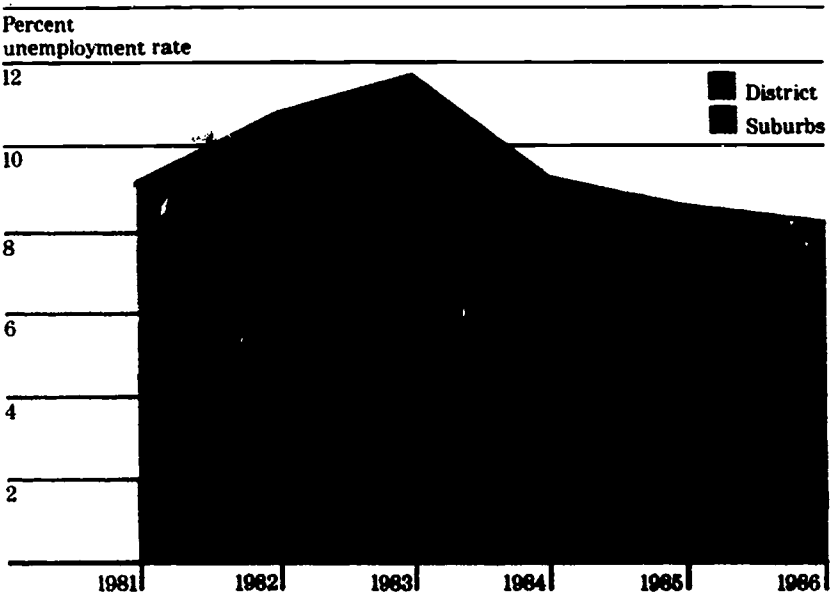
Based on available projections, described below, the Washington area seems likely to have an increasing shortage of workers. If this projection is correct, local employers will have limited choices: (1) to automate certain functions; (2) to move some or all of their operations; (3) to import more workers; and/or (4) to recruit and hire more people under 18, people over 64, and unemployed and underemployed people, including chronically poor people from the District.

> ...low-skilled applicants' chances will depend on the numbers, qualifications, and salary demands of the other people applying...

Together, employment and population trends reinforce the earnings-based strategy proposed in this report. Increasingly, if the area's economy continues to expand as expected, workers and potential workers will be earnestly sought by employers. Thus, chronically poor adults of working age will have an opportunity to be considered for employment.

Figure 3-1

Unemployment rates in the District usually move in tandem with those in the suburbs, 1981-1986



Source: D.C. Department of Employment Services as quoted in Metropolitan Washington Council of Governments (1987)

Figure 3-1 shows that between 1981 and 1986, while unemployment rates in the District remained higher than rates in the suburbs, District rates usually moved in concert with suburban rates. Between 1983 and 1986 the trend in both areas was downward. Between June of 1986 and June of 1987 the unemployment rate remained relatively stable in the suburbs at a very low 2.9 percent, but decreased in the District during the same period from 7.5 percent to 6.3 percent. According to the District's Department of Employment Services, District residents got nearly 23 percent of the expanded area jobs during those twelve months, a disproportionately high percentage, since District residents represent only 16 percent of the area's labor force (DOES, 1987). This strong participation by District residents appears to reflect a tight labor market.

But what are the trends for the near future? Labor tightness seems likely to continue. Based on the best

available estimates, the metropolitan area's working-age population (age 18 to 64) will increase by 1.9 percent each year between 1980 and 1990.[e] This population increase is slower than the estimated 2.3 percent annual increase in total jobs projected for the decade.

The estimated changes vary by geographic location. The expected trend is that between 1980 and 1990 the District will lose about 4,000 persons of working age (a decrease of 0.1 percent a year) while the suburbs will gain about 400,000 persons in that age group during the same period (an increase of 2.3 percent a year). Further, recent projections indicate the "inner ring" of the Washington suburban area will have seen slower growth in the working age population than will the "outer ring."[f]

> Together, employment and population trends reinforce the earnings-based strategy proposed in this report.

The number of area residents who will seek work cannot be estimated. Given the already very high rate of female labor-force participation, a further dramatic increase in the percentage of women joining the labor force does not seem likely. A potential source of additional workers is residents under 18 and those over 64. Some local employers are already actively recruiting members of both age groups.

This discussion has excluded residents outside the metropolitan area. Obviously they are competitors for available jobs, particularly jobs in the outer suburban ring. Other competitors are workers from other parts of the country, currently being actively recruited by some area employers. Although immigrants to the region have been included in the projections, an unanticipated surge of immigrants could provide another source of competition.

Does work pay?

Based on current and projected near-term trends, sources other than potential workers among low-income District residents appear likely to supply some but not all of the

area's labor needs. But is it economically worthwhile for a poor person to obtain an entry-level job instead of depending on available social support programs? For most able-bodied poor adults, the answer is most definitely yes. For a poor able-bodied adult without dependent children, even a minimum wage job yields a much higher income than does available public assistance. However, for those with dependent children who qualify for the AFDC program described below, the difference at low wage levels is marginal.

These statements are based on an analysis by Dearborn (1988) which reports the net gain from working at low wage levels for individuals and various family configurations. His analysis deducts taxes, transportation, and work clothing costs from earnings and adds in available benefits from public programs.[5]

Before looking more closely at the benefits offered by various income support programs, we should first explicitly note the effect of dependents on a worker's ability to leave poverty through earnings. As the number of dependents increases, the amount of money a worker must earn to bring both him/her and these dependents out of poverty naturally increases as well. For example, a worker paid a minimum wage of $3.60 an hour for 40 hours of work a week earns $7,488 in a year. This is $1,787 above the 1986 poverty level for a single adult of working age, but $1,249 below the poverty level for a family of three. As every worker knows, wages are set by the value to the employer of the work performed rather than by the number of persons dependent on the worker's earnings.

A minimum-wage job yields a much higher income than . . . public assistance.

Few income support programs serve able-bodied poor adults without dependent children. The first that might come to mind is Unemployment Insurance, but this benefits a relatively small number of the chronically poor. In fact, Unemployment Insurance is not usually considered an

[5]Dearborn's analysis did not include housing assistance programs and others that benefit a relatively small percentage of low-income people. Neither did it include the underground economy, where money is earned but not reported.

income support program; benefits are tied to work and are available to all who qualify, irrespective of income. To qualify, a person must have worked at a covered job for a certain minimum time. Benefits are based on job earnings and last for a limited number of weeks. Many chronically poor people do not qualify because they have not been employed or, if employed, their job was not covered or, if a previous job was covered, their benefits have run out. For those reasons, we have excluded Unemployment Insurance from this analysis.

Able-bodied adults without dependent children and not covered by Unemployment Insurance generally have only Food Stamps to fall back on.[6] This federal program gives low-income people coupons they can use to buy food. Food Stamps for a single able-bodied adult with no other income have a face value of $87 a month.[7] If that same person worked full time at $3.60 an hour, after adjustments he or she would net $468 a month, more than five times the value of the Food Stamps.

> ...for those with dependent children who qualify for AFDC,... the difference at low wage levels is marginal.

Food Stamps for a two-person family of able-bodied adults with no other income have a face value of $159 a month. If just one of the two worked full time at the minimum wage, the family would net $626, or almost four times their Food Stamp income. Thus, in both these cases the economic incentive provided by even low-wage jobs is relatively strong.

One important program remains. Aid to Families with Dependent Children (AFDC) is what most people think of

[6]A District adult with no other income who is *medically unable* to work due to a short-term disability can qualify for General Public Assistance (GPA). Approximately 5,000 District residents currently receive GPA benefits. The program was not included in this analysis. People with long-term disabilities can qualify for a program called Supplemental Security Income. This program was also not included in this analysis since recipients are deemed unable to work.

[7]Food Stamp and AFDC figures in this chapter reflect increases effective through October 1987.

when they speak of "welfare." The program is restricted to poor families with dependent children.

Panel Study data show that of all urban people in long-term poverty, 57 percent receive some AFDC (or GPA) assistance during a year.[8] So the relative merits of AFDC benefits compared to earnings from a low-wage job are particularly relevant to a discussion of employment-based strategies to reduce chronic poverty. Nineteen thousand District families currently receive AFDC.

AFDC compared with income from a low-wage job

Low-income families with dependent children are entitled to both Food Stamps and AFDC. The combined monthly benefit for a prototypical family of one adult and two children with no other income is $556; the benefit increases with family size. For an adult with four children, for example, the maximum benefit is $787.[8]

Families receiving AFDC are automatically eligible for Medicaid health insurance. Medicaid pays for all covered health-care expenses with no deductible and no copayment. However, to avoid any out-of-pocket expense, patients must be treated by those health-care providers that accept Medicaid.

Table 3-4 compares the relative economic benefit to a low-income woman[9] with children working at various wage levels to not working and receiving social support benefits.

In general, when a woman receiving AFDC goes to work at a low-paying job, her financial gain is relatively small. Between 72 and 98 percent of her earnings are offset by the costs of work clothes, transportation, and Social Security taxes, as well as the loss of benefits from AFDC, Food Stamps, and sometimes Medicaid.

This offset does not result from deductions for federal or local income taxes. Recent changes in federal and District tax laws have relieved very-low-income earners of paying any income taxes (other than Social Security taxes) effective January 1, 1988. Moreover, the federal government

[8]A schedule of AFDC and Food Stamp benefits by family size is in the Appendix.

