Work and welfare: An overview

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WORK AND WELFARE:
AN OVERVIEW

SWRRI PUBLICATION # 1

Martin Lowenthal, Ph. D.

INSTITUTE OF HUMAN SCIENCES
BOSTON COLLEGE
SOCIAL WELFARE REGIONAL RESEARCH INSTITUTE
REGION I

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FOREWORD

The Social Welfare Regional Research Institute at the Institute of Human Sciences of Boston College was established by a grant from the Social and Rehabilitation Service Division of the Department of Health, Education, and Welfare. It began operation in May 1970 around the focus of "employment and employability" of welfare recipients and welfare-prone populations. In narrowing down this theme, the SWRRI has defined its research concentration as "employment-related welfare policy." This field of study is concerned 1) with the interaction of welfare policies and the employment and employability of client populations, 2) with the employment potential and the work experience of the welfare populations, and 3) with the evolving issues in employment, in the economy, and in welfare that concern the development of public policy aimed at the elimination of poverty.

This monograph is the first in a series of SWRRI publications and research efforts. Its purpose is to provide a background overview of the subject of work and welfare and to give a context to the other work of the Institute. The Institute is currently doing research on the following: 1) the patterns of use of work and welfare by recipients of AFDC, 2) the labor market situations of low income women, particularly women on welfare, 3) the legal backdrop for issues of welfare and work for recipient women, 4) the employment situation and problems of welfare-prone populations, such as low income youth, and 5) day care.
ACKNOWLEDGMENTS

A work of this kind, a state of the art monograph, is by its nature indebted to all those who have written and developed the field of welfare and employment policy. My use of their ideas and information is testimony to their contribution to the subject of work and welfare.

I must also thank my fellow workers at the Regional Research Institute who provided background materials, helped to write sections of this manuscript, gave important comments and thoughts on the organization and significance of the materials, and assisted in numerous other ways in getting this "overview" into print. I will simply list the names of these people, since to define their individual contributions to the final product would be a book in itself. They are: Tessa Cochran, Dennis Cohen, Reese Fayde, Jody Garber, Anna Hardman, Eleanor Henry, Jay Miller, Mildred Rein, Brenda Sullivan, Natalie Weinrebe, and Barbara Wishnov. I am also indebted to many others who have worked with the SWRRI in the past year who helped to initiate this work. I am grateful for the ideas, comments and generous support of my fellow members of the Policy Committee of the Institute - Dr. Demetrius Iatridis, Dean Richard Huber, Rev. John Driscoll, and Dr. Ritchie Lowry. Commissioner Neil Fallon and Dr. Dorothy Singer of the Regional Office of SRS have also encouraged this work and the Institute from the outset.

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INTRODUCTION

The lives of close to 14 million persons are affected directly by public assistance payments and by the restrictions, services, and problems that accompany being on welfare. In Boston one person out of every five receives some sort of relief and, in New York and San Francisco, the figure is one in seven. New York and California together amount for 28% of the recipients in AFDC.

The costs of all welfare payments (including vendor payments for medical services) are also imposing, approaching the figure of $15 billion. Much of the financial burden is borne by state and local governments, many of which are approaching severe financial arises.

The economic outlook for the nation appears dim at best and the continuing recession is driving more clients onto welfare; while inflation is magnifying the cost to the government and diminishing the value of payments to the recipient. These costs are imposing increasing tax burdens upon a public which feels that, given the economic crunch, it cannot afford to let the rolls expand at present rates. The demand is for change in the welfare system which will cut or limit costs and will restrict the system to selected needy people.

The demand for welfare reform, however, came originally from recipients and social commentators who objected to the way the system worked and the manner in which it arbitrarily excluded eligible poor. The objections centered around the right to a decent level of support and the elimination of arbitrary procedures and regulations which were demeaning, tended to destroy the possibility of family life, and unreasonably limited the choices of recipients. A variety of groups and government supported programs during the middle and late 1960's exerted pressure on the welfare system to recognize both the right of people to assistance payments and the rights of people who receive relief payments.

The convergence of these two-often opposed-demands for change in welfare, has led to a renewed search for approaches to the problems of income maintenance and the reduction of poverty through changes in the welfare system. These efforts have focused attention on employment as a strategy to level off the welfare caseload and as a way to move recipients into positions of self-support.**

*For example, in New York City during March 1971, there was a large increase in the relief rolls, with a disproportionate number qualifying for AFDC-Unemployed-Parent. Of the increase in recipients, 14.3 percent were unemployed parent families which is far above the 4 percent proportion that this category makes up of the caseload. New York Times, May 9, 1971.

**The discussion of work for those on relief has been confined entirely to those now included within the present AFDC program. No suggestion has been made that work or work training is appropriate and should be encouraged for the veteran's widow or day care for her children to permit her to take work or work training. The fact that self-support, work or day care for many categories of relief is not mentioned in reports or debates in Congress points to the favored position of these people as opposed to those who are on AFDC.
However, if we assume that no major economic intervention will be forthcoming in the near future to make jobs readily available and increase wages substantially in low-wage sectors, the ability of most AFDC family heads to meet the minimum income needs of their families by working is probably quite low. The anticipation that many are or will be able to earn their way off assistance is probably unrealistic. Only a minority of welfare recipients will ever be able to get off public assistance through employment. For a family of four headed by a woman, she would need to earn $2.25 or more an hour on a full-time basis to be removed from the welfare rolls in 30 states. In only nine states could the family head earn less than $2.00 per hour and become completely self-supporting. In some states where the cost of living and the welfare payments are higher, a mother would have to approach earnings of $3.00 per hour or more.

In consideration of this problem it must be understood that poverty, not fraud, is the primary causal agent in the growth of assistance roles. The rising costs of welfare signify that something is terribly wrong in the nation. In analyzing the problem of poverty of our economic system one must not assume the posture of blaming the bad fortunes of the nation on the poor, the real victims of the system, or of attributing the causes of both poverty and welfare to poor people.

Thus far in our efforts to apply social science to the problems of poverty we have been moving in a kind of mythological dream sequence of rehabilitation, training, services, and incentives focused on getting the poverty out of people. We are finding few solutions because we are posing the wrong questions. Certainly we can find the problems we are looking for in the people, but this will not give us solutions. We have been looking at the problems in the wrong place. Only by understanding and dealing with the social and economic arrangements which keep people in poverty and only by eliminating the institutional barriers to getting them out of poverty can we begin to solve the problem of poverty and welfare.

Further, the issue of work and welfare is not simply whether the recipient can work or whether the society can find jobs, but whether it can find jobs that pay adequately, have mobility potential, and have status and social meaning. The government must not be put into the position of support- ing programs which would deliver the recipient body and soul to the most degrading and stultifying forms of labor, which would forfeit all his rights as a human being, and which would dwarf the person to the point of servitude.

We are only gradually beginning to realize that it is not enough to design programs which attempt to alter the supply of labor by training, rehabilitation, and education in order to assure higher levels of income and living. The structure of the occupational system, the operation of labor markets, and the levels of wages, which make up the demand side of labor market equations, required appropriate and significant intervention.

These considerations place in perspective the various efforts aimed at employing welfare recipients which presuppose that a large segment of the recipients of AFDC, particularly women, are able to seek, obtain, and keep jobs that pay well and that their children can be adequately cared for in terms of their physical, emotional, and educational needs. These efforts have raised a series of questions centered around: (1) the employment
potential--"employability"--of recipients; (2) the different patterns of use of work and welfare; (3) the structure of job opportunities as manifested in labor market structures; (4) the significance of incentives, regulations, and training in the work effort of recipients; and (5) the effects of welfare policies on work patterns and of manpower policies on welfare. This monograph will attempt to define the present situation in welfare and to analyze and organize what is known about this subject area.
CHAPTER I

WELFARE: PAST AND PRESENT

In this examination of the interrelationship of welfare and patterns of work, a short historical review reveals both the persisting attitudes and the changing concerns of public officials who debate and make national policy. The attitudes reflect a sense of charity coupled with a fear that poor people on welfare are, or will, undermine the moral fiber of a work-oriented society and thus should either be rehabilitated or punished. The concerns of policy makers have changed from the administration and supervision of poor houses in the 19th century, to the creation of a social insurance program in the 1930's, and to later attempts to reduce the welfare rolls, (a) through eligibility restrictions and fraud scandals in the McCarthy era, (b) through the provision of rehabilitative services in the 1960's, and finally, (c) through the emphasis on work in the 1967 Amendments to the Social Security Act.

A. THE PAST

In the 19th century, a relatively large proportion of poor relief was provided through private charities and philanthropies, and public support was confined usually to the administration and maintenance of poor houses by townships, cities, or counties. Most public overseers of the poor were political appointees and were often encouraged to provide only minimal food and care because they were paid a flat rate for looking after the poor house. Conditions in many cases were so bad that many social reformers saw no hope in public relief and sought private sources to assume the responsibility for assistance to the poor. Wedemeyer and Moore describe the practices of that time in the following way:

"Qualification for relief rested upon complete destitution and lack of any relatives to charge with support. The concept of welfare was characterized by frequent transporting of the poor back to their places of legal settlement, vagrancy practices, and methods designed to deter people from seeking help. Courts seldom considered the rights of the person in need. Court procedures frequently resembled criminal prosecutions rather than expressions of humanitarian concern."
Massachusetts was the first state to set up a central supervisory authority, in 1863, which had no administrative powers, but could investigate and make recommendations. This pattern was followed by most states in the 1880's. However, conditions in the poor houses and charitable institutions continued to deteriorate. By the 1900's, many states had Boards of Supervisors which had powers over the administration of institutions, over some personnel, and over the expenditures and audits.

In the early part of this century, many reformers began to think that the placement of children in institutions might be unwise if the children could receive better care by remaining with their mothers in a proper home. In 1909, a White House conference spurred a number of organizations to press for Mothers Pensions to insure this opportunity for both mothers and children. The first of the Mothers Pension Acts was passed in 1911, and by 1931 Acts had been passed in all states but Georgia and South Carolina. However, when faced with the Depression in the 1930's, the Mothers Pensions, which were usually locally financed and did not generally operate in all parts of the state, were found inadequate.

During the Depression it became obvious that neither private charity nor state and local programs could cope with the needs of the vast numbers of unemployed, and the federal government gradually became involved in providing aid to the needy. At the beginning of the Roosevelt administration, the Congress passed the Federal Emergency Relief Act which was intended primarily to provide unemployment relief. The Act also provided direct payments to individuals and families for basic necessities in order to prevent physical suffering and to "maintain minimum living standards". Although FERA was meant primarily to cover "employables", it was frequently interpreted by local officials to include dependent children; thus, part of the financial responsibility for their welfare was shifted to the federal government. This practice became so widespread, in spite of Washington efforts to discourage it, that $3\frac{1}{2}$ times as many recipients were covered under FERA as were covered by Mothers Pensions.

Despite the unemployment crisis in the Depression, there was strong opposition to federal participation in programs of aid to the needy. The Republican Party, as late as 1936, continued to urge the "return of responsibility for relief administration to non-political local agencies familiar with community problems". The feeling that the federal government should only assume the role of provider to the needy on a temporary basis was widespread among officials of that time, including most of the strongest supporters of the Social Security Act of 1935.

The Social Security Act of 1935 established two major approaches for providing economic relief: 1) contributory social insurance which would eventually base its benefits on past contributions and thus become self-supporting; and 2) Public Assistance which was to be a transitional program which distributed relief to those who could demonstrate need and who would eventually be covered by some form of social insurance.

In the view of many contemporary observers, it was the Old Age Assistance which carried the entire Social Security program. The popularity of the Old Age Assistance (OAA) as finally written into the Social Security Act was based not only on its political attractiveness, but on the gradual understanding that, expensive as it appeared to be at the outset, and notwithstanding its violation
of the tradition of state responsibility for the poor, OAA in the context of the Social Security Act had a most attractive feature—it was programmed to ultimately wither away in favor of an almost universal system of Old Age Insurance.

Destitute old people at the time were not expected to make back contributions to a newly created insurance system in order to become immediately eligible for benefits and it was obvious that many businesses and industries would not be able to contribute to a new social security trust fund; however, as the elderly died, they would be replaced in part by a not so poor group, whose members had the advantage of social security pensions. As economic conditions in the country improved and more groups were included in social security coverage, the lesser would be the demand for public assistance and it would be possible for the states to again take up the burden of providing for the poor.

Public assistance had its origins in the Old Age Assistance legislation and was conceived as a transitional program whose benefits were to be limited to a narrow category of persons who were presumed to be out of the labor force. Even the order of the various titles of the Social Security Act was designed with the popularity of the OAA in mind. Thomas Elliot, draftsman of the Act, placed OAA first because he conceived it to be the most popular and it had the effect of drawing opposition and discussion away from the less popular titles contained within the Act. Thus it was that the Aid to Dependent Children (ADC) was passed as almost an incidental aspect of the Social Security Program. ADC, which was intended primarily for widows, like the other assistance programs initiated at that time, was regarded only as an interim emergency measure. With the inclusion of survivors insurance as part of the old age insurance package in 1939, it looked as though the principle of insurance replacing public assistance would apply to this program as well. In 1939, the Chairman of the Social Security Board predicted to the Senate Finance Committee that "as this insurance system gets into operation, it ought to remove a large proportion of these dependent children from the state Mothers Pension rolls".

Although the Social Security Act was considered by many to be a comprehensive approach to the problems of economic insecurity, the legislative and political history of its origin and its evolution suggest that the approach was more of a collection of separate proposals for solutions to problems separately considered, than a comprehensive approach to interrelated problems of poverty. For example, the ADC formula included no provision for the mother or caretaker of the child. Although this was pointed out during the hearing before the House Ways and Means Committee, the Congress decided not to act on the matter. Moreover, the benefits under ADC amounted to less than half of those allowed under the Old Age Assistance and Aid to the Blind Programs. It should also be noted that the phrase, "assuring...a reasonable subsistence compatible with decency and health to dependent children without such subsistence", contained in early versions of the bill, was deleted from the final version of the Act. It had been included originally to discourage the practice, common among many states, of setting limits on individual grants below budgeted standards of minimum need; the import of the deletion was that the definition of need was thus left entirely to the states.
As the case loads failed to wither away, the states were faced with increasing costs and a shortage of funds. In this situation states had the option to either place a maximum on individual grants, to pay less than the full amount of minimum need, or to cover the full need of some and place others on a waiting list. This latter practice appeared contrary to the intentions of Congress and the Social Security Act, even in the broad and flexible powers which that Act gave to the states. In 1950, the Congress finally passed an amendment requiring that, "all individuals wishing to make application for Aid to Families with Dependent Children shall have the opportunity to do so, and that Aid to Families with Dependent Children shall be furnished with reasonable promptness to all eligible individuals". In this same year, the Congress also approved, fifteen years after the original Act, a provision for a caretaker grant for the person who takes care of the ADC child.

As changing social and economic conditions, coupled with moderate liberalization of the Social Security Act, altered the composition of the public assistance case load, the ADC Program became increasingly the most important part of public assistance. While the number of OAA recipients declined relative to the growth in population of persons aged 65 and over, the growth in ADC recipient rate among children under 18 has increased significantly since the 1930's. In spite of unprecedented prosperity, welfare rolls have been expanding steadily, and in the last ten years have grown rapidly. In the AFDC Program, as the proportion of widows and orphans on the rolls declined, that of families whose need resulted from divorce, separation, desertion and other like factors, increased markedly. Further, the percentage of non-whites in the program has increased from 21 percent in 1942 to 30 percent in 1948 to around 50 percent in the late 1960's. The changing characteristics of the AFDC population have brought the program under increasing public criticism. From the standpoint of public morality, death and physical incapacity were more acceptable causes of dependency than family breakup or illegitimate children. In addition, the racist attitudes and postures of many public officials and legislators has caused the program to come under increasing attack on the grounds of fraud and mismanagement of funds, although few of such allegations have ever been substantiated to any significant extent.

The general trend during the 1950's was toward greater diversity among the state AFDC programs. There was great variation in the amounts of the grants, the quality of administration, and the nature and the extent of eligibility requirements. Both the administration and the Congress at the federal level were unwilling to check this increasing diversity and appeared to favor increasing state responsibility for public assistance programs. This was true in spite of the fact that Congress was steadily increasing the federal share of welfare, and that the variable grants formula was included in the 1958 welfare legislation.

In 1956, Congress passed legislation which was to set the ground work for changes that would be realized in welfare in the 1960's. Authorization was made for funds for the training of public assistance workers, although no money was appropriated for this until the end of the 1964 session. Funds were also authorized for research and demonstration projects relating to the prevention and reduction of dependency, but this program was not funded until 1961. In the AFDC portion of the 1956 Act there was also recognition in principle of the need for the provision of social services to promote self-help and to "strengthen family life". Moreover, the 1956 Amendments authorized federal sharing on a 50/50 basis of funding for services "provided by the staff of the state agency".
The 1956 Amendments further reflected the fact that by the end of the decade of the 1950's, the inadequacies of the welfare system were not only more apparent than before, but were causing growing concern. This concern was focused most prominently on the Aid to Families with Dependent Children Program. The AFDC case load had increased from 1,942,381 in 1953 to 3,080,257 in 1960. Much of this rise can be attributed to wider coverage, broader federal participation, the growth of the child population, and the rising incidence of broken homes; however, demands for strategy to limit or curtail the program were being heard from many quarters.

Two divergent forms of public pressure began to emerge in response to the rising costs of AFDC, and the impact on government welfare and poverty policies became stronger. One pressure came from irate taxpayers and their representatives who protested the inflation of the welfare roles and sought a means by which the program could be gradually limited and eventually reduced. Another set of pressures were growing out of the new consciousness expressed by the Civil Rights Program which demanded that the government play a greater role in solving the problem of poverty and that it reform the welfare system, especially in terms of the elimination of its inequities. These groups sought not only to correct the inequities in grant and eligibility requirements, but to eliminate the traditional methods of distributing aid, and to eradicate completely the arbitrary and intimidating practices considered demeaning to the recipients, such as exhaustive personal investigation and unannounced midnight visits. The Civil Rights movement and the organizations that developed afterward insisted that the government take seriously the notion that poverty could be wiped out and that federal government agencies must play a central role in assisting the poor.

As the new administration took office in Washington in 1960, it was confronted by these two apparently contradictory pressures for governmental action on welfare. Social work professionals encouraged the administration and the Congress to find the seeds for solution to both pressures in the 1956 Amendments to the Social Security Act. They called for an enlarged program of grants for the training of professional social workers and for a positive approach to the problems of the recipients. The primary problem of the recipient was identified to be that of dependency and programs were proposed in terms of the prevention of dependency and the promotion of rehabilitation services to the individual once he becomes dependent. The basic principles of this approach were stated succinctly in the 1961 report of the Ad Hoc Committee on public welfare:

"Financial assistance to meet peoples' basic needs for food, shelter, and clothing is essential, but alone is not enough. Expenditures for essentials not accompanied by rehabilitative services may actually increase dependency and eventual cost to the community. The very essence of a vital program should be full use of all rehabilitative services including, but not confined to, provision of financial assistance. The ultimate aim is to help families become self-supporting and independent by strengthening all their own re-
sources. Achieving this requires the special knowledge and skill of social workers with graduate training and other well trained specialists."

When he signed the Public Welfare Amendments in 1962, President Kennedy characterized them as, "the most far reaching revision of our Public Welfare Program since it was enacted in 1935", and said that enactment of the Amendments, 'marks a turning point in this nation's efforts to cope realistically and helpfully with these pressing problems". The 1962 Amendments authorized federal payment of 75 percent of the cost of rehabilitative or preventive services prescribed by the Secretary of Health, Education and Welfare, and maintained the pre-existing provision for payment of 50 percent of the cost of other non-economic services provided by the states. The services primarily envisioned at this time were psycho-social and family services which would assist a family in its internal relationships, would rehabilitate and re-orient attitudes, and would restore the self-esteem of the recipient.

The 1962 Amendments, while centered around the idea of alleviating the personal sources of dependency and promoting self-help through social services and rehabilitation, also contained provisions which sought to reduce the rolls by establishing programs to enhance the employability of recipients. Federal funds were authorized for use in community projects and on-the-job training for recipients of public welfare.

Prior to the adoption of the AFDC-UP Program (Aid to Families with Dependent Children--Unemployed Parent) in 1961, work relief in federally aided Public Assistance categories was academic. Children, the aged, the blind, and the disabled were not generally in the labor market and hence not involved in collections of work relief. The idea of work relief and training programs centered more on specialized supportive services which could assist the recipient in becoming independent through self-supporting work.

Consistent with this orientation, the new legislation authorized $5 million for day care centers for children of working mothers for fiscal 1963 and $10 million annually thereafter. This provision reflected concern about the estimated 400,000 children under 12 who already had to care for themselves while their mothers worked. It was also hoped that the provision of such centers would encourage able-bodied AFDC mothers to seek training or to go to work. A corollary hope was that some AFDC mothers could be trained to qualify as day care center operators.

Implementation of the day care provision failed to realize the authorization. Appropriations for the day care program for 1963 were lost when the 87th Congress adjourned without enacting the appropriations bill that would have provided such financing. The following year, the move toward day care seemed to be losing steam, but the Congress did appropriate $4 million for fiscal 1964 and $6 million for 1965.

Another significant change in the 1962 Amendments was designed to encourage Old Age Assistance recipients to contribute to their own self-support by authorizing states to exempt from the assistance budget as much as $30 per month in earnings. Until this time, all welfare recipients lost one dollar of welfare for every dollar they earned, thus creating a 100 percent marginal tax rate. This new provision in OAA introduced the idea that a portion of earned income would be disregarded in figuring the amount of public assistance that a recipient is entitled to. This was not so much an incentive to work as a beginning step towards eliminating the disincentive to work.
With the introduction of the war on poverty, special attention was given to work training for welfare clients for the first time. The Work Experience and Training Program, under Title V of the Economic Opportunity Act of 1964, initiated the first positive efforts toward facilitating entry or re-entry into the world of work for welfare recipients. Originally the program was directed primarily at AFDC fathers, but was gradually broadened to include mothers and eventually grew into the 1967 Work Incentive Program (WIN).

The direction in the early 1960's toward social and rehabilitation services as a mechanism for reducing poverty and diminishing the assistance rolls through self-support came under attack in the mid and late 1960's. One study which cast serious doubt on the intensive service strategy was Gordon Brown's demonstration project with multi-problem families. After 2 1/2 years of special and intensive services by trained welfare workers to fifty multiple problem families and of routine casework to an equal number of families with comparable problems, the two groups showed almost identical progress.* The conclusion, as stated by Brown, had to be that, "you cannot casework people out of poverty".** Comparable findings were also contained in another study by Henry J. Meyer in which social work intervention was examined in the context of vocational training.***

The Social Security Amendments of 1967 set a new direction for the AFDC Program. The Amendments reflected the congressional and public concern about the continued growth in the number of families receiving AFDC, and an increasing suspicion of the inadequacy of the expensive social service strategy for reducing and preventing dependency and for leveling off the welfare rolls. As the House Committee report stated:

'We are very deeply concerned that such a large number of families has not achieved and maintained independence and self-support, and are very greatly concerned over the rapidly increasing costs to the taxpayer. Moreover, we are aware that the growth in this program has received increasingly critical public attention.'

The first effort to make welfare recipients independent labor market participants using the professional social service approach had shown no progress after running for five years, from 1962 to 1967, and Congress was beginning to abandon this social service strategy in favor of work incentives, work training and work experience, on the assumption that many could, should, and would be moved off the assistance rolls and into the world of work.