[9]Fewer than one percent of the District's adult AFDC recipients are men.

Table 3-4

Net gain* from work at various wage levels compared to not working, for a parent with two dependent children

	Half time		Full time	
Hourly wage rate	$3.60	$3.60	$4.25	$6.30
Monthly wage	$312	$624	$737	$1092
Cash equivalent from working	$562 to $617†	$651 to $691†	$711 to $761†	$787 to $833†
Income if not working	($556)	($556)	($556)	($556)
Net gain	$6 to $61†	$95 to $135†	$155 to $205†	$231 to $277†
Equivalent marginal tax rate	80.4% to 98.1%	78.4% to 84.8%	72.2% to 79.0%	74.6% to 78.9%
Medicaid coverage‡	yes	lost after 4 to 15 months	lost after 4 months	lost after 4 months

*Adjustments have been made for work clothes, transportation, and Social Security taxes, plus the loss of benefits from AFDC and Food Stamps.
†Range depends on whether or not worker claims Earned Income Tax Credit monthly or at end of tax year. Most workers with AFDC benefits claim the Credit at the end of the year. Claiming the Credit at the end of the year results in a lower net gain on a monthly basis.
‡Time after which Medicaid is lost depends on whether or not worker claims Earned Income Tax Credit monthly or at end of year. Claiming the Credit at the end of the year results in retention of Medicaid for the longer period.

Source: Dearborn (1987)

has strengthened a relatively little-known earnings supplementation program called the Earned Income Tax Credit. As a result, low-income workers with dependent children can receive a credit that supplements earned income by up to 14 percent.

A poor woman with dependent children who leaves AFDC for work has two other factors to consider in addition to income: medical care and day care.

AFDC brings with it automatic eligibility for Medicaid. Full-time employment results in the loss of Medicaid coverage after a certain period of time (4 to 15 months, depending on salary level). What happens when a low-income family loses Medicaid is impossible to quantify. In

some cases, the loss might be relatively unimportant. In other cases, it might be disastrous.

As we will see in Chapter 4, more than half of the jobs available to low-income workers do not include health-care coverage. Of those that do, the coverage might require an employee contribution and might not cover dependent children. A worker without health insurance is not likely to be able to afford coverage comparable to Medicaid,[10] but she generally can receive free care at District public clinics and D.C. General Hospital. Some parents will not consider this care adequate because of the incomplete coverage, losing the choice of provider, the long waits, and other concerns. However, for others it would mean little change, since many Medicaid recipients already receive health care from these facilities.[11]

Child care can result in work-related costs that are as difficult to quantify as medical care.

District officials report that many workers getting such low wages that they continue to receive AFDC payments do incur child-care costs.[h] Instead of using licensed care, however, they pay friends or relatives to take care of their children. Under complex program rules, the net effect is for AFDC to partially finance child-care costs. Of course, once workers are no longer eligible for AFDC, this source of support for child-care costs ceases. (Another possible source of support is the District's subsidized day care program, discussed in Chapter 5.)

In sum, the immediate net financial benefit from entry-level employment for AFDC recipients ranges from marginal to modest, and then only if medical care and child care issues are resolved at no cost. When they are not so resolved, work *costs* rather than pays.

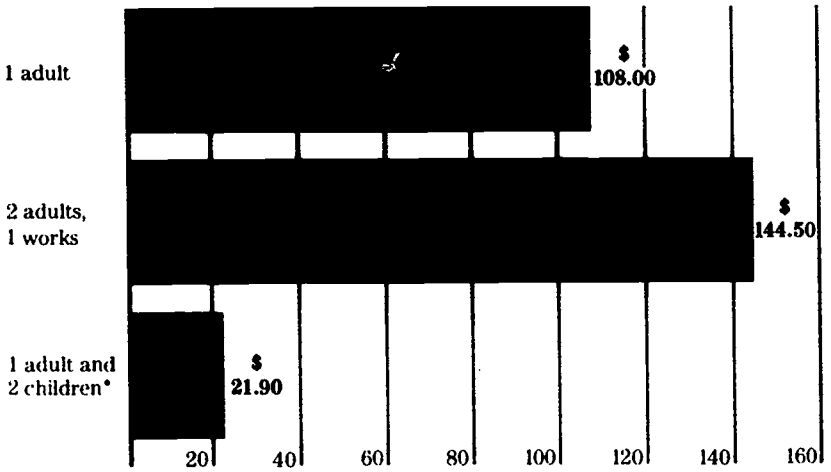
Figure 3-2 shows the weekly net gain from full-time work at the minimum wage compared to public income support while not working for a single able-bodied adult;

[10]Even a woman *with* health insurance might not be able to afford coverage comparable to Medicaid, due to the cost of copayments and deductibles.

[11]There would, of course, be an increased expense to the District because the city would no longer receive federal Medicaid reimbursement, which equals about half the cost of the care. This would be partly offset by decreased AFDC costs. Staff adjustments would be necessary to handle increased clinic use and decreased AFDC caseloads.

Figure 3-2

For AFDC recipients the net gain from minimum-wage employment is marginal, Washington, D.C., 1987



Net weekly gain in dollars from full-time, full-year work at $3.60/hour compared to social support programs

*Assumes adult with children is eligible for AFDC and will claim EITC at year end. Also assumes no additional costs to worker for medical care or child care.

Source: Dearborn (1988)

two adults, one of whom works; and one adult with two dependent children. In the case of the adult with dependents, the calculations assume that she or he is eligible for AFDC.[12] Figure 3-2 also assumes no additional costs for medical care and child care. This is the assumption most favorable to work. It should be noted that at the end of the year the working parent will be eligible for an additional $40 for every month worked during the year under the EITC program. The great majority of people eligible for EITC claim the Credit at year's end because claiming it on a monthly basis results in a lower net annual gain. In some cases, delaying receipt until year's end also results in longer Medicaid coverage.

[12]Men with dependent children also are eligible for AFDC and two parent families are eligible in the District.

Endnotes to Chapter 3

a. Fordham, 1986; *Washington Post*, 1987; Welsh, 1986; Wilson, 1987.
b. Duncan, 1984.
c. Grier and Grier, 1988b.
d. Grier and Grier, 1985.
e. Levin, 1987.
f. Levin, 1987.
g. Adams and Duncan, 1988.
h. Rowe, 1987.

Chapter 4

The Opportunity Offered by Jobs and Training

We now turn our attention to two topics: first, the jobs poor adults might get; and second, funding available for employment and training of poor District adults.

On the first topic, over half a million Washington-area jobs do not require a high school diploma; of these, about 5,000 job vacancies a week are full time and last for a year or more. Starting pay for the total group of jobs is nearly always greater than welfare but often not enough to lift a three-person family out of poverty. Wages paid a worker who is able to remain in one of them for some time, however, typically exceed both welfare and poverty levels, although they are almost always below a level that enters the middle income range.

On the second topic, nearly $68 million was available in 1986 for employment and training of predominantly low-income District residents.

Jobs available for people with limited employment qualifications

Let us first analyze the jobs that will be available in the Washington area in 1990 to people with limited employment qualifications. (The discussion is based on the work of Bendick and Egan, 1988). We consider the number of jobs, the occupational areas into which they fall, the qualifications needed to get them, the income and benefits the jobs provide, and the opportunities they offer for advancement.

Bendick and Egan's estimates are based on projected

1990 employment in the Washington metropolitan area.[1] It is important to note that the projections are based on 1980 patterns of employment and assume no major changes in the national economy or trends. Thus, like all projections, they can be rendered obsolete by outside forces, such as a radical downturn in the economy. Nonetheless, they represent the best available profile of employment in the Washington area both in 1990 and today.

Are jobs available?

Yes, jobs are available, but many of them are low paying, short term, and offer little hope of advancement.

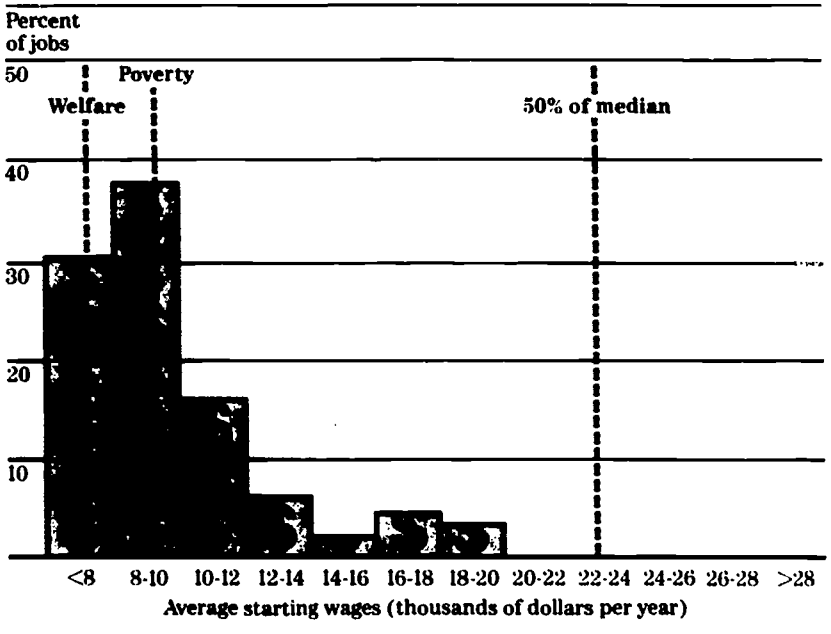
Specifically, Bendick and Egan identified about 584,000 Washington-area jobs that do not require a high school diploma. This figure represents about 30 percent of all jobs. Jobs not requiring high school graduation were chosen because, given data limitations, this was the best way to identify jobs that might be filled by people in the educational range typical of most persons in long-term poverty. The absence of a high school diploma is strongly associated with long-term poverty. In 1986, although many of the District's young poor adults had gone as far as the 12th grade, over one-quarter had not. Moreover, even for those who had completed high school, some employers might not equate a diploma from an inner-city school with one from a suburban school.

The jobs identified fall into eight broad occupational categories: restaurant and fast food workers; other unskilled or semi-skilled service workers; janitors, cleaners, and maids; unskilled or semi-skilled factory or warehouse workers; sales clerks, cashiers, and stock clerks; laborers and other unskilled workers; and skilled trade and craft workers.

[1]Defined as the District of Columbia; Montgomery County, Prince Georges County, and Charles County in Maryland; and the City of Alexandria, Arlington County, Loudoun County, Prince William County, and Fairfax County in Virginia. These projections were developed by the District of Columbia Department of Employment Services, using techniques and assumptions developed by the Federal Bureau of Labor Statistics. (Note: this definition omits three counties added to the area in 1983 when it was redefined by the federal government as a Metropolitan Statistical Area. The counties are Calvert and Frederick in Maryland and Stafford in Virginia.)

Figure 4-1

Seventy percent of jobs in the Washington area not requiring a high school diploma pay $10,000 or less to start, 1987



Source: Bendick and Egan (1988)

Starting wages for these jobs in 1987 average around $4.57 an hour or $9,505 for a year's full-time work. Annual full-time earnings range from slightly under $8,000 to $20,000. However, seventy percent of the jobs pay $10,000 a year or less.

Figure 4-1 presents the average starting annual earnings and compares them to three income levels: welfare, poverty, and lower middle class. The first income level, $7,600, represents a rough estimate of welfare benefits for a family of one adult and two children. The second income level is the $9,100 federal poverty level for 1987, below which that same size family was defined as being in poverty. One way to define families entering the middle class or "mainstream" is to see if their income is at or above one-half the median family income level for the local area. Thus, the third income level, at $22,700, is one-half the $45,500 median family income in the Washington area in

1987. Virtually all these jobs pay starting annual incomes that are more than welfare but only 32 percent pay wages that would lift a three-person family out of poverty, and none enters the middle income range.

With these occupations, though, the annual incomes shown in Figure 4-1 apply only if the job is full time and does last a full year.[2] Among estimated weekly job vacancies not requiring a high school diploma, Table 4-1 shows that only three of four are full time and only one in three is both full time and lasts for a year or more. Thus, more often than not, there is no chance to progress to a higher wage level.

Table 4-1

Profile of estimated weekly job vacancies not requiring a high school diploma
Washington metropolitan area, 1990

Total nongraduate vacancies	13,927	(100%)
Full-time vacancies	10,518	(76%)
Vacancies lasting 1 year+	4,764	(34%)

Source: Bendick (1988)

Reflecting the short duration of many of the jobs available to people with limited skills, unemployment is more common and lasts longer among poor people. Census 86 showed that 16 percent of poor young adult workers said they were unemployed in 1985, and nearly two-thirds of these unemployed people were out of work for six months or longer. Among nonpoor young adult workers, only half as many said they were unemployed in 1985. Of those who did report unemployment, only one-third were unemployed for six months or longer.[a]

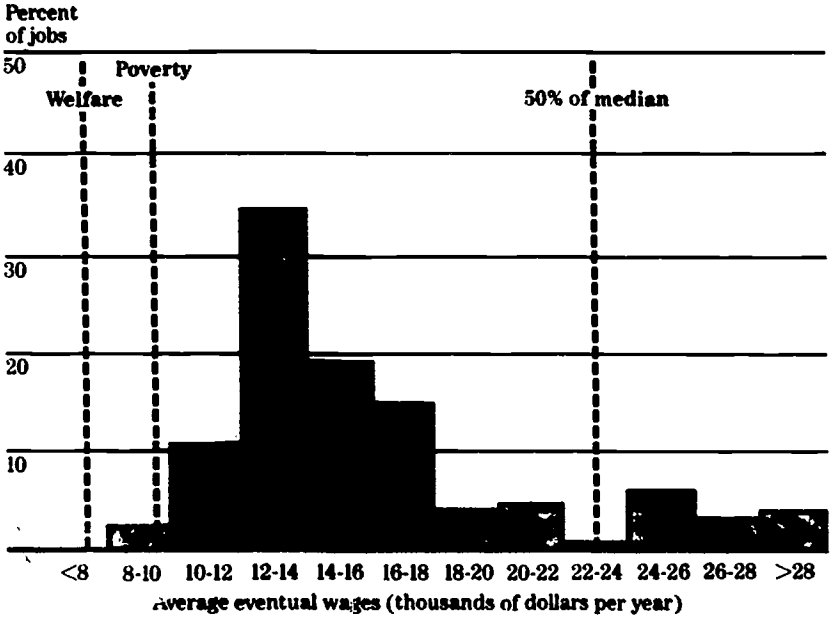
Yet we should not lose sight of the fact that beyond the immediate income they provide, even dead-end jobs might have long-term value. They might become stepping stones to better jobs by offering exposure to the world of work, a chance to build a work history, and an opportunity to gain some on-the-job training.

If a worker enters one of the jobs not requiring a high

[2]Of the six jobs in ten that last less than a year, some end because the job is short term and others because the employee leaves. Bendick and Egan were not able to estimate the percentage falling in each of these two categories.

Figure 4-2

Eventual wages of jobs in the Washington area not requiring a high school diploma average $15,700, 1987



Source: Bendick and Egan (1988)

school diploma and is able to remain in it for some time, the typical wages eventually rise to around $7.55 an hour, or $15,700 a year. The increased earnings stem from increased productivity, seniority, and/or moving to a better job within an occupation. Figure 4-2 shows that at these wages virtually all of the jobs pay more than both the welfare and the poverty levels. although only 13 percent of the jobs pay at a rate that enters the middle income level.

While the existence of these jobs is encouraging, particularly those with opportunities for advancement, the fact that the jobs exist does not necessarily mean that they are available to poor District residents. Barriers involving sexual and racial discrimination, the need for specific skills, geographic and social isolation, and special problems associated with the presence of dependent children all stand between poor workers and potential workers and these jobs. These barriers are discussed in the next chapter.

Funding available for employment and training (ET) for poor District adults

This section summarizes the various ways to help people get jobs, describes the three major clusters into which employment and training activities fall, and gives a sense of the funds spent in 1986 on employment and training (ET) services available to low-income District residents with limited qualifications for employment. (The discussion is based on Gregory, 1988.)

Ways to help people get jobs

Ways to help people get jobs fall into three categories. The first category involves skills. *Remedial education* teaches basic reading, comprehension, and computation skills. *Work experience* offers an opportunity to participate in the world of work and gain general, as opposed to specific, job skills. *Specific skills training* teaches one or more specific skills associated with a particular occupation. This can be in the classroom, at the job site, or both. *On-the-job training* enables a worker to gain specific job skills by working for an employer at the workplace.

The second category revolves specifically around getting a job. *Job counseling* helps a person identify marketable skills, decide on potential career paths, and find appropriate entry-level jobs. *Job search assistance* helps with resume writing, provides training in techniques of finding job openings and effective behavior in job interviews, and provides access to job listings. *Job placement* actually matches an unemployed person with a specific job opening.

The third category is composed of *support services.* Support services help job seekers to participate in training and make the transition to employment. This category includes such things as help with child care, transportation, psychological counseling, emergency housing, food and clothing assistance, and legal assistance.

Some job seekers might need none of these services. Others might need the panoply in order to get and keep a job.

Three general clusters of ET activities

As we shall see in Chapter 5, the list of funders, administra-

tors, and service providers in ET is remarkably long. One way to keep order in the field is to think of all employment and training activities as falling into three general clusters: official, educational, and special needs. Each cluster provides nearly all of the various sub-services just described.

The *official* cluster of ET activities is administered by public agencies with a formal mandate to provide employment and training. The *educational* cluster of ET activities is administered by the educational system. While official ET has job holding as the end goal, educational ET focuses on competencies or skills. Getting a job is a possible outcome of educational ET, but it is not the immediate end goal. The *special needs* cluster of ET activities provides employment and training in the course of meeting some other human service objective. An example would be a program funded by a public housing agency to train residents to work in public housing projects.

It is difficult to maintain these distinctions; this difficulty reflects the complex and overlapping nature of ET activities.

Funding for ET in the District

Based on interviews with several dozen local government officials, Gregory traced funds allocated in 1986 by the public and private sectors for ET services for low-income District residents. She found that the federal and District governments and the private sector together allocated nearly $68 million. Local government agencies received nearly all of these funds (see Figure 4-3).