The 1967 Amendments included a varied set of provisions touching many aspects of the AFDC Program. The Work Incentive Program (WIN) was created under the Department of Labor, in cooperation with the Department of Health, Education and Welfare to furnish incentives, opportunities, and necessary services leading individuals toward employment and independence. The purpose of WIN was to assure, "to the maximum extent possible that each relative, child, and individual participating in the program will enter the labor force and accept employment so that he will become self-sufficient". Most AFDC parents were considered potentially eligible for participating in this program.

Other major provisions in the Amendments required the development of programs to reduce the number of children born out of wedlock and to offer family planning services to appropriate AFDC recipients. In order to encourage state implementation of these provisions, which were aimed at reducing the welfare rolls, Congress also enacted a freeze or limitation on the federal share of AFDC to the states which could then be used to subsidize assistance to certain new AFDC families. It was believed that this added incentive to the states to implement the "constructive programs" that Congress authorized in the Amendments would begin to remove many present AFDC families from the rolls. While the freeze was authorized by Congress, it has never been implemented due to a freeze upon the freeze which has been in effect since a short time after the 1967 Amendments were enacted.

One of the more important provisions in the 1967 Amendments was the inclusion of an earnings disregard in the calculation of public assistance payments to recipients on AFDC. With some notable exceptions, the rule had been that assistance payments would be reduced on a dollar for dollar basis as the earned income of a recipient increased. Some observers have called this reduction a 100 percent "welfare tax rate". Many analysts pointed out that the result of this confiscatory tax rate was a reduction in the financial incentive to work for those recipients who could not net an earned income--or a total money income--that exceeded the family's monthly assistance requirements. In 1967, the Congress decided to reduce the welfare tax rate by permitting the first $30 of earnings to be disregarded in the calculation of assistance payments and to disregard one-third of the net earnings of the family in calculating the reduction of the public assistance payment. This amounted to a two-thirds tax rate on earnings above $30 per month. This extended the principle of reducing the disincentive to work that had begun with the OAA in 1962.

B. THE PRESENT

Citing the latest figures available from January 1971 (HEW 1971), almost 14 million persons received money payments under the five public assistance programs in that month. These were distributed by program as follows: Aid to Families with Dependent Children (AFDC)--9,773,000; Old Age Assistance (OAA)--2,081,000; General Assistance (GA)--1,078,000; Aid to the Permanently and Totally Disabled (APTD)--948,000; Aid to the Blind (AB)--81,000. Money payments in January 1971 totalled $809.5 million, some $182.4 million more than January 1970. Most of the increase occurred in the Aid to Families with Dependent Children program ($139 million). By program, the January totals were:

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Aid to Families with Dependent Children, $482 million; Old Age Assistance, $160.8 million; Aid to the Permanently and Totally Disabled, $93.9 million; General Assistance, $63.9 million; and, Aid to the Blind, $8.4 million.

Money payments per recipient for the month of January averaged, by program: Aid to the Blind, $104.00; Aid to the Permanently and Totally Disabled, $99.05; Old Age Assistance, $77.30; General Assistance, $59.25; and, Aid to Families with Dependent Children, $49.35.

A recent report of the National Center for Social Statistics (1971) presented a summary of the changes in the AFDC program over the fiscal years 1965-1970 and over the twelve month period August 1969-August 1970, demonstrating the extent of the crisis in welfare and attempting to identify some of the factors underlying the changes in the caseload. (No attempt was made to identify the amount of change attributable to each individual factor.)

Over the five years, 1965-1970, the average monthly number of recipients of AFDC rose by more than 75 percent (75.3%) to a total of 7.4 million children and adults. The number of children aided per 1,000 children under 18, rose at about the same rate, from 45 to 85. The dramatic upward trend became most acute since 1967. (See Table A)

This change, combined with increases in average monthly payments per recipient, has resulted, according to the NCSS, in an unprecedented increase in expenditures for assistance payments. Expenditures for such payments increased 156 percent--from $1.6 billion in 1965 to $4.1 billion in 1970. Of the increase, 51.9 percent was due to increases in the average monthly payment per recipient. It should be noted, however, that higher prices absorbed approximately 45 percent ($578 million) of these higher payments. Thus the real increase in the average payment per recipient was only 28 percent more than the 1965 average of $31.25.

The report continues by giving a geographical breakdown of AFDC caseload changes by states. The recipient rate (that is, the number of children aided per 1,000 under age 18) was higher in 1970 than in 1965 in all except two states, with the rates doubling in California and New York and more than doubling in seven additional states. California had a larger number of recipients than New York, but New York made higher average payments per recipient. Whereas in New York, half of the increase in expenditures over the five years was accounted for by the rise in average payments, in California only a little more than a fourth was for this reason.

The pressure of the welfare caseload grew at an even faster rate in the twelve months ending in August 1970. The month of July-August 1970 showed the largest monthly increase in the history of the program--214,000 recipients; this exceeded by 25,000 the previous high which occurred in December 1969. During the period July 1969-July 1970, California experienced the largest numerical increase of recipients (351,000), followed by Pennsylvania (116,000), New York (115,000), New Jersey (115,000), Texas (108,000), and Michigan (84,000).

The upward trend in the number of recipients of AFDC had been attributed by the National Center for Social Statistics in early reports to a number of factors which included: 1) the increase in the number of families headed by women with children under 18 years of age; 2) the population shifts from rural to metropolitan areas; 3) changes in the AFDC program's policies on eligibility; 4) economic declines; 5) rising assistance payments standards; and, 6) a rise in the rate of application approvals.
The Department of Health, Education, and Welfare (1968), also in an early explanation, attributed the rise in expenditures to both the greater number of recipients overall and to the higher average monthly payments per recipient—resulting, in turn, from rising costs of living, changes and improvements in State standards of assistance, elimination of some restrictive eligibility requirements, and added knowledge by needy persons of the existence of assistance programs.

In a budgetary report to Congress, HEW offered the following interpretation of the increases in the AFDC program:

1. The increase in broken families and an increase of the child population.
2. Increased awareness of the availability of Public Assistance.
3. The indirect case finding effects of the Medicaid Program.
4. Changes in eligibility requirements authorized by federal law.
5. Continuing problems of the unskilled and poorly trained in obtaining employment even in good economic times.

The report added that, even with the increases at the time, probably only one-third of all poor children were receiving AFDC benefits and that rates could continue to rise further still.*

The NCSS report on "Trends in AFDC" (1971) attempted to indicate some of the more recent thinking on the factors influencing the rapid rise in the public assistance caseload. The report placed major emphasis on what it called a "new psychological climate". As a result of the poverty program of the Office of Economic Opportunity, more widespread use of public assistance programs was promoted as a means of alleviating poverty. With this approach came new demands for improvements in public assistance which succeeded somewhat in raising assistance standards, opening eligibility, and protecting the privacy of recipients. Decisions of the Supreme Court, those relating to the "man-in-the-house" rules and particularly to earlier residence restrictions, also made it possible for a substantial number of additional people to qualify for AFDC.

The report also pointed out that two of the 1967 Amendments to the Social Security Act brought about an increase in the number of recipients. The first required that, after July 1, 1969, all states must reprice their cost standards for basic needs to reflect changes in the prices that had occurred and to make appropriate adjustments in maximums and other limitations on payments. Under this amendment, additional families became eligible for assistance. The second change, as an incentive to employment, required states to disregard specified amounts of earnings in determining the amount of public assistance to be received. As a result, many cases that formerly would have been closed, continued to be eligible for a reduced assistance payment when the parent got a job or an increase in pay.

In responding to a request from SRS, three states and three jurisdictions attempted to identify factors contributing to increases, 1) in numbers of recipients, and 2) in average monthly payments. The major reasons identified were as follows:

1. Factors contributing to increases in number of recipients.
   A. Higher assistance standards (17 states).
   B. Court decisions relating to "man-in-the-house" policy, responsibility of step-fathers for support, and residence requirements (16 states).
   C. Change in economic conditions (19 states).
   D. Greater public knowledge and awareness about the availability of public welfare (11 states).
   E. Other agency policy changes (4 states).
   F. AFDC-FC (3 states).

2. Factors contributing to change in average monthly payment per recipient.
   A. Higher assistance standards (19 states).
   B. Earnings disregard (19 states).
   C. Simplified budgeting procedures (5 states).
   D. Increased Federal ceiling (3 jurisdictions).

According to Piven and Cloward, the rise in welfare was not due to agricultural modernization and the continuing high unemployment in the cities to which the poor had migrated, as many had previously maintained. They point out that traditional restrictions kept the poor off the rolls through "residence laws, employable-mother rules, man-in-the-house provisions, an eligibility procedure so complicated as to constitute a bureaucratic design in deterrence, and decisions to deny assistance that were simply blatantly illegal. The result was that a great pool of people built up in the cities who were eligible for aid, but were not receiving it." *

They argue that these traditional restrictions collapsed in the 1960's because federal intervention (particularly the poverty program) had the effect of mobilizing pressure against local restrictions on public assistance by challenging the laws and policies that kept people off the welfare rolls and by supporting services and organizations which informed people of their entitlement to public welfare. They further point out that the welfare system was used to make concessions to the increasing demands of the poor partly because they needed money, but primarily because, "it was easier to give welfare than to press for concessions that would challenge the interests of other groups in the cities." **

** Ibid., p. 42.
The conclusions that emerged were that the federal government played a dramatic role in the 1960's to place pressure on local welfare departments which has contributed to the welfare explosion in the late 1960's and that this concession was made to ease the pressures and volatility of the ghetto without having to undertake large scale urban social change. Piven and Cloward, in the end of their article, go on to say that now, when ghetto unrest has subsided, the liberalization of welfare practices stands out, and there is pressure not to make further concessions.

The desire of Congress and many legislatures and Governors to limit the number of recipients has grown out of the increasing financial burden of welfare but is rationalized by such accusations as welfare fraud, intergenerational transmission of the welfare life style, and unwillingness of recipients to work. The charge of fraud or of ineligible families draining resources from the public is a common one in political circles; however, the problems that usually emerge often concern the vendor payment or medical aid programs, not the direct assistance programs. According to the President's Commission on Income Maintenance Programs (1970), recent Quality Control reports showed that, "nationally in only 1.9 percent of cases were all family members ineligible". There is no data that shows that ineligible families collecting welfare is a widespread practice and there are no materials or data which suggest that, in those very few cases where ineligibility was found, it was anything more than a mistake on the part of the agency.

Since 1962, an annual national survey of rates of ineligibility in state public assistance caseloads has been conducted for the Senate Appropriations Committee. These surveys confirmed earlier administrative reviews which had estimated that overall average eligibility errors were approximately 3 percent. Such a low figure also suggests that attempts to reduce such errors through widespread monitoring and investigations will cost far more than the amount that could possibly be saved.

Further, though there is evidence to suggest that public assistance is not transmitted from generation to generation in the majority of cases, the belief that it occurs in a significant proportion of cases persists. A variety of rationales has been developed to support this belief. One school of thought proposes that the deficiencies or pathology of the individual and his family account for the transmission of poverty and dependency. Those who believe in this position usually hold to the "culture of poverty" thesis. A second major hypothesis proposes that poverty and the need for income assistance is a function of the inadequacies in the operation of social systems" (Willie, 1969). Supporters of this view point to the reduction in the proportion of poverty in this country as a consequence of "systematic change--the growth and expansion of the economy" (Willie, 1969). Many authors, examining the operations of our major economic, social and political institutions, and the pervasiveness of racial discrimination and class biases in these institutions, have concluded that these institutions play a major role in the perpetuation of poverty within and between generations.

While there is a need for more research on the intergenerational transmission of poverty and welfare as a way of life, a pilot study conducted by Greenleigh Associates in New York (1969) concluded that: 1) dependency into two generations is characteristic of a relatively small proportion of public assistance recipients; 2) the majority of those who come from families that
have received assistance do not become recipients themselves; 3) second generation recipients do not differ significantly from other public assistance recipients in any way that would tend to differentiate between the two groups, except for the length of time they have resided in New York City; and, 4) a family history of dependency is not as important in explaining adult reliance on public assistance as are a number of other factors associated with dependency". In an earlier New York City sample, Podell (1968) had found similar results: "Only 15 percent of a city-wide sample of mothers on welfare...had parents who had also been relief recipients...although 35 percent of the sample reported they had siblings who had received assistance at one time or another."

Two other studies are included here, which relate to the issue of intergenerational dependence, but are more closely related to the issues of client status and the distribution of characteristics among clients as compared to non-clients. Both studies assume a relationship between client status and personal characteristics, and use longitudinal and comparative designs to test their hypotheses. The Levinson study (1969) specifically examines long-range--including intergenerational--consequences of the receipt of public assistance on children in welfare families. The Langner study (Langner et. al., 1969) on the other hand, assumes that the welfare selection process produces a population which exhibits more psychiatric impairment in mothers and their children. It examines the structure and functioning of welfare families to test their relationship to differences in impairment.

The Levinson study classified parents of high school children in one community according to welfare status: accepted (AFDC), rejected, or non-recipient (i.e., never-received or never-applied) categories. They were concerned with problems of long-range consequences of receipt of public assistance for children of welfare families, the relationship of length of time on assistance to the distribution of children's problems--including the receipt of assistance in one to three generations of the family--and the comparison of children from families of rejected or never-received status. The author hypothesized that the presence of such problems as school drop-outs, school disciplinary problems, lowered academic aptitude and achievement records, juvenile delinquency, teen-age marriage and pre-marital pregnancy, singly or in combination lessen the chance of the individual breaking the poverty cycle. Levinson (1969) stated that "students from AFDC families consistently and significantly have more problems than those from families who had been denied assistance". He added that Negro girls from families who had been denied assistance, however, "fared more poorly", than those from AFDC families. Moreover, the "longer the family receives assistance, the more likely it is to have children with these kinds of problems". Although Levinson pointed out the dangers of generalizing from the data in this study to the whole welfare system, he suggested that the major implication of the study for the welfare system was that it was unable to "bring the children in their AFDC case-load up to the level of other families in the community of similar socio-economic status, race, and household structure. The welfare system in this community may have provided assistance equal to the families' minimum needs, but it did not succeed in mitigating the social consequences of poverty". This study further suggests, in addition to the nature and consequences of the selection processes which lead to welfare status, that maintaining the welfare status has important consequences for individuals and families which are costly to the social mobility of AFDC families.
In a large sample survey of "Psychiatric Impairment of Urban Children", special comparative analyses of children of welfare families, low-income non-welfare and high-income families were made (Langner, et. al., 1969). The problems examined in this study included development of speech, sight and hearing, school functionings, relationships with family and peers, self-confidence, and symptoms of neurotic, psychotic and other serious pathology. The findings of this study seem to support the findings of the Levinson study in that problems, regardless of how they are defined, seem to occur disproportionately in welfare families when compared to low-income non-welfare families and to high-income families. This might suggest that being on welfare and the selection process by which welfare status is attained both contribute to the differential distribution of problems. Certainly, this inference is in accord with the assertions of many current critics of the welfare system who point to the dysfunctional consequences of its operation, even if these are, in fact, unintended. Nevertheless, the evidence, although suggestive, is not yet conclusive—not only because of the methodological limitations which these studies have encountered, but more importantly because the nature of social mobility and the goals for individuals have not been fully defined nor understood.

Concerning the work patterns of public assistance recipients, most studies indicate that most recipients have an attachment to the labor force and many do work while on relief. Given that the vast majority of recipients, who are not children, aged or disabled, are in the low wage part of the labor force, it is unreasonable to expect that many of them can easily become self-supporting and get off welfare much sooner than the average of two years that recipients are on now. It is a cruel hoax to publicly expect self-support through employment on the part of welfare mothers in a time of recession when unemployment rates are rising, particularly for low-wage women living in urban poverty areas. (The work patterns and labor force participation of recipients will be discussed in depth in other sections of this monograph.)

Criticism of the Public Assistance Program has continued for over a decade and many think that Federal statutes should be changed to promote 'welfare reform' throughout the country. However, the movement for reform is divided into two types: 1) those who seek to liberalize and universalize the system and to make it more responsive to the needs of the poor; and, 2) those who are attempting, (a) to undo the liberalizations recently achieved, (b) to reimpose special requirements and stigmas into the program, and (c) to give priority to other budget and tax considerations, which appear to politically respond to middle and upper income needs. The latter is not "reform" in the usual sense of the word so much as regression.

In the more serious discussions of reform, a number of suggestions for change have been presented, ranging from incremental tinkering with the system to fundamental changes in the structure and scope of Public Assistance. The tinkering type of suggestions include such policies as the extension of coverage to AFDC children until the age of 21 (now a state option), the mandatory adoption of AFDC-UP by all states, altering the financial sharing of the costs, and the reorganization of administration, including the separation of social services from income maintenance administration. The more dramatic suggestions of welfare reform would turn the program into a guaranteed annual income with features of negative tax. Others carry this argument even further and link welfare reform to reform of the whole cash transfer system in the United States, including special subsidies, tax shelters, and special tax allowances.
In a broader and more radical proposal for reform by the Community Action Program Directors of California (1970), the termination of welfare payments to all but the elderly, the blind and the disabled was linked to elimination of subsidies and transfer payments to the wealthy. The proposal maintains that the poor receive only 7 percent of transfer funds, but most of the blame for the approximately $150 billion in transfers that take place. Pointing to the 381 "super rich" and the 40,000 "medium rich" citizens who paid no federal income taxes in 1968, the CAP Directors claim the poor have been made the scapegoat because of the labels attached to their transfers and the inadequacy of their payments which forces them to continually call attention to their subsidies. Their conclusion is that a free enterprise and full-employment system free of subsidies to the rich and most of the poor is a solution to the problems of poverty and undue tax burdens.*

Many others who are pressuring for welfare reform advocate the idea that public assistance should play a major role in eradicating poverty and that the system should include the working poor as well as the unemployable. Whether the working poor are included overtly within the system or not, the situation of poverty and the pool of poor people contributes to the rise in welfare case-load by placing people in marginal living situations which, in times of crisis and economic distress, will make public assistance vital to their survival.

It has been admitted for some time that the number of people receiving relief was far short of the number potentially eligible. An examination of the numbers of poor people will give an indication of the size of the problem of the "potentially eligible".

C. THE POOR--THE PEOPLE IN NEED

The initial problem in identifying "the poor" is in defining the term. Current literature defines the poor in terms of the economic or cultural conditions existing in a household, or some combination of the two conditions. By accepting the fact that any definition of poverty will normally include a number of families who are not "poor" and exclude others who are really living in poverty, a working definition can be developed. For most purposes, a workable definition must be capable of measuring the number of people living in poverty at any given point in time, changes that occur in these numbers, and the number of people who cross the established poverty line over a period of time.

Most attempts to define poverty in economic terms are concerned with identifying some necessary amount of income--necessary, that is, to command some minimal quantity of food and/or services. The two most commonly used base units are food and housing, and it is food that is utilized in the official definitions by the Social Security Administration and the Office of Economic Opportunity (with minor adjustments) mainly due to nutrition being the only consumer item where scientific standards of adequacy have been established by the government.

Different base units would affect both the threshold and the distribution of poverty, but would not alter the trends.

Calculations defining poverty levels center around two food plans developed by the Department of Agriculture—the Low Cost Plan and the Economy Plan (about 20% to 30% lower than the Low Cost)—both vary according to size of household and geographical location. The Low Cost Plan was developed to adapt to the food patterns of families in the lowest one-third of the nation's income range, while the Economy Plan was developed for temporary use when funds are low. The official definitions use the Economy Plan as a permanent measure even though it was developed for use only on a temporary basis. When the Low Cost Plan is used, the total number of poor increase by an estimated 35 percent and if housing costs are used as a base, the poverty threshold increases by more than three times the poverty threshold set at Low Cost standards. Therefore, the statistics presented here are obviously low estimates of the American poor, but they are the most accurate and complete available.

The poverty index is an attempt to calculate the minimum amount of income necessary to support an average family at the lowest level consistent with the standards of living prevailing in the country. In setting poverty levels, the Social Security Administration and the Office of Economic Opportunity calculate yearly costs for food based on Economy Plan costs with adjustments for household size and farm/non-farm status, and multiply this by three to set the poverty level income for a household. Anything under this level is to be considered poor. (The factor of three was decided upon after the Department of Agriculture and the Bureau of Labor Statistics found families spent approximately one-third of their money income after taxes on food.) The poverty level was set lower for farm families because it was expected that farm families would have some percentage of their food home-grown. The SSA discovered that farm families spent one-third of their income on food, but these purchases represented only 60 percent of the retail value of all the food they used. It was assumed that farm families obtained 40 percent of their food requirement from home farms and therefore set the poverty line at 60 percent of non-farm families.

The index is adjusted each year to reflect changes in the costs of food and until recently (1969) these changes were based on the cost of items in the Economy food budget. But because the cost of these goods did not keep pace with increases in the overall cost of living, the Bureau of the Census adopted the consumer price index as the basis for annual adjustments. Admittedly, this is only one flaw which has been corrected for in a definition which can and has been attacked for other inadequacies.

The definition is most often attacked for being too general in respect to its categories—there should be more than just farm and non-farm. It is also deficient in not taking a family's assets into consideration and this accounts for many who are classified as poor who should not be, although assets are often in the form of a home or car and it can be argued that these cannot be consumed. The definition also relies on "economies of scale", that is, after a certain household size, the poverty level fails to increase proportionately—the top was originally set at seven members, but has been increased to thirteen in several instances when the question of eligibility for certain benefits comes into question.

This definition also looks at the income of households and hence excludes what has become known as the "hidden poor", that is, those families or persons who double up with another poor household and whose combined income lifts them
above the established poverty line. It has been estimated that approximately
1.7 million elderly persons and 1.1 million members of sub-families are not
included in existing national totals.

Using the Economy Food Plan as the basis of the poverty index, there
were, in 1970, about 25.5 million persons, or 13 percent of the population,
below the poverty level, according to the results of the Current Population
Survey conducted in March 1971 (Bureau of the Census, 1971). The decade
of the 1960's had witnessed a sizeable reduction in the number of persons
living in poverty and between 1959 and 1969 the average annual decline in
the number had been 4.9 percent. However, between 1969 and 1970, the number
of poor persons increased by about 1.2 million, or 5.1 percent. The rates of
increase for both whites and blacks were roughly the same; however, the
poverty rate for blacks was more than three times that for whites.

The sex of the family head is an important factor in the poverty status
of families. During the decade of 1959 to 1969, while male-headed households in
poverty declined by about 53 percent, there was no measurable change in the
numbers of poor persons in households with a female head. In 1970, persons
in households headed by women constituted only 14 percent of all persons, but
about 44 percent of all poor persons. The total number of persons in female-
headed households in poverty increased by approximately 820,000 between 1959
and 1970, while the numbers for male-headed households declined by 14,890,000
(although there was an increase of almost 500,000 persons in this category

In 1970, it would take approximately $11.4 billion to raise the income
of all poor families and unrelated individuals to the poverty line. In terms
of 1970 dollars, this figure represents about a 7 percent rise in the income
deficit since 1960. In terms of the income deficit for families, the mean
deficit was $1,419 in 1970. The differences, however, in the deficit by sex
of household head and by race are striking. For male-headed households the de-

ificantly for female-headed households $1,769) is 25 percent above
the mean for all families. About 29 percent of the poor families headed by men
had incomes within $500 of their respective poverty lines as compared to only
19 percent for those headed by women.

The trend of increasing numbers in poverty will probably continue in
1971 and for some time due to the unfavorable state of the economy. The unem-
ployment rates reached 6.2 percent in May of 1971, and the continuing high
rate of inflation will also push more people into poverty conditions. Yet
even if the low unemployment of the 1960's had continued, declining poverty
rates would not have continued at such a rapid level because, while the number
of poor was declining, an increasing fraction of the remaining poor were members
of households whose economic status is least affected by fluctuations in the
national economy. This process of 'selective poverty' is evident in the follow-
ing statistics: whites in poverty decreased by 41.5 percent (1959-1969), while
non-whites for the same period declined by only 31.1 percent; similarly, the
number of male-headed families in poverty decreased (1959-1969) by 52.5 percent,
while the corresponding decrease for female-headed families increased by 0.9 per-
cent. Male heads of families found it easier to move into the labor force dur-
ting times of national economic prosperity and hence reduce their total numbers
below the poverty line, but females were not able to do this to the same degree,
thus demonstrating that poverty among male-headed households is more likely to
reflect the economic situation nationally.
The National Urban Coalition, using available data, attempted to compare the profiles of public assistance clients with those of the general poverty population in a recent report (National Urban Coalition, 1970). According to this report, the total welfare population of 7.3 million (in the middle 1960's) was composed of 3.5 million children, 2.1 million over 65 years of age, 900,000 mothers, 700,000 blind or severely handicapped, and 150,000 males of working age--only 50,000 of whom were employable. In contrast, the poverty population, according to the Census Bureau's 1968 breakdown, consisted of 24.5 million persons, about one-half of whom were under 18 years of age. Almost 20 percent were 65 years old and over and about 20 percent were family heads. Almost three-fourths of the family heads were employed, yet only about half of them worked full-time. Of those heads of families who did not work, about one-third were ill or disabled, and about one-half were female heads of families with children to care for. It was found that only 100,000 able-bodied, single poor men did not work. The most obvious differences between these two sets of figures--aside from the totals--is the large proportion of employed persons, not on welfare, who live on incomes which are officially defined within the poverty level standards.

A report commissioned by the Committee for Economic Development's Subcommittee on Problems of Urban Poverty, by Anthony Downs (1968:3) states that "nearly one-third of all poor persons in metropolitan areas (31.4%) are in households headed by employed men under 65 years of age whose poverty results from low earnings rather than unemployment, disability, or old age'. Also relevant to the variations between the welfare population and the poverty population is this finding of the report: "...about 47 percent of all poor in metropolitan areas are in households that cannot be expected to become economically self-sustaining at any time in the future'. These households include heads who are either elderly (19%), or disabled males under 65 (7%), or females under 65 with children (21%). The 47 percent figure is based on the assumption that about one-fourth of the females under 65 with children can be expected to earn sufficient incomes to be self-sustaining above the poverty level.
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<td>24,289</td>
<td>25,359</td>
<td>27,768</td>
<td>28,510</td>
<td>30,424</td>
<td>33,183</td>
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<td><strong>In families.</strong></td>
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<tr>
<td>Head...</td>
<td>20,499</td>
<td>19,432</td>
<td>20,692</td>
<td>22,771</td>
<td>23,803</td>
<td>25,614</td>
<td>28,354</td>
<td>30,912</td>
<td>31,498</td>
<td>33,623</td>
<td>34,509</td>
<td>34,925</td>
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<td>9,621</td>
<td>10,739</td>
<td>11,887</td>
<td>12,496</td>
<td>13,053</td>
<td>14,336</td>
<td>15,758</td>
<td>16,630</td>
<td>16,377</td>
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<tr>
<td>Other family members...</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Unrelated individuals 14 years and over...</td>
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<td>4,821</td>
<td>4,624</td>
<td>4,998</td>
<td>4,701</td>
<td>4,827</td>
<td>5,143</td>
<td>4,930</td>
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<td>17,395</td>
<td>18,983</td>
<td>19,290</td>
<td>20,751</td>
<td>22,496</td>
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<td>1,219</td>
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*See footnotes at end of table.*
### Persons Below the Poverty Level by Family Status and Sex and Race of Head: 1959 to 1970--Continued

(Number in thousands. Persons as of March of the following year)

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\(*\) Based on revised methodology for processing income data; see Series P-60, No. 76, for explanation.

\(\dagger\) Due to coding errors, data for 1967 are not strictly comparable with those shown for 1966 and 1968 through 1970. It is estimated that this error may have overstated the number of poor families in 1967 by about 135,000 and the number of poor persons by approximately 450,000.

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<td>Total</td>
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<td>6,528</td>
<td>570</td>
<td>8.7</td>
</tr>
<tr>
<td>6 persons</td>
<td>3,381</td>
<td>394</td>
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</tr>
<tr>
<td>7 or more persons</td>
<td>2,133</td>
<td>713</td>
<td>22.8</td>
</tr>
<tr>
<td>NUMBER OF RELATED CHILDREN UNDER 18 YEARS</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>No children</td>
<td>21,046</td>
<td>1,752</td>
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<tr>
<td>1 and 2 children</td>
<td>19,273</td>
<td>1,644</td>
<td>8.5</td>
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<tr>
<td>3 and 4 children</td>
<td>8,363</td>
<td>1,173</td>
<td>13.7</td>
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<tr>
<td>5 children or more</td>
<td>2,364</td>
<td>704</td>
<td>29.8</td>
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<tr>
<td>NUMBER OF EARNERS</td>
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<td></td>
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<tr>
<td>No earners</td>
<td>4,691</td>
<td>1,839</td>
<td>39.2</td>
</tr>
<tr>
<td>1 earner</td>
<td>19,252</td>
<td>2,725</td>
<td>11.8</td>
</tr>
<tr>
<td>2 earners</td>
<td>20,543</td>
<td>850</td>
<td>4.0</td>
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<td>3 earners or more</td>
<td>7,563</td>
<td>290</td>
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<td>EMPLOYMENT STATUS OF HEAD</td>
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</tr>
<tr>
<td>Employed</td>
<td>40,004</td>
<td>2,253</td>
<td>5.6</td>
</tr>
<tr>
<td>Unemployed</td>
<td>1,619</td>
<td>270</td>
<td>16.7</td>
</tr>
<tr>
<td>Not in labor force</td>
<td>9,322</td>
<td>2,635</td>
<td>28.3</td>
</tr>
<tr>
<td>In Armed Forces</td>
<td>1,003</td>
<td>56</td>
<td>5.6</td>
</tr>
<tr>
<td>WORK EXPERIENCE OF HEAD</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Worked in 1970</td>
<td>43,459</td>
<td>2,865</td>
<td>6.6</td>
</tr>
<tr>
<td>50 to 59 years</td>
<td>35,940</td>
<td>3,033</td>
<td>8.6</td>
</tr>
<tr>
<td>Full time</td>
<td>32,676</td>
<td>1,068</td>
<td>3.3</td>
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<tr>
<td>1 to 49 years</td>
<td>9,519</td>
<td>1,562</td>
<td>16.4</td>
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<tr>
<td>Main reason for working part-yearly</td>
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<td></td>
</tr>
<tr>
<td>Employed</td>
<td>3,951</td>
<td>517</td>
<td>13.1</td>
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<tr>
<td>Unemployed</td>
<td>5,568</td>
<td>1,045</td>
<td>18.8</td>
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<tr>
<td>Did not work in 1970</td>
<td>7,489</td>
<td>2,823</td>
<td>30.6</td>
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<tr>
<td>In Armed Forces</td>
<td>1,003</td>
<td>56</td>
<td>5.6</td>
</tr>
<tr>
<td>OCCUPATION OF LONGEST JOB OF HEAD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Worked in 1970</td>
<td>43,459</td>
<td>2,865</td>
<td>6.6</td>
</tr>
<tr>
<td>50 to 59 years</td>
<td>35,940</td>
<td>3,033</td>
<td>8.6</td>
</tr>
<tr>
<td>Professionals and managerial workers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clerical and sales workers</td>
<td>5,906</td>
<td>243</td>
<td>4.1</td>
</tr>
<tr>
<td>Craftsmen and foremen</td>
<td>8,771</td>
<td>284</td>
<td>3.3</td>
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<tr>
<td>Operators and kindred workers</td>
<td>7,788</td>
<td>508</td>
<td>6.5</td>
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<tr>
<td>Service workers, incl. private household</td>
<td>3,804</td>
<td>600</td>
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<tr>
<td>Nonfarm laborers</td>
<td>2,643</td>
<td>298</td>
<td>12.7</td>
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<tr>
<td>Farmers and farm laborers</td>
<td>2,070</td>
<td>565</td>
<td>27.3</td>
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### TABLE III
Size of Income Deficit for Families and Unrelated Individuals Below the Poverty Level in 1970, by Sex and Race of Head

(Families and unrelated individuals as of March 1971)

<table>
<thead>
<tr>
<th>Size of income deficit</th>
<th>All races Total</th>
<th>Male head</th>
<th>Female head</th>
<th>White Total</th>
<th>Male head</th>
<th>Female head</th>
<th>Negro Total</th>
<th>Male head</th>
<th>Female head</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FAMILIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number..................</td>
<td>5,214</td>
<td>3,280</td>
<td>1,934</td>
<td>3,701</td>
<td>2,604</td>
<td>1,097</td>
<td>1,445</td>
<td>625</td>
<td>820</td>
</tr>
<tr>
<td>Percent................</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>$1 to $249................</td>
<td>12.3</td>
<td>13.6</td>
<td>8.9</td>
<td>13.2</td>
<td>13.9</td>
<td>11.2</td>
<td>15.2</td>
<td>9.6</td>
<td>10.1</td>
</tr>
<tr>
<td>$250 to $499.............</td>
<td>12.3</td>
<td>13.6</td>
<td>9.7</td>
<td>13.2</td>
<td>13.9</td>
<td>11.2</td>
<td>15.2</td>
<td>9.6</td>
<td>10.1</td>
</tr>
<tr>
<td>$500 to $999..............</td>
<td>21.3</td>
<td>22.3</td>
<td>16.4</td>
<td>21.7</td>
<td>20.6</td>
<td>22.2</td>
<td>21.6</td>
<td>17.0</td>
<td>17.9</td>
</tr>
<tr>
<td>$1,000 to $1,499...........</td>
<td>10.9</td>
<td>9.9</td>
<td>8.6</td>
<td>13.3</td>
<td>14.9</td>
<td>11.2</td>
<td>13.5</td>
<td>10.5</td>
<td>12.1</td>
</tr>
<tr>
<td>$1,500 to $1,999.........</td>
<td>11.2</td>
<td>12.6</td>
<td>10.5</td>
<td>15.1</td>
<td>15.5</td>
<td>11.8</td>
<td>15.1</td>
<td>12.8</td>
<td>13.8</td>
</tr>
<tr>
<td>$2,000 to $2,999.........</td>
<td>11.1</td>
<td>9.8</td>
<td>9.2</td>
<td>15.1</td>
<td>15.1</td>
<td>12.8</td>
<td>15.1</td>
<td>12.8</td>
<td>13.8</td>
</tr>
<tr>
<td>$3,000 and over.........</td>
<td>11.1</td>
<td>9.8</td>
<td>9.2</td>
<td>15.1</td>
<td>15.1</td>
<td>12.8</td>
<td>15.1</td>
<td>12.8</td>
<td>13.8</td>
</tr>
<tr>
<td>Median income deficit...</td>
<td>$1,110</td>
<td>$849</td>
<td>$1,350</td>
<td>$1,024</td>
<td>$955</td>
<td>$1,219</td>
<td>$1,316</td>
<td>$1,109</td>
<td>$1,492</td>
</tr>
<tr>
<td>Mean income deficit.....</td>
<td>1,419</td>
<td>1,309</td>
<td>1,604</td>
<td>1,337</td>
<td>1,279</td>
<td>1,475</td>
<td>1,621</td>
<td>1,427</td>
<td>1,769</td>
</tr>
<tr>
<td>Deficit per family member...</td>
<td>361</td>
<td>333</td>
<td>407</td>
<td>370</td>
<td>346</td>
<td>428</td>
<td>344</td>
<td>291</td>
<td>387</td>
</tr>
</tbody>
</table>

| **UNRELATED INDIVIDUALS** |                 |           |             |             |           |             |             |           |             |
| Number.................. | 5,023           | 1,431     | 3,592       | 4,121       | 1,088     | 3,032       | 840         | 301       | 539         |
| Percent................ | 100.0           | 100.0     | 100.0       | 100.0       | 100.0     | 100.0       | 100.0       | 100.0     | 100.0       |
| $1 to $249................ | 15.1            | 17.3      | 18.0        | 17.9        | 18.1      | 18.2        | 17.7        | 18.4      | 17.6        |
| $250 to $499............. | 20.4            | 23.0      | 21.9        | 21.9        | 22.3      | 21.7        | 20.7        | 22.0      | 21.8        |
| $500 to $749.............. | 17.1            | 17.3      | 17.6        | 17.7        | 17.7      | 17.8        | 17.7        | 17.7      | 17.7        |
| $750 to $999............. | 14.6            | 15.3      | 14.9        | 15.3        | 14.8      | 15.0        | 14.9        | 14.9      | 14.9        |
| $1,000 to $1,499........... | 13.0            | 14.0      | 14.0        | 14.0        | 14.0      | 14.0        | 14.0        | 14.0      | 14.0        |
| $1,500 and over........... | 15.0            | 15.1      | 15.1        | 15.1        | 15.1      | 15.1        | 15.1        | 15.1      | 15.1        |
| Median income deficit... | $680            | $767      | $660        | $663        | $760      | $835        | $813        | $916      | $774        |
| Mean income deficit..... | 806             | 792       | 762         | 785         | 859       | 745         | 894         | 883       | 844         |

*For unrelated individuals, sex of the individual.

TABLE IV Persons Below the Near-Poverty Level in 1970 by Family Status and Sex and Race of Head

(Numbers in thousands. Persons as of March 1971)

<table>
<thead>
<tr>
<th>Family status</th>
<th>All races</th>
<th>White</th>
<th>Negro</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Male head 1</td>
<td>Female head 1</td>
</tr>
<tr>
<td>All persons</td>
<td>35,752</td>
<td>21,985</td>
<td>13,767</td>
</tr>
<tr>
<td>In families</td>
<td>29,433</td>
<td>20,183</td>
<td>9,250</td>
</tr>
<tr>
<td>Head</td>
<td>7,455</td>
<td>5,075</td>
<td>2,380</td>
</tr>
<tr>
<td>65 years and over</td>
<td>1,763</td>
<td>1,482</td>
<td>281</td>
</tr>
<tr>
<td>Related children under 18 years</td>
<td>14,631</td>
<td>8,919</td>
<td>5,712</td>
</tr>
<tr>
<td>Other family members</td>
<td>7,347</td>
<td>6,189</td>
<td>1,157</td>
</tr>
<tr>
<td>Unrelated individuals 14 years and over</td>
<td>6,319</td>
<td>1,802</td>
<td>4,517</td>
</tr>
<tr>
<td>65 years and over</td>
<td>3,487</td>
<td>714</td>
<td>2,773</td>
</tr>
<tr>
<td>PERCENT BELOW NEAR-POVETY LEVEL 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All persons</td>
<td>17.7</td>
<td>12.1</td>
<td>47.2</td>
</tr>
<tr>
<td>In families</td>
<td>15.7</td>
<td>12.1</td>
<td>46.7</td>
</tr>
<tr>
<td>Head</td>
<td>14.4</td>
<td>11.0</td>
<td>40.0</td>
</tr>
<tr>
<td>65 years and over</td>
<td>24.6</td>
<td>24.1</td>
<td>27.7</td>
</tr>
<tr>
<td>Related children under 18 years</td>
<td>20.9</td>
<td>14.7</td>
<td>63.1</td>
</tr>
<tr>
<td>Other family members</td>
<td>11.2</td>
<td>10.2</td>
<td>24.1</td>
</tr>
<tr>
<td>Unrelated individuals 14 years and over</td>
<td>41.1</td>
<td>30.2</td>
<td>48.1</td>
</tr>
<tr>
<td>65 years and over</td>
<td>60.0</td>
<td>50.6</td>
<td>63.1</td>
</tr>
</tbody>
</table>

Note.—The near-poverty level threshold for a nonfarm family of four was $4,960 in 1970. Other thresholds at the near-poverty level can be obtained directly by multiplying the poverty thresholds shown in table 6 by 1.25.

*For unrelated individuals, sex of individual.
*Below 125 percent of the poverty level.

Note.—The near-poverty level threshold for a nonfarm family of four was $4,960 in 1970. Other thresholds at the near-poverty level can be obtained directly by multiplying the poverty thresholds shown in table 6 by 1.25.

**TABLE V**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All Persons</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Families</td>
<td>39.5</td>
<td>22.4%</td>
<td>24.3</td>
<td>12.2%</td>
<td>-38.4%</td>
</tr>
<tr>
<td>Head of Family</td>
<td>34.5</td>
<td>20.8</td>
<td>19.4</td>
<td>10.5</td>
<td>-43.7</td>
</tr>
<tr>
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<td>18.5</td>
<td>5.0</td>
<td>9.7</td>
<td>-39.7</td>
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<tr>
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<td>17.2</td>
<td>26.9</td>
<td>9.8</td>
<td>14.1</td>
<td>-43.0</td>
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<td>Unrelated Individuals</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over 14</td>
<td>9.0</td>
<td>15.9</td>
<td>4.7</td>
<td>7.3</td>
<td>-47.7</td>
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<td>Below Poverty Level</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1959</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>All Persons</td>
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<td>18.1</td>
<td>16.6</td>
<td>9.5</td>
<td>-41.5</td>
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<tr>
<td>In Families</td>
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<td>16.5</td>
<td>12.7</td>
<td>7.8</td>
<td>-48.1</td>
</tr>
<tr>
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<td>6.1</td>
<td>15.2</td>
<td>3.5</td>
<td>7.7</td>
<td>-42.6</td>
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<tr>
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<td>20.6</td>
<td>5.8</td>
<td>9.8</td>
<td>-48.6</td>
</tr>
<tr>
<td>Other Family Member</td>
<td>6.8</td>
<td>13.3</td>
<td>3.4</td>
<td>5.8</td>
<td>-50.0</td>
</tr>
<tr>
<td>Unrelated Individuals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over 14</td>
<td>4.0</td>
<td>44.1</td>
<td>4.8</td>
<td>34.6</td>
<td>-2.0</td>
</tr>
<tr>
<td>Below Poverty Level</td>
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<td></td>
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</tr>
<tr>
<td>1969</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Persons</td>
<td>11.0</td>
<td>56.2</td>
<td>7.6</td>
<td>31.1</td>
<td>-30.9</td>
</tr>
<tr>
<td>In Families</td>
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<td>56.0</td>
<td>6.7</td>
<td>29.9</td>
<td>-33.6</td>
</tr>
<tr>
<td>Head of Family</td>
<td>2.1</td>
<td>50.4</td>
<td>1.4</td>
<td>26.7</td>
<td>-33.3</td>
</tr>
<tr>
<td>Family Member Under 18</td>
<td>5.8</td>
<td>66.7</td>
<td>4.0</td>
<td>38.0</td>
<td>-31.0</td>
</tr>
<tr>
<td>Other Family Member</td>
<td>2.1</td>
<td>42.5</td>
<td>1.3</td>
<td>19.4</td>
<td>-38.0</td>
</tr>
<tr>
<td>Unrelated Individuals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over 14</td>
<td>0.8</td>
<td>57.4</td>
<td>0.8</td>
<td>44.9</td>
<td>-0.0</td>
</tr>
</tbody>
</table>
| Persons in Families with Male Head of Household

| Total                  | 29.1                      | 18.7                                     | 13.8                      | 8.0                                      | -52.5                                  |
| In Families            | 27.5                      | 18.2                                     | 12.4                      | 7.4                                      | -54.9                                  |
| Head of Family         | 6.4                       | 15.8                                     | 3.1                       | 6.9                                      | -51.5                                  |
| Family Member Under 18 | 13.0                      | 22.4                                     | 5.4                       | 8.8                                      | -58.4                                  |
| Other Family Member    | 8.0                       | 15.3                                     | 3.8                       | 6.5                                      | -52.5                                  |
| Unrelated Individuals  |                           |                                          |                           |                                          |                                        |
| Over 14               | 1.5                       | 36.8                                     | 1.4                       | 25.3                                     | -6.6                                   |

| Persons in Families with Female Head of Household

| Total                  | 10.4                      | 50.2                                     | 10.5                      | 38.3                                     | +0.9                                   |
| In Families            | 7.0                       | 49.4                                     | 7.0                       | 38.1                                     | -0.0                                   |
| Head of Family         | 1.9                       | 42.6                                     | 1.8                       | 32.3                                     | -5.2                                   |
| Family Member Under 18 | 4.1                       | 72.2                                     | 4.4                       | 54.4                                     | +7.3                                   |
| Other Family Member    | 0.9                       | 24.0                                     | 0.8                       | 17.3                                     | -1.1                                   |
| Unrelated Individuals  |                           |                                          |                           |                                          |                                        |
| Over 14               | 3.3                       | 52.1                                     | 3.5                       | 38.5                                     | +6.1                                   |


<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Recipients</th>
<th>Average monthly payments</th>
<th>Expenditures for assistance payments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average monthly number</td>
<td>Increase from preceding year</td>
<td>Rate per 1,000, June 1/</td>
</tr>
<tr>
<td>1965</td>
<td>4,237,000</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>1966</td>
<td>4,395,000</td>
<td>158,000</td>
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<td>1969</td>
<td>6,154,000</td>
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<td>1970</td>
<td>7,429,000</td>
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<td>+20.7</td>
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<tr>
<td>September 1969-August 1970...</td>
<td>7,739,000</td>
<td>1,425,000</td>
<td>+22.4</td>
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</table>

1/ Child AFDC recipients per 1,000 children under 18 years of age in the population.
2/ From September 1968-August 1969 when average was 6,384,000.
3/ August 1970 related to estimated population under 18 in December, 1969, most recent month for which data are available.
4/ From September 1968-August 1969 when 12-month average was $42,590.
5/ From September 1968-August 1969 when expenditure was $3,200,354,000.

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<tr>
<th>Item</th>
<th>All States</th>
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<th>New York</th>
<th>All other States</th>
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<td>Total increase, 1965-1970:</td>
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<tr>
<td>Amount (000)</td>
<td>$2,465,380</td>
<td>$445,635</td>
<td>$567,325</td>
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<td>Percent</td>
<td>156.4</td>
<td>170.2</td>
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<td>Percent of increase attributable to:</td>
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<td>More recipients</td>
<td>48.1</td>
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<td>Higher average payments</td>
<td>51.9</td>
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<td>For additional recipients in 1970</td>
<td>22.3</td>
<td>15.6</td>
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<td>For same number of recipients as in 1965</td>
<td>29.6</td>
<td>12.8</td>
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<td>20 percent or more</td>
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1/ Including District of Columbia, Guam, Puerto Rico and Virgin Islands.

### Chart I

**Proportion of Population Receiving Public Assistance Money Payments (Recipient Rates) in the United States, December 1969**

(CAUTION SHOULD BE USED IN MAKING COMPARISONS WITH EARLIER RATES BECAUSE OF REVISIONS IN POPULATION ESTIMATES ON WHICH RATES ARE BASED.)