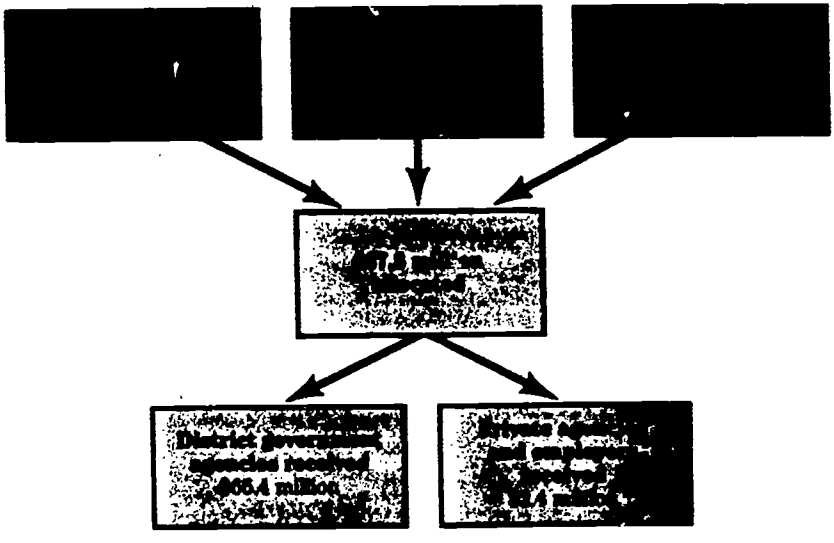
After adjustments, $63.9 million ended up being directly allocated for ET services provided by various District government agencies and the $3.9 million remainder was allocated to private sector groups.[3] Of the government's $63.9 million, $53 million was allocated by the official cluster, accounting for over 82 percent of the government's ET activities. The educational cluster, at $5 million, accounted for almost 8 percent. The special needs cluster, at $6 million, accounted for nearly 10 percent.

Following the path of the funds from allocation to actual delivery of services proved impossible. However, it

[3]Nearly $1.5 million was transferred from the District government (DOES) to the DC PIC, counted as a private-sector group.

Figure 4-3

How funds allocated for ET services to predominantly low-income District residents with limited employment qualifications flow, 1986



Source: Gregory (1988)

was possible to identify the designated targets for the funds. Of the $67.8 million, $29.2 million was targeted exclusively or preferentially for low-income people, with another $0.9 million designated for other people with special needs (disabled people, those with English as a second language, and parolees).

Clearly, an opportunity appears to exist. Funding for employment and training of low-income District residents seems to be available. Significant numbers of jobs exist that can be filled by people with limited employment qualifications. In Chapter 5 we will look at the challenges that must be overcome if the potential opportunity is to be realized.

Endnotes for Chapter 4

a. Grier and Grier, 1988a.

Chapter 5

The Challenges Facing an Employment Strategy

An attempt to reduce long-term poverty in the District by increasing poor residents' earnings from employment confronts a number of challenges. This chapter groups these challenges into five categories: those confronting all workers and potential workers in poverty, those confronting poor men, those confronting poor women, those confronting poor women with young children, and those involving trainees and providers of employment and training activities trying to help poor people.

> Clearly, an opportunity appears to exist...we will look at the challenges that must be overcome if the potential opportunity is to be realized.

The challenges are many and serious. For workers and potential workers among the poor, they include low skill levels, transportation needs, and limited access to news of job vacancies. Criminal records and drug sales as an alternate source of income are of particular concern with respect to men. Women confront lower wages and the need to provide for and care for children. The ET field must confront problems of coordination and overlapping services, federal requirements that sometimes make it difficult to serve the most needy, significant numbers of program dropouts, placement levels that are less than half enrollment totals, issues of providing services that upgrade skills

over time, limited child-care assistance, ways to recruit men, and the frequent lack of transition services to help workers successfully move from training to employment.

Employment barriers confronting all poor workers and potential workers

Poor adults wishing to earn their way out of poverty must deal with wage differentials associated with job-related skills, geographic isolation, and limited access to information about jobs by word of mouth. Small improvements in a potential worker's profile can make a big economic difference.

The importance of job-related skills

In general, the greater the skill level required for the job, the better the pay. Bendick and Egan (1988) estimated the average eventual wages of various nongraduate jobs in the Washington area according to skill level. Nongraduate jobs, or those not requiring a high school diploma, were selected as a category of jobs most likely to be available to people with limited employment qualifications. Jobs paid more when:

- A high school graduate was preferred.
- Increased mathematical skills were required.
- Vocational training was required.

Table 5-1 shows the annual average eventual salary differences.

How many poor adults have more advanced skills? We have two sources of partial information. First, Census 86 showed that significant percentages of young adults aged 18 to 29 had not reached the 12th grade. While reaching 12th grade does not guarantee 12th grade level reading and computing skills, a student who doesn't reach it almost never has such skills. Twelfth grade attainment rates in 1986 were significantly greater among both the poor and nonpoor than they had been in earlier decades. Over two-thirds of the young poor had come this far. Nonetheless, among employed young adults, more than four times as many poor people had not reached 12th grade as nonpoor people. Among those who were not working, the poor-to-nonpoor ratio was nearly three to one (see Table 5-2).

Table 5-1

Estimated differences in average eventual annual wages associated with specific job prerequisites Washington area, 1987

Prerequisite	Average eventual annual wage difference[1]
High school graduate preferred	$2,725
Level of mathematical skills required[2]	
Level 1 (lowest)	0
Level 2	582
Level 3	1,123
Level 4 (highest)	1,622
Level of language development required[3]	
Level 1 (lowest)	0
Level 2	1,893
Level 3	416
Level 4 (highest)	(1,061)
Vocational training time required[4]	
1-3 months	0
6 months	416
1 year	1,310
2 years	2,662
4 years	4,472

[1]Compared to not possessing the prerequisite in question and holding other factors constant at their average values.
[2]Increased annual earnings are compared to jobs requiring lowest level shown: i.e., "level 1" mathematical skills.
[3]Increased annual earnings are compared to jobs requiring lowest level shown: i.e., "level 1" language skills. Declining annual earnings as language skill level increases are *not* a typographical error. See text for explanation.
[4]Increased annual earnings are compared to jobs requiring lowest level shown: i.e., 1-3 months of vocational training time.

Source: Bendick and Egan (1988)

Second, in an inventory of employment and training programs serving low-income District residents, Gregory found that in 1986 the average basic skills of participants in the programs inventoried were quite low: below the seventh grade level in both reading and math. Together, these findings strongly suggest that many poor District adults lack the skills associated with the better-paying jobs available to people whose employment qualifications are limited.

Table 5-2

Percent of employed and unemployed adults 18-29 who have not reached 12th grade, Washington, DC, 1986

Employment status	Percent who have not reached 12th grade	
	Poor	Nonpoor
Employed	23%	5%
Not employed	36	13

Source: Greater Washington Research Center, Census 86

The importance of transportation

Nongraduate jobs are increasingly likely to be in the suburbs; access to transportation is therefore critical for inner-city residents.

Bendick and Egan were not able to estimate the locations of the 584,000 Washington area nongraduate jobs they identified. However, the Metropolitan Washington Council of Governments has projected the 1990 geographic distribution of *all* employment in the metropolitan area as follows:[a]

District of Columbia	33 percent
Inner suburban ring[1]	45 percent
Outer suburban ring[2]	22 percent

To this projection, we can add two known trends. First, employment is growing in the Washington suburbs at a pace that exceeds growth in the District by five to ten times.[b] Second, based on national experience, jobs in center cities are typically more knowledge-intensive than are suburban jobs.[c] Together, these trends indicate that well over two-thirds of the nongraduate jobs are likely to be in the suburbs rather than in the District. Thus, since public transportation from low-income areas of the District to some areas of the suburbs is often either extremely time consuming or nonexistent, job seekers from the city often need a car or some other way to get to suburban job sites. But cars are in short supply among the poor.

Drawing on national data, Bendick and Egan suggest that access to a car typically follows employment, and

[1]Montgomery County, Prince Georges County, Arlington County, City of Alexandria.

[2]Fairfax County, Prince William County, Loudoun County, and Charles County.

indeed Census 86 showed that more than half of all poor employed District adults have a car in the household. However, Census 86 found that among poor unemployed District residents of working age, nearly two-thirds do not have a car in the household.[d] Unless alternative transportation is made available, lack of access to a car might severely restrict some poor District residents from finding or keeping jobs.

For those jobs that are accessible by Metro, Metro's relatively high cost can be a barrier for low-wage workers.

The importance of word of mouth in locating jobs

National studies show that job vacancies are typically filled through three channels in roughly equal proportions:

- through personal referral networks;
- by direct application at the job site; and
- through public channels such as newspaper listings or the Employment Service.

> ...well over two-thirds of the non-graduate jobs are likely to be in the suburbs rather than in the District.

Chronically poor District residents' access to two-thirds of job openings is thus severely limited. The poor are typically not part of a personal network through which they can hear of a job, particularly of a suburban job. Their center-city residences are well away from where the great majority of possible employers are located. These two factors sharply restrict their access to many job vacancies.[e] Moreover, the entry-level jobs to which they do have access are probably not the most desirable ones, since those are often quickly filled through informal channels.

The economic increase possible from small improvements

Typically, the entry-level jobs accessible to workers with the most limited qualifications are not first rungs on an effective career ladder. Instead, the bulk of these entry-level jobs are dead ends, characterized by low pay, no health insurance, and short duration; most important, these jobs

offer very limited opportunities to advance. However, workers with only slightly higher qualifications can face much better prospects.