<table>
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<tr>
<th>Old-Age Assistance Persons Aged per 1,000 Population Age 65 and Over</th>
<th>Aid to the Blind Persons Aged per 10,000 Population Age 18 and Over</th>
<th>Aid to the Permanently and Totally Disabled Persons Aged per 10,000 Population Age 18-64</th>
<th>Aid to Families with Dependent Children Children Aged per 1,000 Population Under Age 18</th>
<th>Children Aged per 1,000 Population Under Age 21</th>
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EMPLOYMENT POTENTIAL:
POPULATION CHARACTERISTICS AND WORK PATTERNS OF WELFARE RECIPIENTS

The question of the employment potential of welfare recipients, particularly women, and the factors which make up a definition of employability is important, a) to the creation of a classification system which reflects individual needs, personal characteristics, and environmental barriers, b) to the development of reasonable expectations for individual progress through training programs into employment and self-support, and c) to the estimation of the degree of success possible within given policy alternatives to assist employable recipients toward self-support.

There is no generally agreed upon definition of employability in practice or in the sparse literature on the subject. Welfare departments usually define employability in reference to some or all of three perspectives: 1) the absence of handicapping personal characteristics, such as physical or mental disabilities, and of being needed in the home to care for other family members, such as small children; 2) the possession of certain personal attributes such as skills and work experience; and, 3) the state of the economy. For example, the City of Detroit Department of Public Welfare considers recipients employable, "if they pass a physical examination and are not needed at home for the proper care of the members of the family unit". The Cook County Department of Public Aid identified the "potentially employable" as those mothers who had been employed for three or more months within the preceding five years, who had no physical limitations, and whose "economic milieu" and personal characteristics would make them employable. The New York State Department of Social Welfare classified people as unemployable if they are attending school, have "household responsibilities", are "incapacitated", or are acutely ill and regards recipients as employable if they are not disqualified by the above criteria and are, "in the judgement of the caseworker", "designated as placeable


** Deton J. Brooks, et. al., A Study to Determine the Employment Potential of Mothers Receiving Aid to Dependent Children Assistance, Cook County Department of Public Aid, (Chicago), June 1964, p. 88.
based upon skills and personal characteristics...as well as employment opportunities in the community".*

Research on the subject of employability and labor market constraints on the labor force participation of women on welfare reflects four approaches:
1) the extraction of measures of employability from data on the personal characteristics of recipients; 2) the study of existing work patterns of welfare recipients; 3) the testing of incentive effects of differing marginal tax rates on labor force participation; and, 4) the development of models which attempt to describe labor markets in terms of their labor supply and demand characteristics.

None of these approaches gives a permanent or comprehensive criteria for the determination of employability. The changing nature of American society and of the economy are reflected in, a) the changing mix and content of jobs and their consequent physical and mental requirements, b) the increasing acceptability of work for married women, c) the changing value of work versus family activities and responsibilities, d) the varied marginal cost of work, and e) the excessive supply of labor over the demand. These, and many other changes, indicate that a host of qualifying conditions affect both the desirability of work and the reasonable possibility of employment.

This chapter will explore the first two approaches and the third and fourth approaches will be taken up in separate chapters.

A. WELFARE POPULATION CHARACTERISTICS

A significant amount of social welfare research focuses on clients of the public assistance system and their "characteristics". Statistical series collected for purposes of program management, national studies, and some local studies have produced vast amounts of information which give us gross measures of who clients are at a given point in time. Generally, these studies provide a view of welfare clients as a discrete population whose aggregate--or average--characteristics are bounded by the criteria by which they have become eligible for client status. As a result, much of this research (which is reviewed below), tends to divert attention to the boundaries of the assistance system and of its operation, rather than towards the nature of poverty, the conditions of life of poor people, and the configuration of social, economic and psychological processes which produce and maintain poverty and restrict social mobility.

A series of studies, using national samples, have been made by the Department of Health, Education and Welfare on the Aid to Families with Dependent Children Program, in 1961, 1963, 1967 and 1969. Most of these studies collected data primarily from recorded program data and from mail questionnaires on selected characteristics of clients. Although there was some variation between studies in the types of information collected, generally they presented status variables--for example, age, sex, race, family structure, mobility, education, employability--and client career data, such as length of time on assistance and services received. Brief client profiles abstracted from the studies are presented below.

The typical AFDC family is composed of a mother and her recipient children. In 1969, 92 percent of the families had mothers in the home, but only 18 percent had fathers. Two-parent families comprised 12 percent of the cases. Nearly all the fathers who were at home were either incapacitated or unemployed.

The median number of recipient children in a family is three. This figure has remained stable over the past decade—3.2 in 1967 and 3.1 in 1961. Twenty-seven percent of the families had just one recipient child; 23 percent had two. Families with as many as five or six children comprised 20 percent of the population.

At the time of the 1969 survey, the median age of AFDC children was nine years. The data shows that about 33 percent were under six years, Forty-two percent were between six and twelve. Thus, relatively few AFDC children are in the teen-aged bracket. Nearly two-thirds (61%) of the 1.6 million AFDC families at the time of the survey had at least one child under six years of age.

Families receiving AFDC have been about equally divided between whites and blacks. The First Annual Report of HEW to Congress indicates that 49.2 percent of the total caseload was white in 1969, and 46.2 percent were black. Another 1.3 percent were American Indian and the remainder were either classified as other or race unknown. The racial composition of the caseloads has shifted slightly over the past decade. In 1961, 48.6 percent of the families were white and 40.4 percent were black.

This data on race does not reveal the entire picture as far as minority group status is concerned. According to the 1967 survey, 14 percent of the total number of families were of Spanish-American ancestry; 7.9 percent Puerto Rican, and 5.6 percent Mexican-American. Racially speaking, these families were classified as white.

At the time of the 1969 survey, more than 40 percent of the AFDC mothers had been born in the South. However, only 26 percent of all AFDC families were currently living in the South. There has evidently been considerable migration among AFDC mothers. Sixty percent had previously lived outside their present state; one-third of these in the South. However, 72 percent of all migrating mothers had moved to their present state five years or more ago.

Much of the migration has been to cities so that most families, like the general population, are urban rather than rural. The percentage of AFDC families living in SMSA's has increased over the past decade from 60.6 percent to 72.4 percent for a 19 percent increase. Roughly 50 percent reside in a central city of 250,000 or more. Put another way, half are inner-city dwellers. Another 15 percent reside in a city of less than 250,000; 16.4 percent live outside the central city. Of the remaining 27 percent who live outside metropolitan areas, just 2 percent live on farms. Thirteen percent live in towns or cities of 2,500 or more. The remaining 12 percent are in "other" less populated non-farm communities.

More than half of those families on AFDC were receiving aid for the first time in 1969. This represented a slight decrease in first time users since 1961; in other words, the rate of return of families to welfare has increased 5 percent (from 33% to 38%) from 1961 to 1969, according to Eppley (1970) who made comparisons between 1961 and 1969. The typical stay on assistance in 1969 was short term; the median time since the case opening was 23 months. This was a drop since 1961 when the median stay was 25 months. When the percentage distribution of families by time is considered for 1969, it is evident that smaller percentages of recipients are on the rolls for a long, continuous time, than on the rolls for short periods. Roughly two-thirds have been on the rolls under three years. Relatively few (14.4%) have been on the rolls for seven years or more.
Two studies of AFDC populations described client characteristics on a local basis. The Department of Social Services of the State of Michigan issued a report (Holmes, et. al., 1969) based on a three percent random sample of AFDC cases in the state, as part of the national HEW study. In this Michigan study, using the same status variables as the national characteristics studies--residence, welfare history, family characteristics, and size of grants--the sample of 1,473 cases was found to be very similar to the national sample.

The study of the Iowa State Department of Social Services (1968), was based on a sample of 74 AFDC families living in the Model Cities area of the city of DesMoines. This study, while using many characteristics variables similar in nature to those included in other profile studies, looked beyond these kinds of variables to aspirations, satisfaction, and anomie, attitudes toward social services and caseworkers, effects of welfare on the family, and ideas for improving the welfare system.

With respect to other characteristics, little is known about the health status of AFDC families in spite of the fact that illness and disability can affect the employability of a welfare mother in two ways--being disabled herself, or having to care for another member of the family who is disabled, such as a child or the husband. According to a 1969 survey (HEW 1970), medical problems are an issue for a large number of AFDC mothers, with about 14 percent of the mothers being identified as incapacitated for work for mental or physical disabilities. This represented an increment over the 10.5 percent who were classified as incapacitated in 1961 (HEW 1963). There may be more mothers with medical problems than these survey statistics suggest. Among those individuals assessed for the Work Incentive Program in the last quarter of 1969, three-fourths were found inappropriate for referral; the most frequently cited category of reasons was, "illness, disability, and/or advanced age".*

* Health needs among the poor have become an area of continuing and growing concern to many assessing social intervention in poverty. Kosa, et. al., (1969), for instance, state that "poverty is a specific social condition which affects all aspects of life including health, illness, and related behavior...the poor have worse physical health than the more affluent, and different types of diseases prevail in poverty areas...the poor tend to react to illness with more anxiety and less knowledge, and less frequently seek competent medical advice...thus, poverty considered as a social condition, is a contributory cause of ill health...there is no single prescription for eliminating the ill health of the poor", (319-342). Others have viewed ill health, or disability, as one of the major determinants of poverty, or at least as related to the employment potential of the poor. In this context, the provision and utilization of health services plays an important role in the present and future employment patterns of AFDC recipients--children and adults. One study (Burnside 1967), looked into health problems of recipient families according to welfare case status to determine if health problems occurred disproportionately within any case type. Denied and Accepted AFDC applicants, and Continued and Closed AFDC cases were compared in this pilot study. Findings indicated that children on AFDC--or those who have received it--have a better chance of receiving medical care than those who have been denied this kind of assistance. Children of Denied applicants were least likely to have had routine check-ups during a last medical visit and
In terms of education, the median number of years in school for AFDC women in 1969 was 10.1. In 1969, 63 percent of AFDC women had gone to high school, whereas only 44 percent had gone that far in school in 1961. The percentage who were high school graduates rose slightly over 7 percent (13.4% to 20.6%) between 1961 and 1969. This rise in educational achievement must be seen in the perspective of higher educational achievement for the population as a whole and the dramatically higher educational requirements for employment.

Most women who were on AFDC at the time of the 1969 study (HEW 1970), reported some previous work experience, with only 24 percent saying they had never worked. While the percentage with work experience was almost the same as that found in 1967, there was a 5 percent increase from 1961 to 1969. Among AFDC mothers in 1969, previous employment was relatively recent for many, with 25 percent having left their last job during the previous two years and 37 percent within the previous three years.

The most recent data available on the usual occupation of AFDC women comes from the 1967 survey. Most of those women who had worked were concentrated in blue collar occupations at low skill levels. Nearly one-half were in a service occupation or in unskilled labor. A comparison of 1967 data with 1961 data, shows a shift in the distribution of AFDC women among occupations. Between 1961 and 1967, the percentage who were usually employed in clerical or sales occupations increased by 3.6 percent. There was a slight increase of 1.8 percent in skilled, blue-collar workers. While those in service occupations outside the home increased by 2.4 percent, the percentage listing their usual occupation as household domestic dropped by 4.3 percent. The evidence is that the skill level of the 1967 population as measured by "usual occupation" is slightly higher than that of the 1961 population. Such movement is consistent with the gains in education exhibited by AFDC women in 1967 and 1969.

The AFDC population characteristics data suggests that the employment potential of the majority of AFDC women is limited by a number of personal factors. Most of these women have at least one child under six years of age. Many of them have health problems, and many more probably have situations where the health of a family member would necessitate their presence. The majority of AFDC women lack the credentials provided by a high school diploma, have low educational attainment, and possess low skill levels. Many recipient women are members of minority ethnic groups which suffer from job discrimination in the labor market. Finally, when they do work, the vast majority fall into occupational categories which are characterized by low earnings.

B. ATTEMPTS TO DERIVE EMPLOYMENT POTENTIAL FROM CLIENT CHARACTERISTICS

In April 1967, Joseph Califano, presidential assistant to Johnson for domestic affairs, using data furnished by HEW, reported on the work potential of the welfare population:

were most lacking in dental care; they also had the highest incidence of emotional problems. Burnside reports that among all family members with unmet needs for medical attention, there was a preponderance of reported respiratory conditions, especially in Denled households. Eye examination or care was by far the most important unmet medical treatment need.
We have recently completed a preliminary study of the welfare programs supported by the federal government to answer a very simple question: How many persons capable of working are on welfare? Some would say many millions, but analysis disclosed that, over the next few years, out of the 7.3 million Americans on welfare, only 50,000 males may be capable of getting off—even if every program, public and private, were adequately staffed and efficiently run.\* 

This analysis had simply subtracted from the total welfare population the 2.1 million aged, 700,000 blind or severely handicapped, 3.5 million dependent children, 900,000 mothers of dependent children, and 100,000 incapacitated fathers of the total of 150,000 fathers on public assistance.

Warren and Berkowitz, studying 100 clients in California, half of whom were female AFDC recipients and half AFDC-UP, had a panel of experts classify them as to their employability. Among the measures of employability were motivation, probability of finding work, potential for training, obstacles to seeking work, etc. Recipients were classified into three types: type I was employable, sufficient for total self-support; type II was employable for partial support; type III was not employable. Of the mothers, nine fell into type I, 29 into type II, and 12 into type III.

Analysis of data on the mothers indicated that ethnic origin, job stability, and recency of employment were significantly related to employability, while amount of education, length of time on welfare, and number of episodes on welfare were not. The five most important obstacles to employment of the mothers were child care, low job skill, lack of previous employment, negative personality traits, and educational deficiencies. They found that the group in type I had fewer children, more whites, more work experience, more recent employment, and more motivation to become self-supporting.

In regard to the AFDC fathers, ethnic origin appeared important to employability type—however, time on welfare seemed to be inversely related to employability. Men in the sample with felony convictions were found to be more capable of holding jobs providing self-support. Non-differentiating variables included: motivation to become self-supporting, longest time on a job, amount of education, and the number of obstacles per se, to full employment. When ranked by importance, the five obstacles to employment for the fathers were: limited skill, negative personality traits, insufficient education, arrest record, and poor job adjustment.

Warren and Berkowitz emphasize the limitation of their study and suggest that an empirical definition of employability types should be arrived at through a longitudinal study, observing characteristics of those who obtain employment and those who do not.

Levinson, using data from 1961 to 1967 national sample studies and the three-year Goodman study (which was not a sample-projection selection, but a site-selected survey study), relied primarily on two measures for his indication of employment potential—years of education and level of employment experience. Since both had increased, Levinson concluded that the number of AFDC women who have "high employment potential" has also increased. Those with high employment potential, by this definition, went proportionately from 25.3 percent of the caseload in 1961, to 44.5 percent in the 1968 sample.

Levinson, who had pointed to the degree of high employment potential that AFDC mothers possess, used an "impediments" argument to explain why they were not employed. He said that for both the high employment potential group and the low employment potential group, impediments to employment were similar; they were ranked as follows: 1) having children under eight years of age at home; 2) poor quality or lack of day care facilities; and, 3) poor general health. Most women, according to tables presented by Levinson, had more than one employment barrier, with almost 70 percent of the high potential group having three or more barriers. If those with three or more barriers in the high potential group are subtracted from the total of high potential recipients (44.5 percent-31.2 percent), only 13.3 percent of recipients can be expected to be reasonably employable when both employment potential and employment barriers are considered. (This last computation and conclusion are those of this author and not Dr. Levinson.) Further, Levinson does not place his estimates of those with high employment potential in the relative context of the changes in skill requirements of jobs that are available in current labor markets. The relative position of recipients in the competition for jobs may have regressed in terms of the general population of the country.

Goodman (1969), from whose study the 1968 data that Levinson used was derived, extracted from his material the concept of 'mobility potential' (MP), a rather common-sense predictor of future employment based on the following items: whether respondent ever worked for pay; level of her principal occupation; highest wages ever received; interviewer rating of respondent; literacy and education level. He juxtaposed these items with the idea—"Can a woman find a job which will make her economically self-sufficient?". He found that of his total sample (11,632 active, closed and ineligible cases), with rating number of 7 as the highest MP score, only 3.4 percent fell into '7', and 10 percent into 0 (the lowest score). Fifty-seven percent were from 4 through 7, while 42.6 percent fell below 4. Although this finding takes into account the earnings capacity of the woman, it does not say what external conditions are necessary for her to use this capacity.

In the Morse study in Denver, (Denver 1967), it was found that AFDC parents, both mothers and fathers, were generally poorly educated, poorly trained, marginal in work background and poorly equipped for self-support. The families on AFDC who became self-supporting tended to have had better schooling, better job skills, more work experience and greater demonstrated competence in handling their personal and financial affairs; this was true, according to Morse, irrespective of ethnic origins.

In a study of work orientation of WIN participants and of comparable populations, Leonard Goodwin (1969) found that WIN trainees had as strong a desire to find self-development through work as members of working families. One of the differences he notes is that the recipient trainees accepted governmental support more easily that working families. He further found that the recipient
trainees were much more insecure about their ability to achieve job success and this was positively related to high self-development orientations.

In a Wright Institute study (Opton 1971), seventy-five women who were current or recent AFDC recipients in Richmond, California, were interviewed, and the interviews were analyzed to indicate the differences between women who had been employed more and those who had been employed less. Comparisons were made between employment groups for:

- number of children at home
- age of youngest child
- husband at home
- region of birth
- length of residence
- education level
- vocational and professional training
- size of childhood family
- subject's parents' employment
- type of work
- friends
- the job search
- attitudes about work and welfare
- work experiences and other factors
- personality and character

The study found that the most important factors determining employment were race, immigration from the South, being a young mother, and being a "deserted" mother.

The study had initially planned to compare mothers who had successfully "worked their way off welfare" with mothers who had not. This objective was modified when it was discovered, after a careful search, that very few recipients of AFDC were becoming financially independent through their own earnings. "The few exceptions are mostly women who receive AFDC only in small amounts and briefly; thus, their needs account for only a very small part of the total AFDC budget".*

Opton also found that most of the jobs held by the mothers lasted only a short time, with the modal length being three months. He points out that in order for an AFDC mother to become self-supporting and independent through her own earnings, she would need to find a job that would pay not only enough to make her ineligible for welfare, but enough to enable her to accumulate savings to carry her through frequent and often prolonged periods of unemployment. This task is obviously very much more difficult.

Opton emphasized the importance of age of first pregnancy as a factor determining future employment and AFDC dependence. A substantial portion of his sample mothers, 41 percent, had entered the welfare system as teenagers who had become pregnant before they had held a job, or before they had held any but a temporary or part-time job. These women were at a great disadvantage when they wanted a job because they lacked the knowledge of how to get a job and

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* Edward M. Opton, Jr., Factors Associated With Employment Among Welfare Mothers, A Wright Institute Report, Berkeley, 1971, p. 188.
lacked the confidence to obtain a job and to perform well. Opton's conclusions on this point are:

It seems highly likely that efforts to reduce the number of undesired first children among teenagers would have a very high "pay-off", both as measured by the effects on the lifetime happiness and well-being of the families affected, and as measured by welfare costs. It is entirely possible that such efforts would have a higher pay-off per dollar expended than any other short-term effort that the federal or local governments might undertake.*

The Community Council of Greater New York conducted an unscientific and incomplete survey in the summer of 1971, of three busy employment centers in New York City to determine what was happening to welfare recipients who were mandatorily referred to the centers as being employable. The study found that many welfare recipients, certified as employable by the city's Department of Social Services, were in fact not. Observers concluded, on the basis of site visits and interviews that from 40 percent to 80 percent of the referred welfare recipients were either too ill or too handicapped to work or had to care for small children. The study also includes 674 questionnaires being filled out by recipients dealing with health, job, and family situation. The study has tentatively concluded that less than 1 percent of the total number of welfare recipients were actually employable at the time.**

Inherent in definitions of employability which focus on the reasons that respondents can and do work, are obstacles to employment--the reasons why they can't and don't. In one of the "impediments" studies, Greenleigh (1968), found that the major impediments are lack of skills and lack of child care facilities. Stone and Schlamp (1965), found that in answer to the question of why they could not work, 28 percent of the long-term assistance receivers gave ill health as a reason, while only 8 percent of the short-term receivers said this. Forty-seven percent of all respondents cited their own deficiencies in skill as reasons for not working, while 13.5 percent mentioned discrimination. Warren and Berkowitz cited as obstacles the same general areas--child care, limited work skill, lack of previous employment, educational deficiencies, etc.

In the national APWA study done in 1960-1962, Burgess (1963) found that the amount of education had a direct bearing on the length of time on assistance: the greater the amount of schooling, the less time on assistance. This held true for both Negro and white families, but more so for the latter. Podell's study (1967) also shows a clear relationship between work and schooling, but only for white and Puerto Rican women: 95 percent of white high school graduates worked, while only 72 percent with under eight grades worked; 88 percent of Puerto Rican women worked, of those who had completed high school, while 67 percent of those with eight grades or less, worked. On the other hand, 92 percent

* Opton, op. cit., p. 191.
of Negro women who had graduated from high school worked, while as many as
90 percent of those with eight grades or less also worked. However, when
respondents were asked whether they expected to work in the future, in
all three ethnic groups, positive expectation of work was highest among
high school graduates and lowest on lower educational levels.

Of the 15 percent (nationally) of AFDC women who combine work and
welfare simultaneously, those with over 11 years of education work more
than those with less, according to Senate Hearings. This relationship
holds true for full-time work, but not for part-time work where those with
education of from 0 to 8 years work as much as those with schooling of
13 years and over. In Greenleigh's study (1964) of both dependent and
non-dependent female heads of households, employed women had completed more
schooling than the unemployed and homemakers. He says that, "data clearly
indicates that among this group of women, the higher the education reached,
the less chance of unemployment and of dependency".

An attempt was made in 1966 to estimate the number of persons whose
employability was limited by a variety of personal and institutional barriers
(President's Commission 1970). Keeping in mind the uncertainty of most of
the estimates, the prevalence of multiple problems among many of the poor
emerges clearly. This multiplicity itself constitutes an obstacle to de-
fining employability since many barriers interrelate and must be weighted
differently.

This short catalogue of the barriers to employment for selected popu-
lation groups or individuals emphasizes the practical difficulty of attempts
to establish workable classifications of the population into "employables"
and "unemployables". Additional barriers, such as inadequate information
concerning available jobs, can easily be identified.

<table>
<thead>
<tr>
<th>ESTIMATED IMPACT OF PERSONAL AND SOCIAL BARRIERS TO EMPLOYMENT, 1966</th>
<th>Number In Millions</th>
<th>Percent of Total</th>
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</thead>
<tbody>
<tr>
<td>1. Personal Barriers</td>
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<tr>
<td>1. Total (nontransient poor, aged 14 to 64) who</td>
<td>12.3</td>
<td>100</td>
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<td>represent the universe of need for manpower programs</td>
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</tr>
<tr>
<td>2. Lacking in education and training</td>
<td>8.2</td>
<td>67</td>
</tr>
<tr>
<td>3. In poor health</td>
<td>1.6</td>
<td>13</td>
</tr>
<tr>
<td>4. Household responsibilities</td>
<td>5.1</td>
<td>42</td>
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<tr>
<td>5. School responsibilities</td>
<td>2.9</td>
<td>24</td>
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<tr>
<td>6. Low motivation, cultural alienation</td>
<td>3.6</td>
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</tr>
<tr>
<td>7. Inhibiting cultural attitudes or values</td>
<td>1.2</td>
<td>10</td>
</tr>
<tr>
<td>8. Lack of information regarding labor market.</td>
<td>9.2</td>
<td>75</td>
</tr>
</tbody>
</table>

* These estimates are drawn from a preliminary draft of part I of an Interagency
Manpower Planning Paper dated September 27, 1968. The paper has been prepared
by a work group representing the U.S. Department of Labor, U.S. Department of
Health, Education and Welfare, the Office of Economic Opportunity, the Economic
Development Administration of the U.S. Department of Commerce, and the U.S.
C. PATTERNS OF WORK AND WELFARE

We have known for some time that loss of employment is a major reason for opening cases. The loss of employment may be due to economic conditions, job performance, becoming incapacitated or ill, or becoming pregnant. It is difficult to determine from existing data whether women whose reason for entering the welfare system was pregnancy, illness or some other reason, were or had been employed in addition.

However, the statistics and studies also suggest that a small group of AFDC clients go on and off welfare periodically due to reasons of employment. There has been no conclusive research on this phenomenon and, therefore, only tentative hypotheses can be generated from the studies on the work efforts of recipients, and the characteristics of the welfare population that would indicate a pattern of intermittent employment and use of welfare.

Data on the patterns of use of public assistance indicates that recipients tend to remain on welfare for short periods of time rather than long ones. In a 1950 national study, 20 percent of AFDC clients had terminated before one year, 50 percent had been on for under two years, only 11 percent had been on for seven years or more, (Blackwell, et. al., 1952). In 1960, 23 percent had received AFDC for under two years, 40 percent for two or more years, and 12 percent for seven or more years, (Burgess 1965). In 1961, 31 percent had received AFDC for less than a year, and an additional 16 percent for from one to two years, so that almost half fell into the category of "under two years", (HEW 1963). The 1967 national statistics found that 17 percent of families had been on AFDC for six months since most recent opening, 18 percent for one year but less than two, 11 percent for two years but less than three; only 8 percent had been on for between seven and ten years, and another 8 percent for over ten years, (HEW 1970). The 1964 study of Washington gives similar figures: 20 percent had been

Bureau of the Budget. The data on which these estimates are based are from special tabulations of the March 1967 Current Population Survey prepared for the Office of Economic Opportunity.
on for less than six months, 37 percent for less than a year, 55 percent for less than two years, 79 percent for less than five years, and 92 percent for less than ten years, (Greenleigh 1964). The national study in 1969, for "AFDC received since most recent opening", lists 32 percent of families as having received assistance less than a year, and 51 percent less than two years, (HEW 1970).

The figures show that those clients on AFDC continuously for long periods of time, comprise a very small part of the total caseload. The median length of time on welfare has centered around a two year period since 1950, with very little variation.* But short periods of assistance do not mean that each family comes on once for a short time and then leaves the rolls forever.

Various studies reveal a pattern of interspersed periods of on and off welfare by the same family. Burgess and Price (1963) cited 33 percent of their sample as having had one closing or more previous to the time of the study. Greenleigh Associates in their study in the state of Washington (1964), found 24 percent had had one previous opening, 11 percent had had two, 12 percent had had three, 7 percent had had four and 20 percent had had five or more. Other studies (Grigsby 1969; HEW 1963) tend to confirm this pattern.

It is difficult to determine what proportion of the cases in these studies were opened or closed for reasons relating to employment, which would indicate more precisely the pattern of use of work and welfare. Burgess and Price (1963) said that 10 percent of their cases in 1960 were closed due to employment or increased earnings of the mother. A national sample in 1969 by NCSS (HEW 1969), reveals that 13.6 percent of the closings were due to "employment or increased earnings of the mother". It must be remembered that many may have found employment after closing for another reason and this would not show in statistics on closings which reflect information only at the time of termination. Changes in earnings and other income are among the major reasons for the high rate of turnover of AFDC recipient families. In 1967, 528,000 families left the AFDC program and 703,000 were added. Of the families added, 80 percent had had a reduction in income or resources in the six months preceding application to welfare. In almost half of the families, this was due to the loss of or reduction in the earnings of the provider in the family--25 percent due to illness, injury or other disability, and 22 percent due to layoff, discharge, or other loss of employment. This latter reason has gained even more significance in terms of numbers since 1970 and remains critical in this time of high unemployment.

As AFDC women have been viewed in terms of employability and work effort, it has been revealed that recipients have often worked while on welfare and generally before and after being on public assistance. Several recent studies of AFDC mothers have looked at the rather substantial attachment of welfare re-

* It should be noted that, with the increasingly greater rise in the numbers of recipients on AFDC in recent years, the median length of stay has remained about the same, which would lead to the conclusion that there are now more people staying on welfare longer, given the large number of new arrivals who have been on welfare only a short time. With the income-disregards after 1967, a longer stay became probable as a result of the greater difficulty in employment income reaching welfare benefit levels.
recipients to the labor force. Podell, in a 1967 study of welfare recipients in New York City, reported that 85 percent of the mothers had had employment experience and only 15 percent of the mothers had never worked. Sixty percent of those who had work experience, worked before the birth of their first child. He found that 28 percent had worked more than ten years and only 30 percent had worked three years or less. A majority of the women in this study preferred to work for pay rather than stay at home and approximately two-thirds of these mothers planned to work in the future. Podell did not investigate the nature of the work, the irregularity of the pattern, or the level of support derived from the previous jobs, so it is difficult to go beyond the conclusion that the recipients he studied revealed a large degree of experience in the world of work.

Various other studies have indicated some of the work patterns of welfare recipients, although none has directly focused on this subject. Both the Blackwell and Gould survey (1952) and the Burgess and Price study (1963) reveal a pattern of about one-third of the women on AFDC working in some way both before and during their period on public assistance. Of these women, according to both studies, half worked regularly and half irregularly, both before and during receipt of AFDC in both full-time and part-time categories. Burgess and Price also found that 16 percent of those not employed while on welfare said that they had looked for employment.

The Greenleigh study of AFDC in the state of Washington (1964) revealed a pattern of long attachment to the labor force, but short periods of employment. Fifty-two percent had been on their last job for less than six months; 60 percent had been at their last job for less than a year. Forty-three percent had been in the labor market for between five and ten years, yet only 7 percent had been at their job that long. The study appears to show a pattern of discontinuous periods of work on the part of women who became recipients.

Goodman (1969) in a study of a national sample of over 11,000 respondents (made up of active, closed, and "ineligible" welfare cases) concerned with a thirty-seven month period from 1965 to 1968, found that there was a substantial amount of employment which was interspersed with welfare as an alternate mode of income. During the three years, 9 percent had been employed throughout, and 6 percent between 31 and 36 months. More than half of the respondents were employed at some time during the total period. In his sample, of those who worked, one-third had received no public assistance, one-third had received AFDC for the entire working period, and the remaining third had received relief payments during part of the period. For two-thirds of those who had worked, employment and public assistance had been used to provide an income. Of those who had been on welfare throughout, two-thirds had not worked during this period. Among the active cases at the time of the study, 48.6 percent did not work at all, while 35.6 percent had one episode of employment, 10 percent had two or more, and 4.7 percent had three or more. Information about past employment in terms of full-time or part-time was not available; however, it is probable that much of this work had been part-time, since at the time of the study interview, 31 percent of those working were working only part-time. The authors concluded that, for a majority of respondents, welfare was either a supplement or a periodic alternative to employment.
Stone and Schlamp (1965) did a study of 1200 families in California which were classified as "never-receivers", "long-term receivers", and "short-term receivers" (of AFDC), and found that continuity of employment was greater in the never-receiver group, but those long-term receivers who did work, earned as much as the others with similar characteristics.

In a study of AFDC recipients in Denver in 1967 (Denver 1967), the Denver Department of Welfare found that a third of the 2,000 cases closed in that year were closed through employment of the mother (this was before the disregards of the 1967 Public Assistance Amendments). It was estimated that another sixth of those cases were closed upon the return of the absent wage-earner.

In the general population, women who are not on welfare also tend to work intermittently and part-time, often to round out the earnings of the husband. Of the approximately 33 million women in the work force in 1965, slightly over 20.5 million women were in the "peripheral" labor force. Approximately 31 percent worked full-time all year round, about one-third worked full-time for less than a year, and 36 percent worked part-time. Morse (1969) in the Peripheral Worker, argues in detail that intermittent or short-term work experience is relatively common for women.
CHAPTER 3
WORK INCENTIVES*

Much of the concern about the effects of welfare payments centers on the issue of work incentives: What is the effect of income payments to the poor on the work efforts of those who work or who are considered employable? The question is important in terms of national economic policy and of political pressures on relief programs to the poor. A significant reduction in the work effort of low wage earners due to a generous relief program without appropriate incentives would probably not result, but if it did, popular opposition to the program would certainly find its advocates in the legislative bodies of the nation.

Although there has been much discussion of the problem of work incentives and motivation to work, little is really known about the subject. It is difficult therefore, to predict with confidence the behavior of people as they confront sets of tradeoffs between income from work, public assistance payments, the nature of the job, the fringe benefits of the world of work, their aspirations for the social and economic mobility, and the meaning they attach to different allocations of their time. Whether and how much a sizeable increase in relief income might affect the labor market activity of the employable poor depends upon the strength of the desire for additional income versus the desire for non-work related activities.

The factors which influence the decision to work or to subsist on welfare payments are theoretically similar in kind to those taken into account by an individual choosing one job over another. The choice of work or welfare is relevant only to people eligible for welfare support; for those people, the choice is between welfare and the jobs for which they are qualified and which they are able to find. In another section concerned with the impact of unemployment levels on labor force participation, it is pointed out that when unemployment is high, a welfare recipient may be suited for no jobs or not be able to find jobs which pay wages more than the welfare payment. Wages are the most important single incentive factor. Another is the fringe benefits and other attributes of the job which are close substitutes for wages: vacations, hours, fringe benefits. The welfare system also has corresponding attributes: the fringe benefits associated with welfare are substantial, including medicare, food stamps and surplus food, and so on. A third factor is the value placed on time. Welfare can make time available for other necessary or priority activities. Non-monetizable attributes of work also act as an incentive or disincentive to work. They include they physical conditions of work, the nature of the work itself, the mode of supervision, the work group, and the extent of control over decisions which affect the individual's work experiences. Another important factor is the sense of personal confidence and social status which may come from work activities and social recognition as a worker. The extent and direction in which this operates depends on the kind of work which is accessible and on the value placed on it by society.

A. WELFARE TAX RATES

Discussions of incentives in the context of work and welfare usually

*Written by Martin Lowenthal and Dennis Cohen, Anna Hardman, and Barbara Wishnov
focus on the tax effect of deductions from welfare payments for earnings.*

Under the provisions of the current income disregard formula, the proportion of the recipients earnings from work that she is allowed to keep in addition to her welfare grant is calculated as follows: first, the recipient is allowed to keep the first $30 of monthly earnings with no reduction in the grant amount. Then, a welfare tax of approximately 67% is applied to all monthly earnings above $30. Finally, work expenses are deducted from the amount of the tax. The monthly earnings net of the tax minus work expenses is then deducted from the recipients' relief payment.

An example will help clarify this procedure. Suppose an AFDC recipient secures a job paying gross wages of $150 per month. The first $30 is exempted from taxation and the remaining $120 is subject to a welfare tax of 67 percent, or $80. From this $80, work expenses of say $60 per month are subtracted. The remaining $20 is then deducted from the persons grant. In other words, of the $150 earned by the recipient, she keeps $130 as an addition to her grant.

If this procedure yields a negative number or zero, the recipient is allowed to keep all her earnings without any grant reduction. Given the disregard and the allowances for work expenses, the average tax rate is progressive in that it approaches 67 percent as earnings grow.** To the extent that the recipient's decision to work is motivated by purely economic considerations, she could be influenced by the fact that smaller amounts of earnings increase her financial gain relatively more than high earnings levels. Since the tax becomes effective only after the exemption is deducted and the work expenses are deducted from the tax, in the case of $60 work expenses—which in some states can include income taxes, FICA deductions, mandatory insurance premiums, transportation, and retirement fund assessments, it applies only to earnings at or above $120. Above this amount, every dollar is taxed at a 67 percent rate.

The income disregard procedures are only applicable as long as the recipient does not earn enough to reduce her welfare grant to zero. Using the example above, for a family of four, a mother and three children, that receives an initial grant of $300 per month, the wage earner would have to have monthly earnings of at least $570, or $6,840 per year, before the grant would reach zero. The higher the initial grant level, the higher the earnings level needed to be off public assistance.

The high earnings levels needed suggest that it is unlikely that many recipients will be able to obtain jobs which pay enough to remove them from eligibility for relief. There is a strong incentive for the AFDC mother not to earn such a high income, even if she could, because of the additional services and benefits that would be lost once the recipient leaves the program.

An income redistribution program such as welfare or a negative income tax system, will have a tax effect unless a flat rate is paid to all individuals who are eligible. (An example of this latter would be a family)

*The fullest discussion of tax effects and incentives is Christopher Green, Negative Taxes and the Poverty Problem, Brookings, Washington, D.C. 1967.

**This can be seen mathematically in the following way: (using T for tax and Y for income and E for work expenses and R for reduction in the grant).

\[ T = 0.67 \left( Y - 30 \right) \]

The marginal tax rate is \( \frac{T}{Y} = 0.67 - \frac{20}{Y} \). As \( Y \) increases the figure \( 20/Y \) decreases so that the average tax approaches .67 or 67 percent. \( R = T - E \) or \( R = 0.67Y - 20 - E \).
allowance paid for all children.) The tax effect arises when the benefit is reduced pro rata as other income sources increase. Three variables are involved which are related: the amount of the benefit (e.g., welfare payments) when income is zero, the maximum outside income level at which any benefits are paid, and the rate by which benefits are reduced or the marginal tax rate. Any two of these determine the third. An income transfer plan with a high marginal tax rate is likely to have an adverse effect on incentives, however in a plan which guarantees an income of $3,000 for a family of four, with a marginal tax rate of 33 percent, some benefits will continue to be paid until earned income reaches $9,000. Even a marginal tax rate of 33 percent seems high when it is compared with the marginal tax on low income - about 15 percent.

When tax rates are reduced, the income effect is to make it possible to maintain the same income as before with less effort, while the substitution effect is to make it possible to earn more with each hour of work. Ex ante, it is not possible to determine which will be more important; but empirical studies of welfare recipients suggests that lowering tax rates increases the incentive to work. It is possible, however, that the relative importance of income and substitution effects will depend on absolute income levels. Thus the higher the minimum income guaranteed, the greater the incentive to work with any given tax rate on earnings. This might be true because at very low support levels necessities are not fully supplied, and because the value of leisure at very low income levels is low since few "leisure activities" are completely costless.

The interactions between levels of welfare payments and wage levels and willingness to work are complex. The simplest of these is the impact of welfare payment levels on the incentive to take work which will depend on the relative magnitude of welfare payment levels and prevailing market wage levels. A second order interaction which will occur in markets for which women are a major source of labor supply is the effect on prevailing wage levels. A woman eligible for welfare (or other income maintenance benefits) need not take the first job that comes along, regardless of its skill or pay level. Hence welfare tends to increase women's reservation price (the lowest wage at which they will accept unemployment). In this respect its effect is comparable to that of unemployment compensation. The precise effect will depend to a considerable extent on the relationship between benefit levels and wage levels. Moreover, as M.S. Gordon points out with unemployment compensation: "through its effect on the reservation price of the jobless worker, unemployment insurance tends to provide support for union efforts to bargain for wage increases and enforce union rates." (Gordon 1963)

The benefits associated with welfare include, as well as cash benefits, eligibility for a number of other programs, such as medicaid and medicare, food stamp programs, surplus food, etc. Where the value of these programs is substantial, the tax effect of loss of benefits at the cutoff point is probably quite significant. The additional value of these other benefits could actually shift the incentive effect in such a way as to be a disincentive for those on welfare to go to work and an incentive for low-wage workers to get onto welfare in order to receive the package of potential benefits. Extension of these programs to low income wage earners would effectively eliminate what is now a step effect in the tax schedule and a minimization of a reverse incentive effect.
The changes in the marginal tax rate and the gradual addition of services and benefits has made the AFDC program potentially more attractive to the working poor. If a non-AFDC working female head-of-household with children can qualify for welfare, she could continue working and realize a substantial increase in her disposable income. While there are still some eligibility barriers where the father is still in the home and where hours worked exceed certain amounts, it is clear that the financial incentive to enter (or remain in) the welfare system has increased with the income disregards and the provision of services and benefits. As Schlenker, Fine, and Appel conclude: "The greater the work incentive granted to the existing AFDC population, the greater will be the incentive for those non-AFDC recipients now eligible, or who could become eligible with some modification of their behavior, to become recipients."

The incentives derived from characteristics of jobs available may be traded off with the incentive or disincentive effects of the welfare payment schedule. Jobs which carry benefits comparable to those lost by leaving the welfare program for example will minimize the disincentive effect of losing in-kind benefits associated with welfare.

The effect of a welfare program on incentives to labor force participation is potentially large. But redesigning welfare programs alone to reduce the tax effect of large reductions in welfare payments corresponding to earnings is only one of the measures necessary to eliminate work disincentives in the existing welfare system. The labor market must supply work at wages adequate to meet requirements, after the direct costs of working are taken into account. The in-kind benefits which accompany welfare eligibility must be extended to low income wage earners, or to all wage earners, to eliminate the disincentive inherent in ineligibility resulting from employment. And the work which is available is more likely to include an inherent work incentive effect if its attributes are positive, that is, if the work is meaningful or satisfying or contributes positively to the worker's utility in and of itself.

The economic literature on work incentives is sparse and the few studies and experiments that have focused on the poor have not been conclusive. The meager evidence that is available suggests that the slight negative effect that an increased income level has on labor force activity is likely to be mainly for peripheral or secondary workers, particularly women.

Some empirical evidence is available on the effects of a high marginal tax rate on the work effort of public assistance recipients. One of the few studies in the literature is Gallaway's examination of the effect of the OASDI marginal tax rate on aged workers, in which he concluded that this tax did exert a disincentive effect on their productivity as measured by earnings. Income data on this sample indicated that the proportion of workers whose earnings exceeded $1,200, the point at which the tax became applicable, increased after age 72, the age at which they became exempt from this tax on earnings. An experiment was undertaken by the Denver Welfare Dept., on incentive budgeting with AFDC recipients. The results of this experiment indicated that a reduced tax rate had a positive impact on the work efforts of a special segment of the test group. That segment was comprised of AFDC recipients who had no serious barriers to employment. Under conditions of a 25% earnings exemption

such women were more likely to remain employed than were other members of the test group or the members of the control group. In another experimental study in Cuyahoga County, Ohio (Gruber 1965), the data suggests that monetary employment incentives provide a strong stimulus to employment and, as a corollary that absence of that incentive serves to depress motivation for employment.

Hausman (1967), in a study on the potential for work and self-support among AFDC parents, found that while many AFDC family heads are either currently employable or could become employable (from the standpoint of personal characteristics), comparatively few are, or could become capable of earning enough to support their families at the levels of income they attain on welfare. Hausman further points out that building in exemptions for income from work in the welfare system raises the level of income that a recipient may reach before the family needs to leave the public assistance rolls. Hausman suggests that, given favorable welfare tax rates, more AFDC mothers would consider employment. He tentatively concludes from his small survey of 131 mothers on AFDC that, "reduced welfare tax rates and increased child-care facilities will substantially increase labor force participation, if not employment, among these mothers". However, "under the most liberal assumptions made about their skills and the state of the labor market, they were overwhelmingly incapable of self-support".

Brehm and Saving (1964) explored the relationship between number of recipients on General Assistance caseloads and average level of benefits on an interstate basis. General Assistance is a state or local sponsored type of relief that is designed to provide temporary aid to people who may not fit into other welfare categories or who are waiting for acceptance. For this reason, its composition may include men or women who are usually employed. Brehm and Saving found variation in the number of people on assistance among states which was positively related to the average level of payments.

However, Green (1967) criticized Brehm and Saving on the grounds that they failed to take account of the disincentive effects of the marginal tax rate on work efforts. Stein and Albin (1967) reported findings which were divergent with those of Brehm and Saving. Using a different measurement of number of recipients, they found no relationship between caseload and the average level of a state's benefit payment. In 1967 Kasper repeated this study using a different definition of the theoretical problem and statistical model. He concluded that the size of the General Assistance caseload in states was more highly related to labor market conditions than to average level of payments. Put another way, Kasper was saying that public assistance subsidies do not encourage people to reduce their work effort. He predicted that a rise in benefits would not lead to an increased proportion of people choosing relief over work.

Recently, Durbin (1968) has reported findings which question those assumptions on which the previous studies of work incentives are based. In a longitudinal analysis of caseload trends in New York City, she found a positive relationship between applications for assistance, case openings and benefit levels in all welfare categories. During this period the rate of case closings remained stable although the percentage of closings for reason of employment did decline. She takes an application for assistance as an indicator of the individual's own decision to apply for welfare benefits. Durbin found that this rise in caseload occurred in a context
in which employment opportunities increased. However, it was a period in which increases in benefit levels began to exceed the wages in certain industries, for example, service industries and heavy manufacturing as well as the poverty line. In contrast to previous investigators she took into account the variable of earnings capacity of the recipient and standard of living.

On the basis of an increase in application rates over time, Durbin concluded that more of those eligible for welfare were now choosing to seek it as their primary source of income. She accounts for this decision as an attempt of poor people to maximize their earnings and obtain the highest possible standard of living. By raising benefit levels, welfare policy is providing economic incentives for people to choose public subsidies rather than employment. Implicit in her definition of the situation is the perception that the critical factor in the trade-off is income rather than work.

Another way to frame the question is to ask the recipient what his alternatives mean in terms of income. Leonard Hausman did this in research in the mid-sixties in which he asked about the 'on assistance' and 'off assistance' earnings potential of welfare recipients. He derived the potential earnings off assistance by determining the earnings of men and women in the labor force in occupational categories that corresponded to the skill levels of his sample of recipients. He concluded that less than 70% of the women on AFDC could equal their welfare payments in the market and that less than 40% of the men in the AFDC-UP category could find jobs to compete with their 'on assistance' earnings.

Another economic consideration fits into the perspective suggested by the Hausman study. That is the issue of the risks which the welfare recipient confronts by entering the market. The argument is that the recipient runs the risk of taking a job, losing it, and having to confront the problem of re-access to the rolls and loss of income during this period. It assumes that welfare recipients, no less than anyone else, are risk averters. While no empirical studies have addressed themselves to this issue, some observations in the literature are consistent with this argument. Durbin (1968), for example, points out that AFDC recipients are heads of families who have to consider the well-being of their children in their decision about work and the risks involved.