As an example, Bendick and Egan estimate that a potential worker from the inner city with very low qualifications and without access to a car looking for a full-time, year-long job with health insurance would have only about 165 jobs a week to choose from in the entire metropolitan area. About 500 such jobs would come vacant each week, but only about 165 of these vacancies would be publicly announced. The starting wages for these jobs average $4.41 an hour ($9,170 a year) and their eventual wages average $7.17 an hour or $14,914 a year.

However, a hypothetical inner-city resident who has stronger qualifications, some sort of an information network, and access to a car, can have access not only to many more of the 500 job vacancies, but also to an additional 240 openings a week. Starting wages for these additional jobs average $7.66 an hour ($15,933 a year) and eventual wages average $13.19 an hour or over $27,000 a year.

These hypothetical examples illustrate how relatively small changes in a potential worker's profile can result in substantially improved opportunities to escape from long-term poverty. Although these changes appear to be relatively minor, in many cases achieving them might be very costly and time consuming.

Challenges confronting poor men

One of the most significant findings from Census 86 is the imbalance between the sexes of the young poor. At all economic levels the ratio of women to men increases with age; however, a major imbalance in the young is unusual. Yet among poor people aged 18 to 29 Census 86 found over one-and-one-half women to every man, an imbalance holding true for all three major racial groups. This imbalance was not true among the nonpoor, where the ratio of women to men averaged 1.08 to 1.

It is likely that many of the "missing" men were not identified by Census 86 because they were in prison. Studies of the people incarcerated in District and federal facilities showed that perhaps 4,200 young District men

were in these prisons during the time the Census 86 survey took place.[f] Since only about 400 young District women were similarly incarcerated, the high male prison rate could account for more than three-quarters of the female/male imbalance.[3]

The District's Office of Criminal Justice Plans and Analysis reports the city's average daily total prison population rose from 4,614 in 1979 to 8,368 in 1985, an 81 percent increase.[g] Analyzing the District's 1986 inmate population, the same report found that over 97 percent were men. Of these men, nearly 99 percent were black. The probability is high that most were poor.

> A profoundly troubling economic alternative available to poor men (and women) is the sale of illicit drugs.

This high male incarceration rate is significant from an employment perspective. For at least some of the jobs discussed in Chapter 3 that pay enough to bring a family well out of poverty, a criminal record might be a barrier. Thus, when these men are released from prison it might be especially difficult for them to find work that pays enough to enable them and their dependents to leave poverty.

A profoundly troubling economic alternative available to poor men (and women) is the sale of illicit drugs. The District's Commissioner of Public Health characterized the District's current drug problem as "the worst drugs epidemic this city has ever faced."[h] Roughly 8,000 people were charged in the District in 1985 and 1986 with drug distribution offenses. Based on a preliminary analysis of data on District arrestees, one expert estimates that before reaching age thirty approximately 20 percent of poor male District residents might have been so charged.[i] This is only an estimate and should be viewed with caution; a detailed analysis of arrestees is currently underway. Nonetheless, it

[3]It should be noted that these figures are only for people aged 17 to 29. The average total number of District residents in prison in 1986 was approximately 9,000 persons.

seems likely that some men are not seeking employment because they are already employed in the illicit economy or because their criminal records limit their job opportunities.

Challenges confronting poor women

Women who work often make less than men.

Bendick and Egan (1988) analyzed Washington-area nongraduate jobs and found that two-thirds were historically associated with a particular sex or minority status. Although historically substantial, current wage differences associated with race were relatively small. In jobs associated with race, minority men made about four percent less per hour than did non-minority men and non-minority women made about two percent per hour more than minority women. However, these estimates tell us nothing about minority applicants that might be denied employment or opportunities for advancement.

In contrast to the differences associated with race, the wage differences by sex were dramatic. Jobs associated with minority men paid 21 percent more than those associated with minority women. Jobs associated with white men paid 23 percent more than those associated with white women (see Table 5-3).

Table 5-3

Average eventual wages associated with jobs in occupations in which substantial numbers of persons of specific sex and minority status are historically found

	Average wages per hour
Non-minority males	$8.55
Minority males	8.20
Non-minority females	6.93
Minority females	6.79
All groups	7.55

Source: Bendick and Egan (1988)

You might recall that Table 5-1 showed that jobs requiring the highest level of language development paid *less* than the jobs requiring the lowest level of language

development. Among nongraduate occupations, women are historically associated with clerical and other jobs requiring higher-level language skills. The lower wages paid for such female-dominated occupations explain the seeming penalty for high levels of language development.

Clearly, the differences in earnings between men and women carry great importance in light of the numbers of chronically poor families headed by women. We have seen that over 60 percent of the District's poor working-aged adults are women. Many of these women head families. While family data from Census 86 are not yet available, we do know that more than half of all poor young women have children under six in their households.[4] And over 40 percent of these poor young women work.

Challenges confronting poor women with young children

The most complex and difficult policy issue found in this analysis is the question of how and when to encourage employment and training for poor and low-income mothers with young children.[5] An examination of the various programs serving poor women with children makes it clear that we, as a society, have not yet developed a coherent policy reflecting what we want these women to do.

The welfare system was originally developed to give single mothers a source of income in lieu of work. Now national policy is moving more and more to encourage and even require work or work-related training by welfare recipients, including parents of young children. This shift in policy is fueled by two current trends. First, single parenthood is on the increase, as we saw in Chapter 2. Second, work by women, including mothers, is increasingly the norm. In the Washington area in 1980, for example, 55

[4]It must be emphasized that Census 86 data currently report only the presence of young children in the household. Thus, not every woman who lives in a household with a child under six is the mother of a child under six. More precise information will be available when the analysis is complete.

[5]We do not know how many poor men are custodial single parents. We do know that fewer than one percent of the District's adult AFDC recipients are men. Hence, we discuss the subject of poor single parents with young children in terms of women.

percent of all women with children under six were in the labor force.[j]

The policy shift is also fueled by public opinion. Most Americans value the work ethic, and are troubled by the thought of children growing up in homes where an able-bodied parent does not work, yet receives income from the government. Thus, as a matter of social policy, many lawmakers and members of the general public have come to feel that all low-income, able-bodied parents who are receiving welfare support, including single parents, should work or participate in employment training.

> ...troubled by the thought of children growing up in homes where an able-bodied parent does not work, yet receives income from the government.

To insure that mothers choose work over (or in addition to) welfare, one federal program (WIN) has already removed the choice and simply requires welfare mothers with children over six to register with the state employment services and to participate in job-training and job-search efforts.[6] The trend of Congressional debate makes it appear likely that participation in some form of employment or training will soon become federally mandated for poor women with children under six who apply for welfare.

This policy trend is highly significant for Washington because nearly 50 percent of the 21,000 families who received AFDC in 1986 in the District had at least one child under the age of six.[k]

However, the policy trend ignores certain realities. First, the pay usually available to poor women with limited qualifications is very low. As we have just seen, nongraduate jobs typically held by women with limited employment qualifications often pay significantly less than do those typically held by men. Yet poor women with children must provide for their children as well as themselves. Even full-

[6]However, in many states the funding available for WIN is so low that after paying the cost of registration, little money was left for employment and training services.

time work at the pay they can command might not yield enough to raise their family above the poverty level.

Second, only a minority of mothers with children under six work full time year round, whether the mothers are married or single. When employment figures for married mothers of children are considered, the percentages who work full time are small. Nationally, in 1980, fewer than 18 percent of all married women with children under six worked full time.[l] The figures are low even in our area, where labor participation by women is the highest of any major metropolitan area in the nation. Among all women in the Washington metropolitan area with children under six at home, one-quarter of married women and 38 percent of single women worked full time in 1979.[m]

It should be noted that poor women with children who do not receive AFDC because they have not applied or because they are not eligible (if they are illegal aliens, for example) must either work or depend on the charity of others. It must also be noted that poor single fathers and poor two-parent families where both adults work face many of the problems confronting poor single mothers. This discussion is framed in terms of poor single women who have the option of welfare because poor women constitute both the great majority of poor single parents with young children in the District and also virtually all welfare recipients.

> Even full-time work...might not yield enough [income]...

A third reality that warrants careful consideration is the issue of child care for babies and young children of poor working parents. Day care is a matter of concern for all working parents. However, the issue of child care for the children of poor single women goes far deeper than merely the presence or absence of day care. National studies and program experience warn that children born and raised in poor inner-city families are often at risk of inadequate stimulation necessary for full emotional and intellectual development. Despite this reality, because of her limited financial resources, a poor woman who works full time might be forced to place her child in child care that not

only does not provide early childhood development assistance but that is inadequate simply as custodial care. In such a case, the benefits of the child's exposure to the importance of work might be greatly outweighed by the harm to the child's potential.

The District spends about $15 million a year supplying subsidized day care to over 6,000 children of low-income workers. (The eligibility cut-off point is somewhat above the federal poverty level.) A waiting list exists for these subsidized slots and there are reports that it might be a month or longer after she takes a job that a mother can find an opening. It is not known how many mothers need this service in order to work, nor is it possible to judge the District government's capacity to meet the need. However, amid the current budget tightening in the city, and in light of the underbudgeted programs in neighboring jurisdictions, day care clearly presents a large and expensive problem.

In addition to being expensive, day-care services are hard to find. Infant-care spots are in short supply. Before-school and after-school care services are limited in many neighborhoods, as is care for children with colds and other common illnesses.