One of the beliefs of policy makers is that the largest potential for disincentive effects, due to reasonable relief payments resides in that group of persons for whom a given payment level approaches, equals, or exceeds earnings from current jobs. This group of persons receives fewer of all the benefits that employment offers others higher up in the occupational system—money, job satisfaction, growth, advancement opportunities, prestige, and pleasant working conditions. It is feared that persons in this group have a precarious tie to the labor force which a real income alternative might break and thus reduce the supply of low-wage labor and force the price of labor up. Despite an apparent mass of data, there is little empirical evidence that is directly relevant to testing the hypothesis that low income persons performing unskilled and semi-skilled jobs would significantly reduce their work effort if they could receive public assistance payments. However, new information is beginning to be generated as a result of a number of income maintenance experiments.
B. EXPERIMENTATION WITH INCOME MAINTENANCE PROPOSALS

The Office of Economic Opportunity and the Department of Health, Education, and Welfare, have been financing demonstration programs in several areas of the U.S. to document and evaluate what results from guaranteeing basic levels of money income to poor families, along with various income taxation rates that might preserve their incentive to work for additional income. In all programs the income payments initially guaranteed have been reduced as earned income rose, yet reduced by an amount less than the increase in income so that work effort would have left a beneficiary better off financially. The basic experimental model was developed first by OEO for its New Jersey project, then specialized to include an interrelation of income maintenance with (a) manpower services (the Seattle-Denver project) and (b) day care services (the Gary, Indiana project).

The New Jersey Experiment

An empirical model was designed with two critical variables that were altered and tested. The first variable was the amount of income to be guaranteed -- expressed as either 50%, 75%, or 100% of the family poverty line. Second, was the percentage reduction in the amount of support provided as other income increased -- established for different population subgroups at either 30%, 50%, or 70% of other income.

For example, if a family of four were to be guaranteed 50% of the poverty line, then it was promised that their annual income would not fall below $1,650 (50% of $3,300). If this guarantee were then reduced by 50% of other family income, than a four person family earning $2,500 per year would have their guarantee reduced by $1,250 (50% of $2,500). Total family income then would be $400 ($1,650 - $1,250) plus their earnings of $2,500 which equals $2,900.

Seven combination of the two variables were arranged for evaluation as alternative programs for seven different subgroups of the total sample population. Any family selected for inclusion had the same chance of being assigned to any of the experimental programs or to a control group which did not receive any benefits.

Table I shows the income maintenance alternatives that were selected for testing and evaluation.

<table>
<thead>
<tr>
<th>Basic Guarantee:</th>
<th>Reduction Rate:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 50% of poverty line</td>
<td>30%</td>
</tr>
<tr>
<td>2. 50% of poverty line</td>
<td>50%</td>
</tr>
<tr>
<td>3. 75% of poverty line</td>
<td>30%</td>
</tr>
<tr>
<td>4. 75% of poverty line</td>
<td>50%</td>
</tr>
<tr>
<td>5. 75% of poverty line</td>
<td>70%</td>
</tr>
<tr>
<td>6. 100% of poverty line</td>
<td>50%</td>
</tr>
<tr>
<td>7. 100% of poverty line</td>
<td>70%</td>
</tr>
</tbody>
</table>

Table II illustrates how these variations in the experimental variables affected families in the experiment, for three of the plans.
Table II  Annualized payment levels for 4-person families under alternative plans

<table>
<thead>
<tr>
<th>Family Covered by Plan</th>
<th>1</th>
<th>4</th>
<th>7</th>
</tr>
</thead>
</table>

When other income totals:

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Plan 1</th>
<th>Plan 4</th>
<th>Plan 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$1,650</td>
<td>$2,475</td>
<td>$3,300</td>
</tr>
<tr>
<td>$500</td>
<td>$1,500</td>
<td>$2,225</td>
<td>$2,950</td>
</tr>
<tr>
<td>$1,000</td>
<td>$1,350</td>
<td>$1,975</td>
<td>$2,600</td>
</tr>
<tr>
<td>$1,500</td>
<td>$1,200</td>
<td>$1,725</td>
<td>$2,250</td>
</tr>
<tr>
<td>$2,000</td>
<td>$1,050</td>
<td>$1,475</td>
<td>$1,900</td>
</tr>
<tr>
<td>$2,500</td>
<td>$900</td>
<td>$1,225</td>
<td>$1,550</td>
</tr>
<tr>
<td>$3,000</td>
<td>$750</td>
<td>$975</td>
<td>$1,200</td>
</tr>
<tr>
<td>$3,500</td>
<td>$600</td>
<td>$725</td>
<td>850</td>
</tr>
<tr>
<td>$4,000</td>
<td>$450</td>
<td>$475</td>
<td>500</td>
</tr>
<tr>
<td>$4,500</td>
<td>$300</td>
<td>$225</td>
<td>150</td>
</tr>
<tr>
<td>$5,000</td>
<td>$150</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>$5,500</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Data that is now available were gathered from August, 1968 through October, 1969 in Trenton, Patterson, and Passaic, New Jersey, from 509 of the 1,359 participating families; 364 families received support and 145 families were in a control group which received no payments.

All families were headed by a male between 20 and 58 years of age. The average age of the male head of household was 35.6 years. Although this requirement severely restricted the population of the poor that was examined, OEO was convinced that this limitation was necessary (a) because of limited funds and (b) because given the feasibility of income supplements for all poor persons with the limited fund, in those most sensitive to the issue of the incentive effects of such a program were believed to be families with able-bodied working men. Would they simply quit work and live on relief?

The majority of participants in the test group had less than a high school education. Sixty-three percent of the heads of households who were employed worked as skilled laborers, and 35% as unskilled laborers. Ninety-two percent of the heads of households were employed; 66% of those who were employed usually worked full-time.

Preliminary Results

The first publication of significant data and analysis was made by OEO in February, 1970. The data have assumed particular importance because the New Jersey experiment was similar in many respects to the Family Assistance Program proposed by President Nixon. However, two differences with FAP should be noted. First, New Jersey participants were not required to accept work training or a job in order to receive benefits. Second, they were not provided with the extensive day care facilities that are an integral part of the Administration's plan. Addition of these two provisions would be expected to have a positive effect on the incentive to work.
Therefore, OEO has assumed that the New Jersey data give a conservative estimate of the trends that would be generated if all elements of FAP were implemented.

OEO analyzed the preliminary data from the New Jersey project in terms of effects on work effort, work attitudes, and borrowing and spending behavior.

A. Actual Work Effort

There was no evidence that work effort declined among those receiving income support payments. There was, in fact, a slight indication that work effort among those receiving benefits was actually greater than for those not receiving income support.

Table III

<table>
<thead>
<tr>
<th>Percent of families whose:</th>
<th>Control</th>
<th>Experimental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings increased</td>
<td>43%</td>
<td>53%</td>
</tr>
<tr>
<td>Earnings did not change</td>
<td>26%</td>
<td>18%</td>
</tr>
<tr>
<td>Earnings declined</td>
<td>31%</td>
<td>29%</td>
</tr>
</tbody>
</table>

B. Attitudes Toward Work

In-depth interviews with participants revealed that low-income individuals were strongly motivated toward work. As shown in Table IV, the majority aspired for better jobs and were willing to move to another city or take training even if it meant a pay cut in order to get that better job. A majority also indicated they were willing to work two jobs to support their families. Among a list of factors influencing work choice, job security was ranked twice as high by participants as any other job factor -- including wages, working conditions, and job interest.

Table IV

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspire for a better job</td>
<td>.65%</td>
</tr>
<tr>
<td>Would move to another city for a good job</td>
<td>.56%</td>
</tr>
<tr>
<td>Would take training with pay cut to get better job</td>
<td>.55%</td>
</tr>
<tr>
<td>Would work two jobs</td>
<td>.60%</td>
</tr>
</tbody>
</table>

C. Borrowing and Spending Behavior

As the beneficiaries' incomes increased they borrowed less and purchased more durable goods than did participants in the control group. Table V reveals these differences in borrowing. OEO hypothesized that those in the experimental group were paying back loans to a greater degree and buying items on time less than their control counterparts who were not receiving payments.

Table V

<table>
<thead>
<tr>
<th>Changes in Borrowing Behavior</th>
<th>Control</th>
<th>Experimental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing increased</td>
<td>53%</td>
<td>40%</td>
</tr>
<tr>
<td>No change in borrowing</td>
<td>29%</td>
<td>36%</td>
</tr>
<tr>
<td>Borrowing declined</td>
<td>18%</td>
<td>24%</td>
</tr>
</tbody>
</table>
Table VI shows the pattern of durable good expenditures that occurred during this initial fifteen months of documentation. The data indicated greater spending by the test group in every category of consumer durables.

<table>
<thead>
<tr>
<th>Purchases</th>
<th>Percent of families who purchased given items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furnishure</td>
<td>Control</td>
</tr>
<tr>
<td>TV</td>
<td>4.8</td>
</tr>
<tr>
<td>Other major appliances</td>
<td>9.7</td>
</tr>
<tr>
<td>Other</td>
<td>6.2</td>
</tr>
<tr>
<td></td>
<td>10.3</td>
</tr>
</tbody>
</table>

Conclusions

These preliminary results are significant because they do reveal a successful trend along important dimensions of the basic experimental model. Furthermore, the economic feasibility of an income maintenance program with graduated work incentives was estimated by OEO in terms of expected administrative costs, and the total cost per family was estimated to be $72 to $96 per year exclusive of work training and day care costs. This compares favorably with their estimated cost of $200 to $300 per family per year for the existing welfare system, also excluding training and services.

Yet these OEO cost figures have become dated by the most recent version of the Family Assistance Program, which derived from Congressman Mills and was accepted by the Administration. In its present form FAP will raise considerable costs in addition to those already estimated because the Department of Labor will have new responsibilities for bureaucratic determination of the eligibility of all potential participants for obligatory work training programs.

The OEO publication, "Preliminary Results of the New Jersey Graduated Work Incentive Experiment" (February, 1970) has suggested that the preliminary data ought to allay fears that the Family Assistance Program would produce extreme or unusual responses from low-income workers. The lengthiness of the experiment in New Jersey, continuing through 1972, may more realistically develop the credibility of these early documented aspects of the project, and allow for the gathering of information on other important dimensions which perforce are long term in their nature -- such as the effects of payments on family stability, school performance, and child-birth rates.

The Seattle-Denver Experiment

A combined study of two cities, Denver, Colorado and Seattle, Washington, has been formulated recently (1970-71) by the Stanford Research Institute to extend the basic experimental model described for the New Jersey project. In addition to evaluating the isolable effects of income maintenance this study has proposed to test the effects of a manpower program on a low income sample population, and particularly the interactive effects of income maintenance and a manpower program.

Quantifiable answers to research questions will be emphasized. For example: How much will an additional $400 a year in basic financial support change the work effort of the family, (1) if there is no change in investment in manpower or (2) if there is a simultaneous increase in the manpower investment in a family by $200? Specification of details in the design of the interactive experiment will be available in the Seattle Income Maintenance Experiment, Memorandum No. 12.

The Seattle-Denver experiment is also addressed to the problem of
transitory versus long term effects from programmed interventions in the sample populations' activities. If recipients believe a program delivered will effect only temporary changes they are likely to respond themselves with short-run adaptations that would differ if a national program were instituted.

"It is interesting to note that if families do not believe in the long term viability of the program, their response to financial treatments and their response to manpower treatments may be opposite. Income maintenance families may treat the additional income as transitory and make very little adjustment in their labor market behavior and consumption patterns; that is, low credibility of the financial treatments may lead to a response much weaker than the true long term response. On the other hand, if a rich manpower program is offered (and repetition of such a program seems to be unlikely), we may observe an excessive response by families who try to capitalize on the short term offer, the observed response being much stronger than the true long term response."*

Although the staff of SRI do believe a three year experiment is probably adequate, they recognize that a significant error of this type could have drastic policy implications. Therefore, tests are being designed (1) to learn whether responses are long term or not, and (2) to actually measure the difference between short and long term adjustments.

First, there will be an indirect measure of whether families treat income maintenance as containing an important transitory component. If they do, this will be reflected in both their labor market behavior and in their patterns of saving and consumption. SRI proposes to study transitory- ness by an on-going evaluation of saving and consumption patterns. While also noting that they cannot logically assume the transitory fraction of recipients' responses in the labor market will be of the same magnitude as shown in their consumption-saving patterns, SRI argues there is no way to directly measure the size of the transitory component in labor market responses.

Second, the experiment will be extended for two extra years (making a total of five years) for part of the sample. The "long run" experiment will then be available for comparison with the three year experiment. An attempt will be made to isolate the effects of the pure time dimension on family responses by telling all families, at the beginning of the experiment, the length of their guaranteed payment period (which will differ between the three-year and five-year groups).

The subsample which will be given a five-year horizon will be selected from only four of the combinations of the basic two variables:

Table VII

<table>
<thead>
<tr>
<th>Support:</th>
<th>Tax:</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,600</td>
<td>50%</td>
</tr>
<tr>
<td>3,600</td>
<td>70%</td>
</tr>
<tr>
<td>4,800</td>
<td>50%</td>
</tr>
<tr>
<td>4,800</td>
<td>70%</td>
</tr>
</tbody>
</table>

The above range is thought by SRI to be the most politically relevant interval currently being considered.

The sample population will be stratified to include white, black, and Mexican-American families and families headed by one and two parents.

This cell structure will permit either combined or separate study of intact families, families without male heads, and families of different racial groups. This is a far more detailed modeling of population variables to be tested within programs than that which existed in the New Jersey experiment.

A tentative estimate of the total number of families assigned to each treatment classification was proposed to be as follows:

Table VIII

<table>
<thead>
<tr>
<th>Treatment</th>
<th>Number of Families</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Seattle</td>
</tr>
<tr>
<td>Financial only</td>
<td>300</td>
</tr>
<tr>
<td>Manpower only</td>
<td>600</td>
</tr>
<tr>
<td>Financial and manpower</td>
<td>600</td>
</tr>
<tr>
<td>Controls</td>
<td>800</td>
</tr>
</tbody>
</table>

To ensure that families who will be selected for the experiment will not refuse because of reduced benefits in welfare services, SRI proposes that the monies a family receives from the income maintenance experiment will not be considered as income for purposes of determining eligibility for medical benefits or social services, including child care. As welfare services in-kind such as medical care, surplus food, or eligibility to public housing are now quite substantial within recipients' total incomes, they are naturally very important in recipients' choices about getting on-or-off welfare, and for the extent of their participation in the labor force. While this provision does suit their stated rationale, it may also inhibit a later attainment of realism and generalism in the results generated from the Seattle-Denver project.

The Gary Experiment

The empirical model being designed for Gary, Indiana shows a development of the basic income maintenance experiment along new emphases. Foremost is the attention of this study to the interaction between the receipt of social services and of income maintenance transfers. In what amounts will social services be demanded with and without income maintenance payments? A full description of the social service treatment proposed is available in Gary Income Maintenance Project, "Social Services and Day Care Rationale", Gary, 1970.

Day Care is singled out by the Gary researchers (from Indiana University and the Urban Institute) as a critically relevant service for testing. A central hypothesis of their study is that day care increases work and production possibilities such that it "mitigates potential work disincentive effects associated with cash transfers". The effects of day care in conjunction with income maintenance are also politically significant because they are currently joint aspects of many Congressional income maintenance proposals.

The day care portion of the Gary project is quite complicated. Subsidies of 33%, 67%, or 100% for any number of children of a family placed within services are offered to all families residing in the Model City area in Gary, regardless of whether they have been selected to receive income maintenance payments or not. These families are given a guarantee on slots in a day care program if they choose to participate. Families receiving income payments who reside outside the Model City area serve as controls: they receive neither subsidies nor guaranteed access to day care slots.

This design was dictated by the administrative and political realities of Gary. It was not feasible to offer subsidies and assurance of day care slots to one portion of Model City residents while excluding another portion. The Gary Model City sample was selected because it contained a substantial population base that hasn't been adequately treated in other income maintenance experiments: black, female-headed families in a ghetto setting.

Associated with the selection of this population are several other considerations which will be given special attention. First is the importance of non-market, home work activity (cleaning, meal preparation, household management) in the labor-leisure decision process. Second is the role of welfare payments (AFDC) and in-kind services in establishing reservation wages (the lowest wage at which individuals will accept unemployment). Third is the need to measure specific demands for the labor inputs of this population, including a classification of types of job vacancies and of employee characteristics demanded (e.g., male-female, level of education, etc.).

This design of the day care experiment is expected to allow (a) measurement of the demand for single-priced day care under alternative income conditions, and (b) the impact of day care on labor supply and family functioning, alone and in conjunction with income maintenance transfers.

In studying the impact of income maintenance on labor supply behavior the researchers also propose to make two interesting extensions of the basic experimental model used in New Jersey. First, they intend to incorporate the effects on and of indebtedness. This involves showing relationships between income maintenance programs and indebtedness and the impact of indebtedness on work-leisure tradeoffs.

For example, suppose there is some family income threshold below which credit is totally unavailable and above which some positive amount is supplied by lenders. It is possible that families will desire (and be allowed) to obtain credit in an amount greater than initial cash transfers, which, in turn, will produce a labor inducing (negative) income effect.

Second, they intend to describe and follow non-market aspects of labor and goods in reporting the impact of income maintenance on the extent of labor involvements. For example, they will observe the purchase of certain goods (vacuum cleaners, dishwashers, other appliances) which appear to shift production possibilities in the home in favor of less labor-intensive processes.

The Gary experiment should provide much further analytical depth to the study of income maintenance programs in general, and to the current legislative programs in particular.

C. THE QUALITY AND MEANING OF WORK

What a man's or woman's work is like and what employment means are crucial to the decisions about working or not and to the quality of life of the individual and the family. There is the danger in discussions of financial incentives of welfare schemes of forgetting that there are other factors involved and that the ultimate purpose of the economy-and of employment and of government programs as a part of it-is to satisfy the needs of individuals, instead of the other way around. We must begin
to consider to examine the meaning of employment-in terms of human expectations and satisfactions - going beyond the earnings it provides.

If the quality of work is to be a useful concept, its development must involve both feelings about the job and the interrelationship of work to other personal and social factors. However, there are few studies and little data dealing with the relationships and tradeoffs between work and nonwork attitudes and behavior. This dearth of information reflects the fact that job attitude research has been, for the most part, conducted by or within business enterprises, usually with the object of contributing to personnel efficiency.

One notable exception is the study of Detroit industrial workers by Kornhauser (1965) which found a striking relationship between job satisfaction and mental health. Within each occupational (skill) level sampled, and among both younger and older workers, those who expressed above-average job satisfaction were also judged to have higher levels of mental health.

Another study by Langner and Michael (1963) into the relationships between mental disorder and the social environment of an urban community revealed close linkages between occupational or socio-economic level, job satisfaction, and mental health. Among workers of high socio-economic status (SES), more than 75 percent indicated "very much" satisfaction with their occupations, compared with only 43 percent of the low socio-economic group. Conversely, at the lower end of the satisfaction scale, more than twice as many low SES did not like their work as high SES. However, the most significant finding of this study was that the lower the level of job satisfaction, the greater the mental health risk.

What individuals perceive as satisfying or dissatisfying is determined largely by their values, needs and motives, and expectations as well as by the objective features of the work environment. The relative importance of different factors in job satisfaction and dissatisfaction has been found to vary also by occupational group. A study of the work motivations of people in an urban population was conducted by Centers and Bugental (1966). They found that, generally, workers in white-collar categories attached greater significance to the intrinsic factors related to the work itself, while blue-collar workers placed comparatively greater stress on factors pertaining to the context in which work was performed-extrinsic factors.

Compensation was clearly revealed as one of the primary factors in worker motivation. All groups, except the professional-managerial classification, attached the greatest importance to pay. The security factor ranked last among six listed except in the case of semiskilled and unskilled workers. For these groups, security was judged much less important than pay, and about equal to interesting work and congeniality of co-workers.

Vroom (1964) in his studies of relationship between man and work reports that the attraction of jobs is generally directly related to the amount of pay, the amount of consideration from supervisors, probability of promotion, interaction with co-workers and acceptance by them, the number of operations performed, the extent of control over the pace of work, and influence on decisions which will affect them. There is some evidence which also indicates the cultural differences in work values. In a study of "underprivileged" workers (Champagne and King 1967), when participants in an MDTA program were asked to rank 16 motivational factors in terms of importance, a few differences between black and white subsamples were obtained. On the whole, however, the two rank orderings were the same.
An investigation of shift work by Mott and others (1965) revealed that "odd-hour" work schedules can have a pronounced effect not only on the job satisfaction of workers but also on many other facets of their general well-being - physical, psychological, and social. The problems confronted by these workers in adapting to a society where social, recreational, and cultural activities are geared to daytime working schedules were serious and widespread.

Most research suggests that no single dimension of employment can be regarded as the vital one, unless the pay is inadequate. Generally, more evidence is needed to demonstrate how each of several aspects of work experience contributes to both the positive and negative attitudes of members of different occupational and socio-economic groups.

According to a survey of four communities by Bradburn and Caplovitz (1965), job satisfaction appeared to be directly related to and influenced by broader socio-economic conditions in each of the communities. Men in the lower socio-economic group were more dissatisfied with their jobs in the prosperous communities than those in the same low group in the comparatively depressed communities. Low wages, while playing a substantial role in job dissatisfaction in a depressed community, results in even greater dissatisfaction in an area where there is greater affluence visible nearby, as in central city ghettos surrounded by affluent suburbs.

Some studies indicate that attitudes about jobs also reflect the status which the job holds in the society with wages being one indicator of how society regards the particular kind of work. The status of the job affects both the psychological well-being of the worker and his decisions about his participation in the world of work. Since the jobs at the lower end of the occupational structure which might be available to ghetto residents have little attraction in terms either of income or of the nature of the work and no status, it is not surprising that the attitudes of the society are reflected in the behavior patterns of the poor resident. This is described in detail by Liebow (1967) in his study of Negro streetcorner men:

A crucial factor in the streetcorner man's lack of job commitment is the overall value he places on the job. For his part, the streetcorner man puts no lower value on the job than does the larger society around him. He knows the social value of the job by the amount of money the employer is willing to pay him for doing it. In a real sense, every pay day, he counts in dollars and cents the value placed on the job by society at large. He is no more (and frequently less) ready to quit and look for another job than his employer is ready to fire him and look for another man. Neither the streetcorner man who performs these jobs nor the society which requires him to perform them assesses the job as one "worth doing and worth doing well." Both employee and employer are contemptuous of the job. The employee shows his contempt by his reluctance to accept it or keep it, the employer by paying less than is required to support a family. Nor does the low-wage job offer prestige, respect, interesting work, opportunity for learning or advancement, or any other compensation. With few exceptions, jobs filled by the streetcorner men are at the bottom of the employment ladder in every respect, from wage level to prestige. Typically, they are hard, dirty, uninteresting and underpaid. The rest of society (whatever its ideal values regarding the dignity of labor) holds the job of the dishwasher or janitor or unskilled laborer in low esteem if not outright
contempt. So does the streetcorner man. He cannot do otherwise. He cannot draw from a job those social values which other people do not put into it.

D. CONCLUSIONS

Much of the discussion of the work effort of public assistance recipients has focused on the reduction of the welfare tax rate; however, it must be pointed out that, while the high welfare tax rate may discourage work efforts of an AFDC family head, it does not necessarily follow that the tax rate operates as a major determinant of the size of the welfare caseload or that reducing the tax rate even further than the thirty and a third disregard will shrink the caseload. Even with expanded work efforts, other factors, such as rules and requirements for eligibility, administrative policy on caseload size, the effectiveness of recipient organizations, the state of the economy and unemployment rates, operate to influence the size of the caseload.

In relationship to work effort, the welfare tax rate may again not be the most significant impediment to maximum work effort on the part of recipients. The decision to allocate time between labor market and non-labor market activities in many cases is a family one, where judgments are made by the family or on the basis of family needs and considerations. If family needs are unmet or unsatisfied, a family might decide to cut back on hours worked; it is more likely that the wife or other secondary earner will cut back, since the family head is more apt to be a permanent worker on a full-time job which may not permit a reduction in working hours. If a mother does not have another adult to support the family in these situations, she must resort to other financial assistance in order not to neglect the family needs.