One important source of day-care assistance is other adults in the household. Census 86 found that poor young adults' households were larger than nonpoor households. Over half of young poor men and two-thirds of young poor women lived in households with four or more people. Nearly two-thirds of all poor children whose mothers worked outside the home were cared for by another person in the household. We cannot ignore the fact that the caregiver might therefore not have been able to get a job. However, in some instances the caregiver might have been unable to do so in any case because of age or disability.

A final reality that must be examined is the issue of medical care for the children of poor women who work. As we saw in Chapter 2, Medicaid is eventually lost by former AFDC recipients who work full time. And the majority of jobs available to poor women do not offer health-care benefits. Poor women who work can usually bring their children for care to the District's public clinics and to D.C. General Hospital. Public medical care often entails long waits. For a single parent who works full time, this can be

difficult to arrange. Public care also often involves seeing a different provider at each visit. Under Medicaid, waits can be shorter and a beneficiary can often see the same provider. The significance of waits and provider changes varies according to the individual situation. For a poor woman with a child suffering from a medical condition requiring extensive treatment, they can serve as major, sometimes insurmountable, barriers to employment.

> ...the majority of jobs available to poor women do not offer health care.

Thus, the question arises: what do we as a society want poor mothers of young children to do?

We want children to learn the importance and rewards of useful work. Parents can supply a compelling role model in this regard. But do we wish single parents in poverty to work if by so doing they put their children at risk? Children who are seriously ill cannot be left without medical care. Children whose hearts and minds are not helped to grow can be stunted for life.

One alternative is to wait until babies and young children of poor single parents no longer need such close attention, perhaps even until they are old enough to attend school.[7] After-school care is much less expensive than all-day care, and mothers whose children are in school most of the day can more easily be expected to work or train full time.

However, such policy would keep a young woman with limited skills unexposed to the job world for several years. How is she then to acquire the necessary skills and work habits to be able to earn enough to support herself and her children? Welfare continues when her children enter school but stops when her youngest child is sixteen or leaves school. What is the now-former welfare recipient to do then?

Part-time work and/or training while children are very young is a possible compromise. But for women on welfare,

[7]Minimum school entry age is no longer five. Programs are now available for four- and three-year-olds, although demand is reported by the city to exceed capacity. These programs meet from 9 to 3 during the school year only.

part-time work at a low-wage job is the least financially attractive alternative now available to a poor mother. Child-care needs still have to be met. And, as we shall see, most employment and training activities do not fully support the complex needs of poor women with young children.

It is hard for policymakers to encourage poor single mothers of young children to work without putting those young children at risk. One possibility is to develop an integrated approach involving work, training, child care, and medical care. These ingredients are expensive and difficult to coordinate.

Difficulties associated with ET

Some of the difficulties associated with ET are listed below.

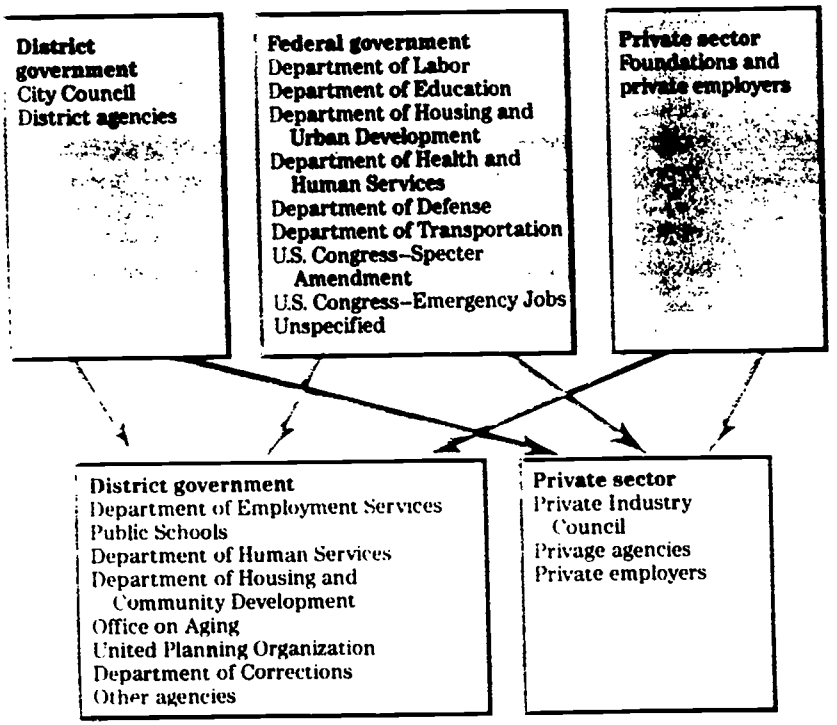
The problem of coordination and evaluation

You might recall the figure in Chapter 4 that showed how the $68 million for employment and training activities serving predominantly low-income District residents flowed. The relative simplicity of that figure should not delude the lay reader into thinking that the flow of funds is also relatively simple. It is not. The $68 million originated in six federal departments, two special Congressional appropriations, the D.C. City Council, District government agency reallocations, and several foundations and private employers. Six District government agencies and a variety of private agencies and employers received funds. Figure 5-1 shows the multiplicity of actors.

An inventory by Gregory (1988) of ET programs serving predominantly low-income District residents in 1986 found 112 different programs providing ET services. Additional ET programs also serving low-income city residents could not be included in the inventory because comparable data were not available from the programs. The study found programs competing for the same target population, with many programs unaware of what others were doing. With increased coordination, overlapping could be reduced and the array of services could be better focused. However, national experience shows that the

Figure 5-1

The many sources and recipients of funds allocated for ET services to predominantly low-income District residents with limited employment qualifications, 1986



Source: Gregory (1988)

multiplicity of funding sources on both the federal and local levels makes coordination difficult and unification extraordinarily so.

The study also found a lack of consistent recordkeeping. The majority of programs operating in the official sector had basic recordkeeping requirements. Programs in the special needs and educational sectors had few, if any, such requirements. This varied recordkeeping stems at least in part from the different purposes of the various programs. Some provide ET as their official function; others do so voluntarily, either to achieve some other human

resource goal or because the agency feels its client population needs special services. Inadequate data make it impossible to fully understand the nature and extent of District ET efforts in 1986. Nor is an accurate assessment of long-term program effectiveness in 1986 possible.

The problem of federal requirements

Of the $67.8 million identified by Gregory as allocated in 1986 for ET services predominantly for District residents, a little over one-third (about $23 million) was designated exclusively for low-income people. Another $5.2 million was directed to various groups (such as displaced homemakers) but with priority to low-income people. Of the over $28 million targeted exclusively or preferentially for low-income people, 77 percent were federal and 23 percent District funds.

Target populations served by federal funds are shown in Table 5-4.

Table 5-4

Target populations served by federal funds for 12 months ending in 1986

Target population	Dollar Amount	Percent
Exclusively for low-income people	$22,291,171	69%
Priority to low-income people	324,107	1
Services to unemployed people	6,974,600	22
People with special needs	855,662	3
Dislocated workers	1,075,464	3
Vocational education	420,000	1
Unspecified	472,000	1
Total	$32,413,004	100%

Source: Gregory (1988)

Over 80% of 1986 federal funds targeted for low-income people were JTPA (Job Training Partnership Act) funds. In many interviews and group discussions, program operators using these funds stated that because of the high placement and low cost-per-participant requirements attached to the funds, they are dissuaded from enrolling people who need extra help and support. In other words, although they

are often restricted to low-income people, the federal funds paradoxically encourage program operators to select those participants with the best chance to succeed (perhaps even those who could find jobs on their own).

Table 5-5

Target populations served by D.C. government funds for 12 months ending in 1986

Target population		Dollar Amount	Percent
Exclusively for low-income people		$ 1,786,000	5%
Priority to low-income people		4,887,000	14
People with special needs		2,598,200	8
Youth		13,661,000	40
In school	1,713,000		
Out of school	3,407,000		
Summer youth	8,541,000		
DC residents		11,295,800	33
Unemployed	5,213,000		
Apprentices	544,000		
No other requirements	5,538,800		
Total		$34,228,000	100%

Source: Gregory (1988)

Chronically poor people often need extra help and support. Thus, unless federal regulations are changed, District funds will have to be retargeted if the necessary help is to be provided. Gregory found that about one-fifth of the District's $34.2 million in ET funds was targeted exclusively or preferentially to low-income people (see Table 5-5). Almost $2.6 million in additional funds was

> With increased coordination, overlapping could be reduced...

targeted to people with special needs. Of the nearly $25 million remainder, $13.6 million was targeted to youth and $11.3 million partly to unemployed District residents and partly to all District residents. While these programs serve many low-income people, others also take advantage of the opportunities they offer. An example would be the Summer

Youth Program ($8.5 million in District funds in 1986). This popular program subsidizes paid summer jobs for young District residents, irrespective of income.

The problem of completion and placement

The Gregory inventory found that in 1986 slightly less than two-thirds (63 percent) of all participants who enrolled in the inventory programs for which information was available completed them. Of these program completers, 86 percent were placed in a job. In all, fewer than half (47 percent) of the participants who enrolled successfully completed the program and were placed in a job.[8] Interviews with agency spokespersons showed that this finding was consistent in all but long-term programs that fully screened program enrollees.

> ...poor people go from unemployment to training to low-wage jobs and back to unemployment...

Research shows that many people who terminate a training program without getting a job see this as "another failure in the work world" and are thereby more likely to give up on work effort.[n] While some trainees might have dropped out because they got a job before completing training, and others might have dropped out for personal reasons, for some the experience might have served to discourage rather than encourage the pursuit of work.

Skills upgrading is difficult

We saw in Chapter 3 that nongraduates with a variety of communicating and computing skills and vocational training could eventually command salaries that entered the middle income level. Upgrading is essential to avoid what one observer has called "musical underclass," where poor people go from unemployment to training to low-wage jobs and back to unemployment in an unending cycle.[o]

[8]Because people who found a job prior to completing a program are included in the 63 percent "program completers" group, one cannot simply take the 86 percent placement rate and multiply it by the completion rate. The 47 percent enrolled/placed figure is correct.

One might argue, then, that vocational training should simply focus on bringing an unemployed, underskilled trainee to high skill levels as quickly as possible. This approach is not always effective. Work experience is often necessary to help inform and motivate the trainee. Moreover, the long-term, intensive training necessary in some cases is extremely expensive.

An alternative is to adopt a "hopscotch" approach, where an unemployed person moves into an entry-level job, then gets additional training, changes jobs for a better one, and so on up the economic ladder. However, making skills upgrading available in stages to low-level employees is complex. Single parents with young children who need care present an additional challenge.

Trainees' basic skills are low

National studies have shown that employers are putting increased importance on employees' reading, comprehension, computing, and problem-solving abilities. Yet, the 1986 ET inventory found that the average basic skills of program participants were below the seventh grade level in both reading and math. One cannot help being concerned about the employment prospects of trainees with such low basic skills.

Overall, participants enrolled in ET programs *without* remediation services had only slightly higher basic skills than did those enrolled in programs *with* such services.

> ...the average basic skills of program participants were below the seventh grade level in both reading and math.

This finding indicates that many assignments to programs with remediation were probably made on a relatively random basis (or on the basis of what happens to be available rather than what is needed). However, within the official ET sector, there were more significant differences between those in remediation and those not. This suggests that the official sector was generally making assignments based on relative skill levels.

Because of trainees' low skill levels, program vendors reported that they were receiving too few qualified partic-

ipants. Some vendors tried adding remediation classes to core program curricula to help participants who needed basic skills; however, because most programs lasted for less than 20 weeks, this was not a satisfactory solution.

Child-care assistance is limited

Given that in 1986 more than one-third of the District's working-aged poor women had children under six in their households,[p] and more than one-half of the city's AFDC recipients did, many women might be able to participate in employment training only if child-care assistance is available. Accordingly, ET programs inventoried were asked to report if they provided any such assistance, whether a simple list of child-care providers, onsite child care, or something in between.

Thirty-six percent of the 11,775 slots offering job-specific training included some sort of child-care assistance. Child-care availability in the six largest occupational categories ranged from a high of over 70 percent to zero (see Table 5-6). The lack of any form of child-care assistance in nearly two-thirds of the programs might be a significant barrier for many poor women.

Table 5-6

Training slots providing child-care assistance in the six largest occupational categories

Occupation	Total slots	Child-care assistance provided	
		Number	Percent
Clerical	3829	1130	30%
Hospitality	2485	555	22
Mechanics	1076	395	37
Construction	829	260	31
Health care	806	585	73
Media	800	0	0

Source: Gregory (1988)

Finding poor men to recruit for ET can be difficult

Poor women make contact with AFDC and Food Stamps, two governmental services that serve as important feeders for ET programs serving low-income people, much more

often than poor men do. Among the District's adult AFDC recipients, for example, men made up less than one percent of the caseload in 1986. Among the District's Food Stamp recipients, an analysis of the nearly 29,000 adult recipients in November 1987 showed that only 10 percent were men.[9] Finding unemployed poor men who are not in school and not in the criminal justice system in order to recruit them for ET is thus more difficult than it is to find some (but not all) poor women in similar circumstances.

Transition services are often lacking

A new employee incurs expenses in his or her first weeks on the job. These can include things like transportation, work clothing, and day care. Yet an employee might not receive the first paycheck from that job for some time. Trainees might also need counseling to address other transitional problems. However, the Gregory inventory found few programs offer transition services.

In conclusion

We have seen that significant numbers of poor adults are working but not earning wages that bring them and their families above the poverty level. Many other poor people are unemployed but are of working age; many of these people might also be able to work. Thus, there is a supply of potential workers.

We have also seen that over half a million jobs exist in the Washington area that can be filled by people without a high school diploma. While the majority of these jobs are dead end, significant numbers are not. Moreover, labor is in relatively short supply. Thus, there is a potential demand for workers to fill the jobs.

Finally, we have seen in this chapter that bringing the supply and the demand together so that long-term poverty is reduced among workers and their dependents will be difficult. Clearly, it is not reasonable to conclude that a successful employment-based strategy would eliminate long-term poverty. In fact, we cannot estimate how big a reduction in the numbers of people in long-term poverty a successful strategy could make. We can conclude, however, that attempting to develop and implement such a strategy would be of value to the community. It appears likely that

some reduction in the poverty population, although perhaps only a modest one, can be achieved through an employment strategy.

A successful strategy will probably have to have three central elements.

First, resources will have to be better *targeted.* The Panel Study findings offer some general policy direction.

Second, the overall approach will have to be more *individualized.* Variations in skills, family situations, attitudes, and personal preferences will have to be taken into account on a case-by-case basis.

Third, many cases, perhaps most, will need a *long-term plan.* Making the move from poverty to self-sufficiency will usually require many small steps rather than one giant leap. The plan will need to provide for skills upgrading, employment, more skills upgrading, and new employment. In short, the plan will need to offer each person an opportunity ladder.

Endnotes to Chapter 5

a. Metropolitan Washington Council of Governments, 1986.
b. U.S. Department of Commerce, 1986.
c. Kasarda, 1985.
d. Grier and Grier, 1988a.
e. Bendick and Egan, 1988.
f. Rickman, 1988.
g. Office of Criminal Justice Plans and Analysis, 1987.
h. Tuckson, 1988.
i. Reuter, 1988.
j. Outtz, 1986.
k. Office of the Special Assistant for Human Resource Development, Office of the Mayor, 1987.
l. Bureau of Labor Statistics, 1983.
m. Bureau of the Census, 1983.
n. Goodwin, 1972.
o. Reischauer, 1986.
p. Grier and Grier, 1988a.
q. District of Columbia Department of Human Services, Research and Statistics Division, 1988.

Appendix

Table A-1

1986 federal poverty thresholds[1]

1 person		$5,572
under 65	$5,701	
65 or older	5,255	
2 persons		7,138
under 65	7,372	
65 or older	6,630	
3 persons		8,737
4 persons		11,203
5 persons		13,259
6 persons		14,986
7 persons		17,049
8 persons		18,791
9 persons		22,497

[1]The 1986 thresholds are those used by Grier and Grier (1988a).

Source: U.S. Bureau of the Census, Poverty Statistics Branch

Table A-2

Maximum monthly benefits from AFDC and Food Stamps by family size effective October, 1987[1]

Family size[2]	AFDC	Food Stamps
1 person	$ 0	$ 87
2 persons	298	159
3 persons	379	228
4 persons	463	290
5 persons	533	344
6 persons	627	413
7 persons	719	457
8 persons	795	522

[1]The benefits shown are those used by Dearborn (1988).
[2]Assumes 1 adult per family.

White migration patterns

Chapter 2 presented data on the migration patterns of black people. The discussion suggested that these migration patterns were at least partly responsible for the increasing concentration of poor people living in neighborhoods with other poor people.

This Appendix presents equivalent data for white people. White migration patterns do not appear to have contributed significantly to the increasing concentration of the poor for the reasons discussed below.

Table A-3 shows that during the period between 1960 and 1980 the District lost over 135,000 white residents, while the suburbs gained nearly 800,000. Figure A-1 shows where white people living in the Washington area lived five years earlier for 1960, 1970, and 1980. Figure A-2 shows how the incomes of white people in the Washington area varied according to their migration. We see that in several cases the incomes of those moving to or remaining in the District are *higher* than the incomes of those moving to or remaining in the suburbs.