Obviously, the jobs which the recipients are capable of obtaining and holding must also be available and must provide an adequate income. Further, they must provide the kind of work situation which encourages work effort and satisfies the needs of the worker. The ability of the economy to meet these needs is a function of the occupational structure and the structure of the labor markets to which recipients have access.
CHAPTER 4

LABOR MARKETS AND UNEMPLOYMENT

The assumptions underlying the original public assistance program ruled out interactions between welfare and the labor force. AFDC was intended to support women with children who had no spouse to support the family. The purpose of the policy was to enable the woman to be a full time mother and therefore not part of the labor force.

Gradually important connections between the welfare caseload and labor market conditions were discovered as the client population changed from widows to divorced and separated women, as unemployed parents were added to the program in many states, as the pattern of work of welfare mothers emerged, and as the pressure for employable mothers to take a job has increased. Unemployment rates exert pressures on welfare directly through AFDC-UP, through General Relief, and through AFDC as mothers are layed off, and indirectly through the impact of unemployment on family stability and organization. The structure of the labor force which is reflected in one way through wage differentials also creates a pressure to use welfare because of inadequate earnings of the millions of poor people. It also places limitations on the extent to which employment can be used as a way of reducing welfare costs and caseloads because of the restricted job opportunities and consequent low wages. The structure of labor markets and their differential affects on earnings and unemployment are a crucial factor in assessing both the employment potential of women on welfare and of the policies required to create meaningful opportunities for work.

A. THE STRUCTURE OF LABOR MARKETS

The source of most traditional conceptions of the labor market is Adam Smith's Wealth of Nations. The model of the labor market that emerges from Smith's chapter on wages has several basic features. First, labor is homogeneous; second, the labor market is competitive and free; third, different jobs, "employments", have differing degrees of hardship, unpleasantness, skill, trust, continuity, and probability of success and, therefore, differential wage rates compensate for these differences. The quantity of labor demanded, (the jobs available), and the quantity supplied, (the workers who can or want to fill the jobs available) are matched through the mechanism of the "market price". In this traditional model of the labor market, individuals seek the most advantageous occupations and as a result more

*By Anna Hardman and Martin Lowenthal
people are available to work in the more advantageous industries and occupations, and fewer in the less attractive. The effect of diminishing marginal productivity of the extra workers then causes wages in the former (more attractive) industry to fall and wages in the latter to rise. People then re-evaluate the relative advantages and some shift jobs. Hence the net attractiveness tends to equality. The lags in time in the changes of the wage rates leads to temporary imbalances between the quantity of labor demanded and the quantity supplied and thus periods of unemployment arise.

Marx developed a somewhat different theory in which he posited that a constant pool of unemployed workers, the "industrial reserve army", is essential to the operation of a capitalist system. As employers seek to substitute capital for labor and to use technological advances, the demand for labor tends constantly to decrease and wages are pushed to subsistence level or below. This decreased demand means low wages, which tend to even off at subsistence level and a reserve of unemployed, who, when unemployed for long periods, become demoralized and drop out of the labor force to form the "lumpenproletariat". Marx saw most workers forming the proletariat and being subjected to intermittent rather than permanent unemployment.

Marx viewed the worker as having little influence over the situation of crisis that would arise in the capitalist economics which would make employment insecure. In the Marxist view, such economies are subject to periodic crisis, with the process of capital accumulation destroying the smaller and less powerful firms and the unfamed character of production causing over supplies which mean cutbacks. According to Marxist theory, the effects of these events are felt by all workers at various times and a sense of working class solidarity develops - no group of workers can expect to be protected from the hardships of periodic unemployment for very long.

John Stuart Mill was the first to point out that some wages are customary in character, not determined by supply and demand. He saw the labor force as being made up of a number of groups which were not competing with each other, in other words, not homogeneous. Instead of one single labor market, he held that the economy possessed a number of separate labor markets. The barriers between markets, according to Mill, were fundamentally social in character.

In following-up Mill's concept, Marshall emphasized the distinction between horizontal and vertical mobility, explaining that workers on the same social level were generally treated similarly and were mobile within their group but that mobility between levels was rare. On the basis of these vertical levels, differential wage rates developed and tended to remain. Since Marshall, the emphasis of economists dealing with labor has concerned largely the determination of relative wage rates and aggregate employment levels. More recently labor force participation rates and the determinants of wage rates and participation rates have become an important area of investigation.

Large wage differentials exist and persist as a result of differentiated labor markets, which reflect both social stratification and the occupational structure. The constraints on mobility in these markets take the form of barriers to entry into certain jobs and to movement between jobs. These barriers of social class and occupation are re-enforced by the educational system which is a major factor in determining access to jobs. Although
free school is theoretically available to all, the quality of education varies widely and access to the resources necessary for college or advanced education is grossly unequal. This tends to maintain many of the class aspects of the occupational structure.*

Dean Morse (1969) identifies one portion of the labor force which would include most welfare recipients. He calls them the peripheral workers - "Workers who have had work other than full-time for a full year." These workers work for less than a full year, less than full time, because only seasonal or part-time work is available to them, or because only temporary jobs or no work is available. The peripheral labor force includes relatively few white males aged 25-44. Nonwhite males are markedly more peripheral. Youth aged 14-24, women, and older workers account for most of the individuals with part-time and/or intermittent work experience. The peripheral workers, Morse found, are employed for the most part at relatively low wage rates, and have low yearly incomes. "Peripheral work status is apt to be associated with low levels of skills, low educational attainment, and the absence of any significant amount of formal or on-the-job-training."

The employment of part-time workers is very heavily concentrated in a small number of industries, the most important of them being "retail trade" which in 1965 accounted for over 20 percent of all part-time employment. "Private household service" was second in this regard. The agriculture, retail and service industries accounted for 45 percent of part-time work experience, although only 25 percent of total employment. In the durable goods manufacturing sector, part-time work is almost nonexistent, and little exists in the nondurable goods, railroad and communication industries. The distribution of part-time work among occupations also shows a pattern of concentration in the farm, household, retail goods and service occupations.

The demand for intermittent workers lies in different occupations and industries. Retail sales accounted for one sixth of all intermittent

*Bluestone (1970) attempted to classify a range of barriers to entry and mobility as follows:

Individual barriers to mobility:
- Insufficient education
- Insufficient training and skills
- History of unreliable job performance
- Disutility of geographical mobility; occupational mobility

Industrial Barriers to Mobility
- Hiring and on the job racial discrimination
- Hiring and on the job sexual discrimination
- Trade union barriers to entry
- Use of 'education level' as a pure rationing device

Social Barriers to Mobility
- High financial cost of geographic relocation
- High financial cost of long distance travel to work
- Personal risk attached to mobility
- High levels of aggregate unemployment
- Racism
- Sexism
- Lack of labor market information
employment in 1965 and one-eleventh was in agriculture. The industries next in importance were construction, medical, and educational industries. Together these five groups accounted for over 40 percent of intermittent working. The manufacturing industries have rates of intermittent work experience corresponding roughly to their share of total employment. The occupational distribution, however, is concentrated, with 60 percent accounted for by stenographers, clerical workers, operatives, and service workers and another 10 percent by laborers.

Averitt (1968) draws a similar distinction in terms of American industry, instead of labor force. He argues that the economy is composed of two types of firms - "center" firms and "periphery" firms. The center firm is large in terms of number of employees, total assets, and yearly sales and "tends toward vertical integration (through ownership or informal control), geographic dispersion (national and international), product diversification, and managerial decentralization." The periphery firm is relatively small and is not integrated vertically, although, it may be an economic satellite of a center firm or cluster of center firms. Periphery firms are less geographically dispersed, both nationally and internationally. Typically, "they produce only a small line of related products" - "their emphasis is on short run problems" and they usually operate in relatively unconcentrated markets.

One important distinction between the use of the term "peripheral" by Morse and Averitt is that Morse emphasizes the fact that differing sectors of the economy use different proportions of core and peripheral workers. He does admit however that the large size and oligopolistic markets of large firms make it easier to plan for constant levels of operations and thereby keep a somewhat stable work force.

Bluestone, in addressing the problem of the relation of poverty to low-wage employment and the job opportunities available, argues that a "revised labor market model is needed which pays proper attention to both sides of the wage nexus and...accounts for the imperfections in mobility of both labor and capital. The model must posit 'segmentation' on both sides of the market, for labor is not fully mobile between sectors of the economy and industries vary greatly in terms of their ability to pay high wages. The imperfections in labor mobility and the lack of competitiveness among industries and firms in the economy may be precisely what is responsible for the low income of many of the working poor." (1970)

Bluestone posits a model of a tripartite economy in order to examine economic and institutional factors which differentiate industries from one another. The three parts, each with a unique set of characteristics, are (1) the central or core economy, (2) a peripheral sector, and (3) an irregular economy. The core economy is "by far the largest sector of the three in terms of financial resources. Entrained in durable manufacturing, the construction trades, and to a lesser extent the extraction industries, the firms in the core economy are noted for high productivity, high profits, intensive utilization of capital, high incidence of monopoly elements, and a high degree of unionization. What follows normally from such characteristics are high wages." (1970) (This is similar to Averitt's definition of the core firm.)

The peripheral economy for Bluestone is concentrated in agriculture, nondurable manufacturing, retail trade, and subprofessional services; the peripheral industries are noted for their small firm size, labor intensity, low profits, low productivity, intensive product market competition, lack
of unionization and "consequently low wages." (1970) These industries lack assets, size, and political power to take advantage of economies of scale or spend large sums on research and development. Hence they are 'more than likely doomed to a continuation of the 'repressive economic environment' they are accustomed to". The third sector of the economy, the 'irregular economy', "includes the vast bulk of monetary and economic activity which is not included in the national income accounts."\(^*\)

Bluestone argues that mobility from the irregular economy or the periphery to the core is severely limited for the working poor. This reflects, in part, a lack of desirable characteristics, such as skills, by poor people, but the institutional factors are more fundamentally important and require broad economic intervention to overcome.

The definitions used by Bluestone have much in common with those of Piore (1968). He argues that "the manpower problems of the urban ghetto appear best defined in terms of a dual labor market; a primary market offering relatively high-paying, stable employment, with good working conditions, chances of advancement and equitable administration of work rules; and a secondary market, to which the urban poor are confined, decidedly less attractive in all of these respects and in direct competition with welfare and crime for the attachment of the potential labor force." Piore defines the labor markets in terms of the stability of individuals within the labor force rather than the characteristics of the industries. He argues that low wages in the secondary labor market are a function of an unstable workforce. Bluestone, substituting industry for individual characteristics as the causal factor argues that "the direction of causation between instability and low wages may run precisely in the opposite direction: the ghetto labor force may be unstable because it is doomed to low wages" (Bluestone 1970). He cites in support of this contention Doeringer's study of a manpower program in Boston. In this study applicants, asked why they left their previous jobs, cited the availability of other such menial jobs, with bad work conditions and lack of advancement opportunities; "these workers knew that such menial jobs are always available and that the accumulation of an erratic work history would not be a barrier to obtaining menial jobs in the future" (Doeringer et. al. 1969).

The effects of these differentiated labor markets on the poor is manifested in many ways, such as high unemployment rates, erratic employment, sub-employment, inadequate earnings, and poor working conditions. Unemployment rates are the most commonly used indicators of the effects of the state of the economy on the poor, besides income, but many other aspects of the economics of poverty need to be described in order to assess the potential for getting welfare recipients out of poverty through employment.

B. UNEMPLOYMENT AND SUB-EMPLOYMENT

The literature in economics distinguishes three and sometimes four types of unemployment - frictional, cyclical (also called deficient demand

\(^*\)This should not be confused with the use of this term by Carter (1968) and Rein and Miller (1968).
unemployment), structural, and chronic. Frictional unemployment is considered due to the normal process of adjustment of a specialized labor force reacting to the changing demands of a dynamic economy. This class of unemployment is regarded as a necessary part of the normal operation of the labor market and includes people who are between jobs but having no prolonged problem finding one, individuals newly entering the labor force and looking for work, seasonal workers during the off season, and persons who are acquiring new skills in order to move upward. According to Lipsey (1965), longer periods of unemployment would be considered frictional if they result from limitations on the expansion of aggregate demand set by policy-makers to achieve an acceptable maximum inflation rate.

Cyclical unemployment, according to some writers, is caused by insufficient aggregate demand for labor. It affects the economy as a whole, although some areas and sectors of the economy can be more severely affected than others. This deficient demand unemployment can be removed by raising aggregate demand; this can be done through a variety of fiscal and monetary policies at the national level of government.

According to most economists, there is a trade-off between the extent to which unemployment is reduced through aggregate demand and the rate of inflation. The relationship between unemployment and inflation is plotted on a curve, the Phillips Curve; as unemployment is reduced, the rate of inflation tends to increase. Policy-makers are presented with the choice between higher rates of unemployment for the sake of stable prices or lower unemployment with some amount of inflation. In certain situations it is possible to shift the curve in a favorable direction, making possible more advantageous trade-offs between unemployment and inflation.

According to writers on cyclical or deficient demand unemployment, conflicts arise between policies geared to reduce unemployment through maintaining aggregate demand and those policies which seek to stabilize prices and maintain a satisfactory balance of payments. In the United Kingdom, for example, the economy has been managed since 1945 with policies designed to support full employment, and in the part 25 years unemployment in that nation has averaged only 1.5 percent. During the same period in the United States, using comparable data, the rates have averaged two to three times as much. U.S. policy has generally been more concerned with keeping prices stable than with high rates of unemployment.

Structural unemployment, which is treated as a form of frictional unemployment by some, is defined as that unemployment which occurs when the labor market is not operating efficiently or correctly. This occurs due to some of the following: (1) the occupational and spatial immobility of much of the labor force, (2) the discriminatory practices of many employers, and (3) the inadequate information flow about available jobs. Structural unemployment of this sort usually requires basic adaptations on the part of the worker or the employer and tends to persist longer in time than frictional unemployment. The policies appropriate for this type of unemployment involve increasing the mobility of labor, supplying skills and training which match the existing demands in the labor market and encouraging industries to locate in depressed areas and to liberalize
hiring practices.*

In the taxonomy of unemployment a fourth variety of unemployment, "chronic", is sometimes used to denote unemployment which is concentrated on a specific portion of the labor force (Thompson, 1965). The chronically unemployed find their lot only slightly improved during a business boom and only slightly worsened by recessions - they are at the bottom anyway. The chronically unemployed always comprise a certain percentage of the unemployment rates. This class of unemployment results from structural barriers to mobility in the labor force such as discrimination and low skills.

In terms of unemployment measures: the urban poverty area jobless rate for the second quarter of 1971 reached a seasonally adjusted 10.1 percent. The rate in these areas for adult men was 8.3 percent and for women was 8.9 percent. The teenage unemployment rate in poverty areas had dropped from 28.9 percent to 27.8 percent. In the first quarter of 1971, the black teenage jobless rate had reached almost 45 percent.

For the nation, the unemployment rate in May 1971 reached 6.2 percent; however, for men the rate was 5.6, while for women it was 7.2. As of May over 1.2 million workers had been unemployed for 15 a week or more. The unemployment rate for whites was 5.7 percent and was 10.5 percent for nonwhites. The unemployment rate for white female adults was 5.3 percent and for nonwhite female adults was 10.6 percent. There were 2.3 million adult women who were looking for jobs and much of this joblessness reflected the special unequal status of women in the occupational structure. These statistics also indicate the particular effects of the economy on nonwhites, especially those from urban poverty areas.

*See Lerner, 1951; Stewart, 1967; Fichman and Fishman, 1969; Thurow, 1967.

**The Bureau of Labor Statistics of the Census Bureau provides monthly estimates of employment and unemployment for the entire population. They are based on a sample survey of about 35,000 households. Individuals are identified as belonging or not belonging to the labor force, according to the "degree of their attachment" to the labor market. Individuals are generally classified as in the labor force if they are working or looking for work. Individuals who are unemployed and also not seeking work because they are temporarily ill or because they believe they cannot find employment in their line of work or in their community are included among the "inactive unemployed". This distinction is made only if the information is volunteered. If not, then the interviewed person is classified as 'not in the labor force'. Census definitions include unpaid family workers among the employed only if they have worked 15 hours or more. Women who are full-time housewives only because they are unable to find employment outside the home are likely to be counted as 'not in the labor force', rather than as unemployed, given those procedures. See Iskar Morgenstern's discussion of employment statistics in his 'On the Accuracy of Economic Observations'; (Census Bureau procedures are described in the Current Population Reports, Series P-23).
The statistics on part-time employment also paint a gloomy picture. The unemployment rate among part-time workers was 9.2 percent. Further, over 2.5 million workers were part-time for economic reasons, which means either they usually worked full-time but work was slack or part-time work was all they could find.

These concepts of unemployment and the various measures of unemployment rates are inadequate for assessing the economic situation of the disadvantaged in this country. The concept of sub-employment broadens the traditional notions of attachment to the labor force and introduces the issues of the quality of employment as represented by the level of wages. An initial effort to estimate the impact of joblessness and inadequate earnings on workers in urban slums in 1966 through a combined sub-employment rate, found that in the ten cities surveyed 1 out of every 3 slum residents was either jobless or earning only substandard wages.

Underemployment is another indicator of the problems faced by disadvantaged workers. People are regarded as underemployed when their productive potential is underutilized. Two examples of this class of problem are workers desiring to work full-time who are employed part-time and workers with jobs below their skill level. The experience of underemployment is particularly prevalent in urban poverty areas, especially in terms of people working part-time for economic reasons.

Another significant manifestation of the differential operations of the labor market are the "nonparticipants" who want to work. These are persons not counted in the labor force by the Department of Labor who, according to other surveys, say they want to work. In 1968, for example, when unemployment rates were low and 2.8 million people were officially listed as unemployed, a Special Labor Force Report calculated that 4.5 million people wanted to work but were unemployed and considered out of the labor force. These people included a high proportion of youth, women, persons with limited skills, discouraged workers who have given up trying to find a job, and people below normal retirement age who have been put out of work, especially nonwhites. This would indicate that the real unemployment rates in the nation are far higher than the official unemployment rates show. When the official unemployment rates are high, such as in 1971 when they fluctuated around 6 percent, and the number officially unemployed reached over 5.5 million, the real unemployment is probably vastly more extensive and affects well over 10 million persons. This would also suggest that the statistical descriptions of the labor market situation of women on welfare and poor people who live in central cities grossly underestimate the extent of the problem of unemployment that they confront.

C. INTERACTIONS WITH WELFARE

The implications of unemployment levels reveals a clear interdependence between labor market phenomena and the welfare system. Rising unemployment levels in a labor market result in increased demand for welfare. Individuals and women with families who formerly were able to support themselves are no longer able to find or to hold jobs, and, either immediately

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or when their unemployment compensation benefits expire, they may seek welfare support.

A second area in which the unemployment rate affects the welfare system is the difficulty for welfare mothers to move out of the welfare system when unemployment is high. If no jobs are available then employment programs, no matter how well designed, will face high costs and probable failure in efforts to induce movement off welfare.

The relevance of the preceding discussion on labor market operations to women welfare recipients is also clear. Women are likely to be "peripheral workers", particularly women with children who need to work part-time or intermittently. The concentration of welfare women in the peripheral economy, the only labor market to which they have access because of needs, skills, location and experience, means that the wage rates available to them are likely to be low and the work conditions and promotion prospects poor.

The generally low occupational status of AFDC mothers is confirmed by all studies. Of those reporting previous employment in 1967, 48 percent had been service workers, almost 19 percent were unskilled laborers. The data on the participation rates of AFDC women reflected the pattern of the general population with 19 percent of the nonwhite welfare women working and 12.5 percent of the white women in the labor force. However, the white mothers who did work, earned more on the average than the black mothers who were employed.

Table 1 - AFDC Mothers in the Home By Usual Occupation:

<table>
<thead>
<tr>
<th>Occupational Category</th>
<th>1967</th>
<th>1961</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Mothers in the Home</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Professional, Semi-Professional,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proprietors, Managers and Officials</td>
<td>1.0</td>
<td>0.6</td>
</tr>
<tr>
<td>Clerical, Sales, and Kindred Workers</td>
<td>9.4</td>
<td>5.8</td>
</tr>
<tr>
<td>Craftsmen, Foremen, and Kindred Workers</td>
<td>.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Farm Owners and Managers</td>
<td>.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Farm Tenants, Renters, Share-croppers, Farm Laborers</td>
<td>4.0</td>
<td>4.8</td>
</tr>
<tr>
<td>Operatives and Kindred Semi-Skilled and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skilled Workers</td>
<td>7.2</td>
<td>6.4</td>
</tr>
<tr>
<td>Service Workers, Except Private Household</td>
<td>18.7</td>
<td>16.3</td>
</tr>
<tr>
<td>Private Household Service Workers</td>
<td>13.5</td>
<td>17.7</td>
</tr>
<tr>
<td>Unskilled Laborers</td>
<td>12.6</td>
<td>10.5</td>
</tr>
<tr>
<td>Never Held Employment</td>
<td>24.9</td>
<td>31.2</td>
</tr>
<tr>
<td>Unknown</td>
<td>8.0</td>
<td>6.1</td>
</tr>
</tbody>
</table>

In an article in 1968, Carter attempted to sketch some of the economic factors which affect the employment of AFDC mothers. She argued that welfare mothers were part of a larger population at risk that interacts with the unstable employment conditions of the irregular, dead-end job economy. She pointed out that within this population "individual and family characteristics are similar for persons 'on welfare' and persons who happen to be 'off welfare' at a particular point in time. The differences lie in the immediate effect on marginal families of external events that upset their last-straw, makeshift provisions for food and shelter." The welfare system and the irregular economy are interlinked; "when the AFDC mother's dead-end job is over, the welfare system becomes of necessity the source of support." The irregular economy, according to Carter, provides only low-end jobs for low-skilled women. Many are underemployed - "they work only part-time during a day, week, or year because of personal or labor market circumstances".

Cox (1970) makes the point that it is not possible to assess the family support potential of AFDC mothers without considering the experience of women in general in the labor market. Drawing data from U.S. Department of Labor reports, she presents the following points: (1) the labor force participation of women is largely related to age, marital status, presence and ages of children and education; (2) only 29% of mothers with children under 6 were in the labor force and only 25% of those with children under 3; (3) labor force participation by women increased with their educational levels; (4) in 1967, women were generally concentrated in relatively low-paying occupations; (5) 82% of employed women were in occupations producing median earnings for women of $3,700 per year or less; (6) the median wage for all women workers in 1967 was $2,295 with 75% earning less than $4,000 and 31% earning less than $1,000; (7) non-white women at all educational levels are more likely to have been employed than white women, but their median earnings were less than white women at $1,635 in 1967.

Cox concludes that the ingredients of full support for a female head of family is to be middle-aged, have no children under 6, have at least a high school education, have a full-time job in a professional, technical or upper level clerical occupation, and be white. She points out that AFDC mothers rarely meet these criteria in that they are concentrated in the lower age group, have a high proportion of children under 6 years of age, have less education than women in general, and have worked generally in low wage occupations. Cox continues with the following:

The earnings of AFDC mothers, when they were employed, were much lower than the median earnings of employed women in the general population. About half of the AFDC mothers employed were working full time, but earnings were not high enough to make the family ineligible for assistance. The average monthly earnings of all AFDC employed mothers was $135.00. The average was less than $100.00 in 12 states and more than $200.00 in only 4 states.