Table A-3

Changes in white population* by location**

	1960	1970	1980	Change 1960-1980
White population in D.C.	295,232	172,814	159,668	(135,564)
White population in Washington suburbs	944,366	1,575,975	1,735,483	791,117

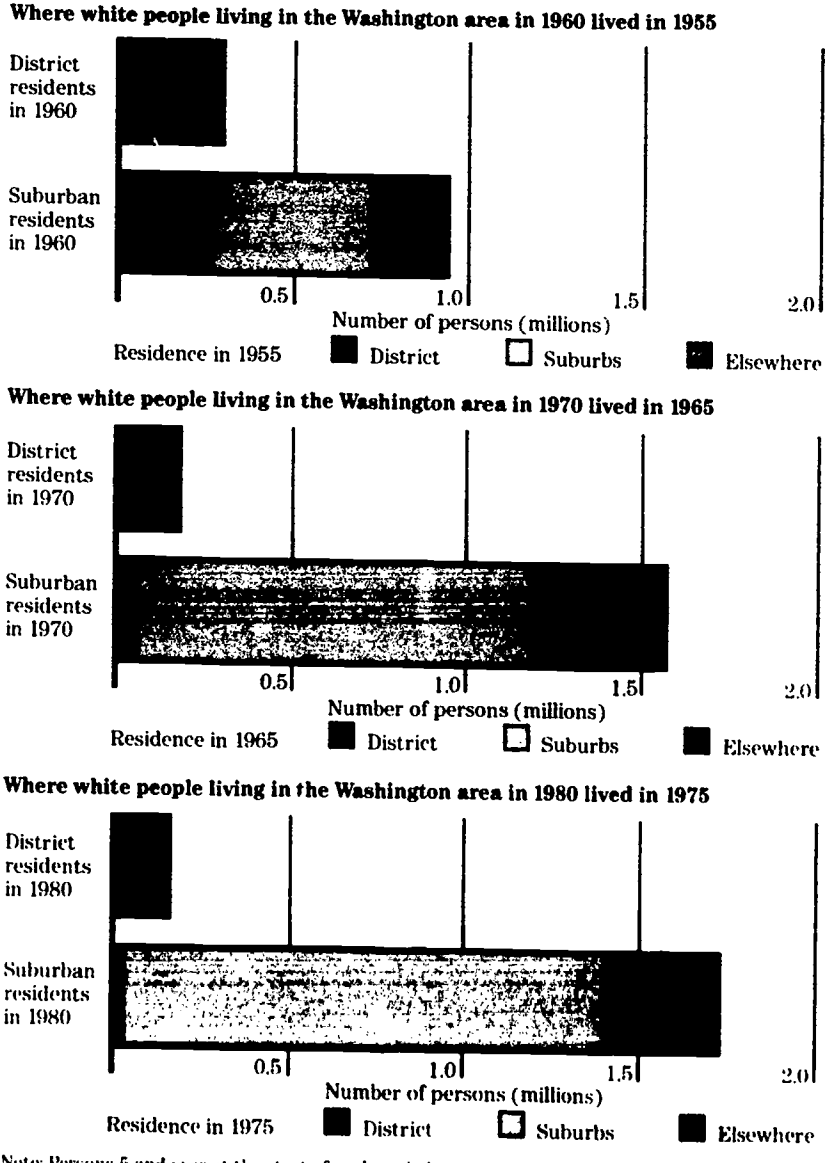
*People 5 years and older for which residence five years earlier is known.
**The Washington suburbs were redefined between 1960 and 1970 and again between 1970 and 1980. The data shown here have *not* been adjusted to make the suburban areas comparable.

Source: White (1988)

White migration patterns could have contributed to the increasing concentration of poverty if well-to-do whites moved from economically integrated neighborhoods and left behind low-income neighbors. This does not appear to have been the case.

Figure A-1

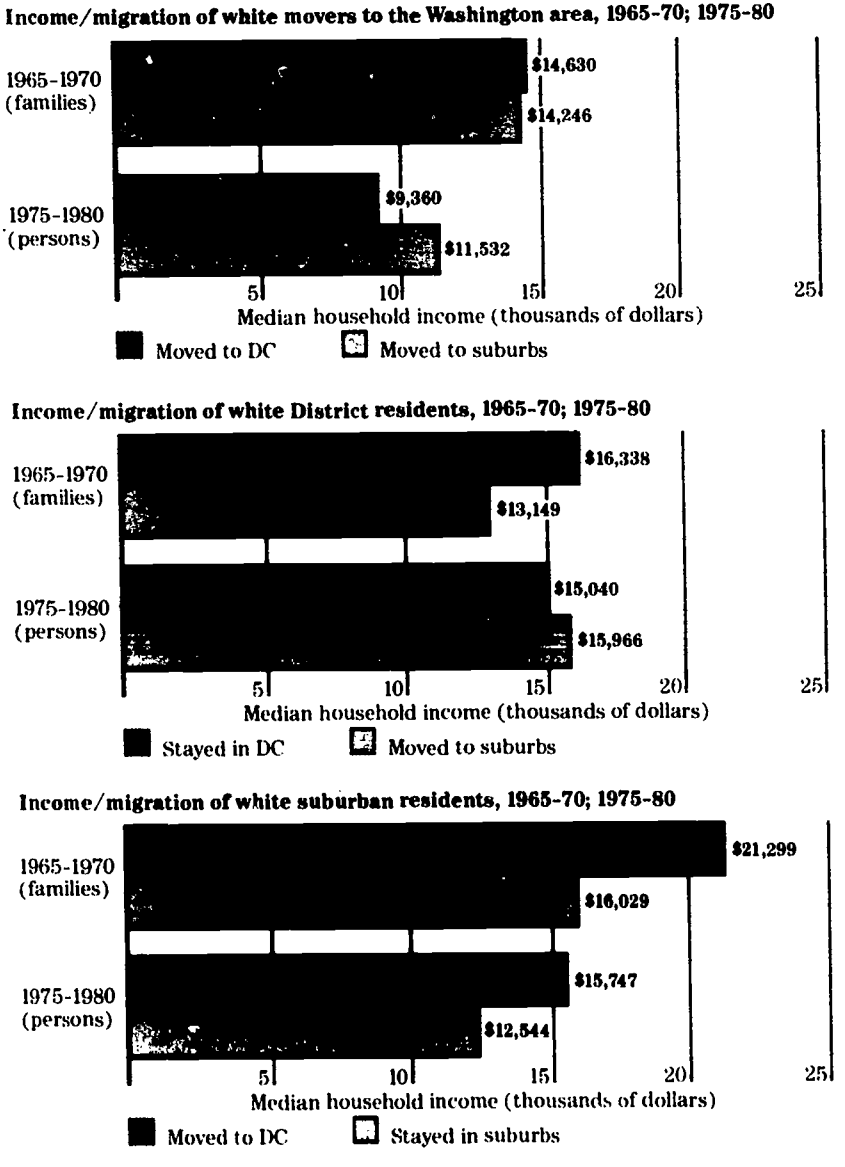
Where white people in the Washington area lived five years earlier, 1960, 1970, and 1980



Note: Persons 5 and over at the start of each period.
rce: White (1988)

Figure A-2

How the incomes of white people in the Washington area varied according to their migration, 1970 and 1980



Source: White (1988)

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Greater Washington Board of Trade
Greater Washington Society of Association Executives
Guttenberg & Company
Hammer, Siler, George Associates, Inc.

Hazel, Thomas, Fiske, Beckhorn & Hanes
Hazel/Peterson Companies
Hechinger Company
The Hecht Company
Heidrick and Struggles, Inc.
Gerald D. Hines Interests
Hogan & Hartson
Horning Bros.
Housing Data Reports
Howard University
Hughes Hubbard & Reed
E.F. Hutton & Company Inc.
Hyatt Regency Washington
IBM Corporation
International Developers, Inc.
Jaffe Associates, Inc.
JBG Associates
Johnston, Lemon & Co., Inc.
Jones, Day, Reavis & Pogue
Journal Newspapers
S. Kann Sons Company
Keyes, Condon & Florance
The Kiplinger Letters
LaSalle Partners
Lee Development Group
Linowes & Blocher
The Henry A. Long Company
The Madison Hotel
Madison National Bank
Marriott Corporation
Maryland National Bank
McGuire, Woods, Battle & Boothe
Medlantic Healthcare Group
Melrod, Redman & Gartlan
Miller & Chevalier, Chartered
The Milton Company
Montgomery General Hospital
Mortgage Bankers Association of America
Morton's Stores
Mulligan/Griffin & Associates, Inc.
Mutual of Omaha
National Bank of Washington
National Business Services Enterprises, Inc.
National Geographic Society
Newmyer Associates, Inc.
Office of Social Development, Archdiocese of Washington
Omni Construction, Inc.
Paul Foldes & Associates
Paul, Hastings, Janofsky & Walker
Peat, Marwick, Main & Company
Peoples Drug Stores, Inc.
Perpetual American Bank
Planning Research Corporation
Potomac Asset Management
Potomac Electric Power Company
Potomac Group, Inc.
Powell, Goldstein, Frazer & Murphy
Price Waterhouse & Company
Quadrangle Development Corp.
Quality International, Inc.
Realty Decisions Group
Reasoner, Davis & Vinson
Regardie's
Richmarr Construction Company
Riggs National Bank
Rockville Crushed Stone, Inc.
Rogers & Wells
Rogovin, Huge & Lenzner
Rose Associates, Inc.
RTKL Associates, Inc.
Sears Roebuck & Company
Seidman & Seidman/BDO
Settles Associates, Inc.
SGY Development Ltd. Partnership
Shannon & Luchs Company
The Sigal Zuckerman Company
Signet Bank-Metro Washington Group
Skidmore, Owings & Merrill
Charles E. Smith Companies

Smithy-Braedon Company
Sovran Bank/Maryland
Squire, Sanders & Dempsey
Stanley Martin Companies, Inc.
Steuart Investment Company
Julien J. Studley, Inc.
Sutherland, Asbill & Brennan
The Taubman Company
Touche Ross & Co.
Union Labor Life Insurance Co.
United Jewish Appeal
Federation of Greater
Washington
United National Bank of
Washington
USAir, Inc.
USLICO Corporation
US Sprint
Verner, Liipfert, Bernhard,
McPherson & Hand
Virginia Power Company
Walker & Dunlop, Inc.
Julia M. Walsh & Sons, Inc.
Washington Business Journal
Washington Gas Light Company
The Washington Post Company
Washington Times
Washington Urban League
The Washingtonian
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West*Group
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