From the examination of the characteristics of the labor markets for women on welfare and for people from urban poverty areas, it becomes clear that a major role must be played by the federal government in improving the opportunities and work situation available to the poor and that such
significant economic interventions are crucial to the development of national and state policies concerned with the employment of welfare recipients. If no jobs are available at an adequate wage, the programs designed to give recipients the opportunity to move off welfare through employment will necessarily fail.
CHAPTER 5

MANPOWER TRAINING AND VOCATIONAL REHABILITATION

The effort to reduce rolls by training recipients for work dates from 1962 with the Community Work and Training Program, a first attempt to implement the "rehabilitation not relief" philosophy. This program authorized the expenditure of federal funds for the employment of male family heads receiving AFDC. Title V of the Economic Opportunity Act initiated the Work Experience and Training Program to train and employ AFDC recipients. Several of the key 1967 amendments to the Social Security Act attempted to increase the work effort of employable adult AFDC recipients through a combination of incentives, requirements, supportive services, and training programs and set up the Work Incentive Program (WIN) to implement the task.

The WIN program and other attempts to train AFDC recipients draw upon the methods developed in other manpower and rehabilitation programs. An examination of some of these programs places the expectations of policy makers and planners into the realistic perspective of what approaches have been tried and how well they have done.

A. Manpower Programs

The traditional concern of federal manpower policy until the last decade had been the supply of labor-expanding the supply of skilled and professional labor. (The 1930's were an exception to this tradition when the government found it necessary to finance public works and work-relief jobs.) During the 1960's however, while these efforts continued, a new emphasis emerged which did not concentrate so much on finding the best man for an existing job, but on finding a job for each man and training him to fill the job.

The United States gradually became committed to manpower programs as a way to enhance the employment prospects and employability of low-skilled and low-income individuals. The themes of training and rehabilitation grew out of demands for government intervention in the economic plight of the poor, particularly in the area of employment. The approach that followed focused large amounts of federal resources on trying to cope with the problems of the poor who could not get jobs. The demand for labor was created through growth in the economy. However, the effectiveness of the monetary and fiscal policies in the early 1960's in decreasing unemployment brought into sharp contrast the problem of selective unemployment and discriminatory structures in the job market. Unable to change the structure of this job market, the manpower policies concentrated a range of experimental efforts on trying to fit selected poor people into the job structure.

The first of the programs aimed at finding jobs for the disadvantaged was the Area Redevelopment Act (ARA) of 1961. Its target was the unemployment that was concentrated in depressed areas, and its approach was the attraction
of industry and jobs to those areas. There was a very small training component in the program, but this was an inconsequential part of the strategy. The program was able to do little in the early 1960's because the state of the economy and the forces against change in the depressed areas were too much for the inadequate resources of the ARA, which further diminished its leverage by diffusing its efforts in too many places.

The Manpower Development and Training Act of 1962 was the first real attempt to provide training. It concentrated initially upon the needs of unemployed family heads with a history of labor force attachment. Emphasis in this program was placed upon institutional training, attempting to give people more of the skills that would make them competitive in the labor market. Another experimental effort--the Community Work and Training Program--was initiated under the Welfare Administration and was designed to let public assistance recipients (unemployed parents under AFDC-UP) develop work habits and 'work off' the aid they had received.

In 1963, however, the concern shifted to youth. With the overall economic expansion, male adults experienced reduced unemployment, but the level of youth unemployment continued to rise. The youth component of MDTA was expanded after the Youth Employment Act was stopped in the House. The Vocational Education Act of 1963 greatly increased federal support for vocational education and also reflected this shift.

With the poverty programs of the Economic Opportunity Act in 1964, a series of work training programs, some conventional and some new in approach, promoted the theme of employment through individual up-grading and expanding opportunities as the poverty strategy rather than an income scheme or broad economic intervention. The budget of this manpower effort was expected to increase to a level compatible with such a goal; however, subsequent events shifted governmental priorities, and the necessary funding never became available in the amounts required.

The Neighborhood Youth Corps and the Job Corps continued the emphasis on youth with the former providing work experience and income to unemployed youth both in and out of school and the latter being designed for youths whose home and local environments were the major obstacle to getting education, training and employment. The Act also contained funds for the Work Experience and Training Program which enlarged the earlier Community Work and Training Program. Under the Community Action Program (CAP), any project aimed at reducing poverty in a community could be funded, and employment and training efforts approved under the CAP accounted for approximately one-fifth of the total funds expended in the program during the first three years.

At the same time that these new programs were being established, the Vocational Rehabilitation Program was being expanded. It had been set up in 1920 to qualify the physically and mentally handicapped for productive employment. New legislation, in 1965, authorized the tripling of federal support and broadened the definitions of handicapped to include impairment due to "vocational, educational, cultural, social, environmental, or other factors". The program was again expanded three years later.

Within a few years after the passage of the anti-poverty program, the training programs were under fire for not being effective and being too expensive. The war in Indochina was making heavy demands upon the resources of the nation, and the political opposition to programs which aided the
poor was pulling together political resources and votes to restrict such efforts. Reorganizations and experiments were again encouraged and a host of new programs emerged which reflect a shift in emphasis to on-the-job-training, coordinated administration, and more individually adapted uses of services and training. The more important programs initiated in the last years of the Johnson Administration were the Job Opportunities in the Business Sector (JOBS) program and the Concentrated Employment Program (CEP).

While opposition to manpower programs and employment programs was growing, the concern with the rising welfare caseload and resultant costs was leading many Congressmen to seek ways of limiting the trend by getting recipients into employment. In the 1967 amendments to the Social Security Act, the Congress sought to require employable recipients to increase their job seeking efforts and labor force activity through the Work Incentive Program (WIN) which authorized a mix of requirements, incentives, expanded training funds, and subsidization of day care and supportive services. The WIN program arose from the frustration of the House Ways and Means Committee and the Senate Finance Committee in attempting to check the increasing costs of public assistance, and neither committee had developed much experience with manpower programs or programs; they simply had patched together a list of ways of getting a greater work effort from recipients so that many could be earning their own way.

1. MDTA*

The first important training program was the MDTA, initiated under the Manpower Development and Training Act of 1962, which was originally designed to retrain stable workers who had been displaced by changes in technology. As economic conditions improved, many of the original target population found they could find jobs in the tight labor market without additional training from federal programs. Gradually, MDTA was redirected to serve a greater proportion of disadvantaged workers - people who had never held stable jobs, who had limited education and skill, and who were victims of discriminatory hiring practices. To adjust to the more difficult problems posed by this population, training allowances were extended and various educational components were strengthened.

On-the-job-training (OJT) was given increasing emphasis on the basis of OJT's lower public costs per enrollee and evidence that the post-enrollment work experience of these trainees was better than of institutional participants, although the OJT trainees were more qualified at the time of entrance into the program. As attention became more focused on the disadvantaged, OJT was coupled with institutional training to provide the basic education needed by many enrollees before they could be trained on the site.

Despite the shift in orientation of MDTA toward serving the disadvantaged, the evidence shows that this program has fewer disadvantaged trainees than other programs (DOL, 1970) and tends to cream within disadvantaged categories (Mangum, 1969). Of those enrolled in the institu-

*See Appendix 1
tional training program in 1969, 39.7 percent were black, as opposed to 78 per-
cent in JOBS and 65 percent in CEP. Sixty three percent of MDTA enrollees
were high school dropouts as compared with 68 percent in JOBS and 70 percent
in CEP.

In the initial years of MDTA, graduates were generally successful
in finding employment. Based on data for the first year after graduation,
Employment Service records show that, as of the end of 1966, of those who
completed the program, 90 percent found employment during the first year
and 77 percent were at a job when contacted 12 months later. More recent
data (DOL, 1970) indicate a decline in the post-training employment record
of MDTA completers to around 75 percent securing a job during the first
year.

Of those who did find employment, many experienced a significant
wage increase. The median wage increase in the early years was 32 percent.
However a Department of Labor study (1968) of the 1965-1966 enrollees
revealed that whites experienced a 27 percent greater increase than non-
whites. Analysis of the data reveals that more whites moved into higher
income categories as a result of participation in the program because the
program had trained one-third of the white enrollees for skilled occupations
as opposed to only one-fifth of the non-whites. In addition, the program
prepared one-fourth of the non-whites for low wage service occupations as
compared with about one-eighth of the whites.

As the OJT portion of the MDTA got underway, many saw it a
solution to the problem of expensive training. The cost per trainee
averaged only $400 at the beginning of OJT as compared with $1500 under
the institutional training projects. It also appeared to have a better
placement record. However, OJT did not meet expectations when applied to
the skill and employment problems of the disadvantaged. According to
Levitan and Mangum (1969), 'as employers were pressed to increase their
participation in the OJT program, the proportion of disadvantaged enrolled
fell rather than rose.' One explanation given for this trend was that the
Bureau of Apprenticeship was under pressure to sign contracts and did not
exercise controls on employers in their hiring. Since the response of
employers to the program was not great, the Bureau was anxious just to
get contracts, and employers used this to hire those best qualified for the
jobs. The fact that the criteria for 'disadvantage' were not established
until after the programs in many firms had been underway and that they were
broadly defined contributed to this tendency of employers to 'cream.'

The picture of OJT enrollees presented in the Manpower Report of the
President for 1970 illustrates the effects of this creaming. Of the 1969
enrollees, 61.1 percent were whites, and 42.5 percent had completed 12 years
of schooling. While 65.2 percent were unemployed upon entry into the program,
42.8 percent of that group had been unemployed less than 5 weeks. OJT does
not appear to do well in reaching the more severely disadvantaged.

OJT has also been subject to criticism on other grounds. Levitan
and Magum (1969) and the Olympus Report (1970) both raise doubts about the
extent to which federal subsidies under OJT went into training programs.
The entry level nature of the most of the positions make the need for
extensive training questionable. The implication is that subsidies neither had the function of changing employer's hiring practices nor of resulting in significant training opportunities for those who were taken on board as OJT trainees.

2. JOBS*

As the emphasis in training has shifted from institutional training to on-the-job-training (OJT), another shift in resources has been taking place since 1968 from the MDTA-OJT to JOBS which offers larger subsidies to employers with only minimal monitoring of projects. The newer program was initiated and grew because of its popularity among businessmen, giving them an opportunity to display their social consciousness in a safe, subsidized and visible way. The employer is subsidized for the extra costs of hiring, training and retraining disadvantaged workers; the subsidies average around $3,000 per hire (Levitan and Taggard, 1971). Employers also participate in JOBS on a voluntary basis, pledging jobs which they will try to fill with those who would usually be considered deficient and it is claimed that three-fourths of the pledged slots have thus involved no renumeration. The theoretical benefits of this type of private sector participation are that manpower objectives for the disadvantaged are achieved at little cost. In addition, with "hiring first and training later," jobs are assured to enrollees, creating a built-in incentive to remain in training.

However, employers have also been creaming among those workers who enter the program, seeking those who best fill their business needs. They often provide only minimal necessary training for a given job, and therefore, many participants gain little which can be carried over when they are terminated from a JOBS position.

Employers initially claimed that they required reimbursement for only about one-fourth of the 230,000 hires in the first 18 months, but these figures are generally considered to be inflated and the National Alliance of Businessmen (NAB) which administers the non-governmental supported part of JOBS has resisted DOL attempts to study the characteristics of the hires.

In 1970, expansion of the program slowed greatly as economic conditions worsened. The JOBS funds which had been earmarked were re-allocated to other programs because of the meager participation of employers. Employers are still laying off workers and are obviously not in the market for hiring more, especially those who are less qualified than others seeking jobs. Further, those employers not affected by the economic downturn, are finding an opportunity to hire new employees with subsidies for training the more attractive workers who are now joining the ranks of the unemployed.

A cautious note must be made so that the failure of JOBS is not seen as simply a result of economic decline. A closer look at the performance of the JOBS program, even before 1970, reveals that early appraisals must be deflated. Reported hiring figures were overstated, particularly in

*See Appendix II
the counting of voluntary placements. One firm, for example, reported to have hired 300 "freebies" but had only 2,000 employees, had experienced a strike at the time, and had verified only 100 of these workers as disadvantaged by sending in hire cards (Levitan and Taggart, 1971). Many more cases like this have been found. Even when the hires were real, they were often the slightly disadvantaged who would have gotten the jobs anyway in the absence of the program.

What little is known about the training offered under JOBS (Olympus, 1970; Piore, 1970) suggest that in many cases it consists of little more than what is usually offered new employees - an orientation session and some job coaching. The large subsidies went more for hiring than for training, as it is unlikely that the cost of training for entry-level jobs that most hires filled amounted to the $3,000 average subsidy.

One appraisal of the program concluded that most of the contract jobs were low-skill and vulnerable to technological changes, that the moderately disadvantaged workers who were hired could probably have found similar jobs on their own, and that the workers would have derived more benefit if they had received training in more marketable skills (Levitan and Taggart, 1971). The reality appears to be that the program has not proven its worth and is more costly than other OJT programs.

3. CEP

The Concentrated Employment Program (CEP), which has developed since 1967 into a major manpower effort, was based on concepts borrowed from the Jobs Now project in Chicago - (1) reliance on local business effort, (2) delivery of manpower services in areas of greatest deprivation according to individual need, and (3) efforts to follow up placements in order to help trainees stay on their jobs, and from Vocational Rehabilitation - the idea of one-step delivery and individualized service. Despite recognized limits to expansion of the Jobs Now model and its replicability, the CEP was initiated rapidly in 1967 in 20 urban slum areas and two rural depressed areas to serve a total estimated 34,000 enrollees.

According to the CEP Handbook, the program was to adopt "an intensive individual approach." It was to provide personal and individual attention from the time of enrollment until the individual has made an effective on-the-job adjustment." The CEP design incorporates the use of an employability development team in which different specialists in counseling, training, coaching, and job development work together on the problems of an individual. The striking aspect of the CEP format is the broader view of the needs of the disadvantaged which emerged in 1967. The disadvantaged are seen as having special problems, not necessarily directly related to skills and ability, which act as barriers to employment.

The program has hardly lived up to expectations. The reasons for this are many. Businessmen in most cities have not played an active role. Most of the prime sponsors are community action agencies composed of neighborhood and community leaders but having few ties and linkages to the business establishment. Rapid implementation without planning or local consultation and negotiation and large scale enrollments meant that an adequate number of jobs could not be generated in the first years of operation. Leadership in the CAAs could usually communicate with clients and be responsive to their
needs, but they found it difficult when dealing with employers. Where the local employment services were the prime sponsor, employer relations were better but community relations suffered.

The program has expanded so quickly that there has been insufficient time to develop working relationships among the agencies concerned with providing services and training to individual clients. Linkages with local educational institutions and other training programs is usually inadequate and sometimes nonexistent.

Despite these shortcomings, the CEP was extended so that 82 CEPs were operating in 1969. The allocation to CEP for 1970 was $238 million. The cumulative enrollment as of June 1969 was 194,000 and the enrollment as of the beginning of 1970 was 54,000.

There is great variability among CEP units in terms of per capita costs. For example, based on the range of costs per job placement of CEP's in the New England region, the cost per job placement for the Boston CEP is $4,234, for Bridgeport - $2,705, for Hartford - $2,495, and for Providence - $1,538. In general, the program has proved to be relatively expensive.

The evidence in the literature supports earlier criticisms that job development has been a problem. In a study of 14 CEPs Ferman (1968) found that the programs shared certain common difficulties: (1) their approach was random and not directed toward specific targets; (2) the emphasis was on locating jobs "on a day to day and week to week basis" rather than a systematic attempt to alter the employment structure; and (3) "for the most part, there was a lack of understanding of how companies operate and a lack of sophistication in approaching employers."

Recognizing that job development has been a weak component, the Department of Labor is requiring the adoption of this role by the State Employment Services. The justification is based on the ideas (1) that placement activity will be more efficient if centralized under one unit, (2) that the Employment Service has greater experience and resources, and (3) that it is familiar with employers and the employment structure. Most observers that have commented on this mandatory change disagree with these arguments. Their disagreement is based on the performance of the Employment Service in direct job development activities. Allet et al (1969), who studied the San Francisco Bay Area CEP's report that the quality of the jobs which the Employment Service has on file is low. These jobs are characterized by low wages and poor work conditions. Hernstadt et al (1969), who studied manpower programs and agencies in Boston, made similar findings about the Division of Employment Security in Massachusetts.

Another criticism in the literature points out that CEPs do not give enough emphasis to training. Richardson (1969) concluded, after his study of the Denver Concentrated Employment Program, that "the biggest shortcoming of the CEP program is the lack of emphasis upon basic education and vocational training for enrollees." Similarly, Ferman (1968) in his review of the activities of 14 CEPs states, "...there was more emphasis...

This cost per job placement is figured by dividing the number of placements into the payments for all enrollees regardless of outcome in the program. Thus dropouts among enrollees affects the cost per job placement as well as staff costs and other operational expenditures.
placed on changing the worker's attitudes than on attacking barriers to his employment (for example, lack of education)."  

4. CW & T and WE & T  
The Community Work and Training Program (CW & T) was designed to offer work relief instead of cash payments and to help AFDC-UP recipients to achieve economic independence. The purpose was twofold: to allay public criticism of assistance payments to persons able to work, and to create work projects which would train and 'rehabilitate' employable recipients. 'Working-off' welfare was rationalized as being better for the morale and attitudes of recipients as well as providing useful public services under arrangements which prevented exploitation and displacement of regular workers.  
The concept of providing meaningful work training for welfare recipients had been in practice in a number of states and communities which had provided assistance under General Assistance to families with unemployed parents even before the enactment of the 1961 (AFDC-UP) and the 1962 (CW & T) amendments. The new CW & T programs were intended to enrich and expand these programs and provide various services which would help rehabilitate the work recipients. However, the implementation fell short of the goals and the new programs did not differ from the old ones. According to estimates cited by Levitan and Mangum (1969), about 90 percent of the funds were disbursed for work payments, leaving little for rehabilitative or training services.  
Although many saw in the 1962 amendments a vehicle for encouraging work and training for public assistance recipients, the provisions of the law tended to reinforce a social services approach. Only 50-50 matching funds with states and localities were allocated for administrative costs of CW & T projects, compared with the 75 percent federal and 25 percent local arrangement to cover the costs of social services. Therefore, in order to secure the maximum federal contribution, many states chose to expand social services rather than set up CW & T projects - which was probably the intent of welfare administrators.  
Proposals for the expansion and change of CW & T were submitted in 1963 and many were incorporated into the Economic Opportunity Act which was proposed in 1964. Under Title V of the Economic Opportunity Act of 1964, grants were given to state and local welfare agencies to pay the full costs of 'demonstration' projects to establish Work Experience and Training (WE & T) programs. In addition to AFDC-UP recipients, other needy persons were declared eligible. Seventy percent of WE & T clients were recipients of federally-supported public assistance. The program reached a peak enrollment of 67,000 in 1966 with approximately half being male and about two-fifths being black.  
The purpose of the Title V projects was to provide useful training and work to participants; however, this proved to be a difficult task. Most enrollees had multiple handicaps and little regular work experience. Only two-thirds had ever had six months of continual work experience, and most had attained low educational levels.  
Despite its goals of rehabilitation WE & T remained primarily a work relief and income maintenance program. Over half the funds for the program in 1968 were spent for income maintenance, with only one-sixth each for work experience activities and vocational education. The bulk of the work assignments were limited to low-paying, unskilled occupations with
little upgrading. According to one survey, three of four trainees left the program before completing their assignments, with only about one-fifth of these taking a job. Through June 1967, some 42,000 trainees completed training and approximately half obtained employment, with another eighth going on to training under other programs. However, three-eighths were unable to find employment upon completion of the program, even in the tight labor markets that prevailed at that time.

The average cost per enrollee from Title V funds (for seven months) in Fiscal 1967 was $1,225, with only 24 percent of this going into training and basis education. This comes to $2,100 per year per enrollee. These figures are somewhat deceptive in that few projects were able to retain trainees for as long as a year; the average stay of participants was about five months.

A study by the Bureau of Social Science Research (Goodman, 1969) compared the experiences of trainees in 1967 to the then current and former recipients in each city of their investigation. It was found that there 'was only a slight pre- and post-training reduction in the amount of time trainees were exclusively dependent on public assistance as compared to nontrainees.' Although training did not contribute substantially to eliminating complete economic dependency by making people self-supporting, the study found that training did increase the amount of time that trainees were partially able to support themselves through a combination of work and welfare.

In an evaluation of WE & T Cory (1968) came to the conclusion that short term work training programs for seriously disadvantaged populations are of "little avail" unless there is a large number of jobs and little competition for them by better skilled and more advantaged people. She continues: 'When the individual is pitted against a closed system there is no relevance and no help to be found in individual differences among the disadvantaged. An approach that seeks to upgrade the individual is probably irrelevant unless the system is being upgraded at the same time. This is particularly true for blacks.'

With the limited experience provided by the CW & T and the WE & T programs, the federal government decided to extend the efforts to employ welfare recipients and to increase the investment in programs which would make recipients more employable by creating the WIN program.

5. WIN

The Work Incentive Program (WIN) was created by Title II of the Social Security Amendments of 1967, as an amendment to the Social Security Act, Title IV. It was enacted as part of a large scale series of amendments to all welfare titles. As a combined rehabilitation-manpower program for AFDC recipients, it had precedents in the CW & T and WE & T programs.


**Dorothy D. Cory, Evaluation of Work Experience Training Program For AFDC Mothers in Training As Teacher's Aides in Day Care Centers in Los Angeles, Los Angeles, 1968, p. 11.
Unlike these programs, however, the work requirements of WIN are mandatory.

Excluded by legislation from mandatory participation are those who are (1) ill, aged or incapacitated; (2) too remote from a work setting to effectively participate; (3) attending school full time; (4) needed in the home to care for ill or aged; (5) mothers who are in fact caring for 1 or more preschoolers, if such mothers' presence in the home is necessary and in the children's best interests; (6) anyone whose participation the state welfare agency finds would not be in his best interests and would be inconsistent with program objectives.

States were given certain options over who is to be a mandatory referral. For example, in Massachusetts, a law was enacted in November 1969 requiring mothers whose oldest child is 14 or over to be mandatory referrals. The provision which leaves it up to the agency to decide whether the "presence of a mother of 1 or more preschoolers in the home is necessary or in the children's best interests" has led the National Welfare Rights Organization to characterize WIN as a forced work program for mothers. In general, the open-endedness of the provisions for who is appropriate for referral, and the difficulty in arranging for child care services, have led to great variations in the operational definition of "employability" and consequent widely differing regional enrollments. It is not clear at this point whether a substantial number of such forced referrals has actually taken place.

The plan for getting people "off welfare rolls and onto payrolls" had three basic elements:

1. Employability Development: Families are to be restored by whatever counseling, placement service and training is necessary to make potentially employable members employable. According to interim guidelines for the program, recipients are supposed to be assigned to jobs and training that "provide opportunity for upward mobility". For those who are not readily trainable, opportunities are to be provided in special work projects developed by States to improve the communities in which recipients live.

2. Day Care and Supportive Services: Requirement for States to furnish day care in order to enable participation of mothers, and provision of all necessary health care and social services.

3. Incentives: Provision of an income disregard in determining welfare payments (a lowering of the "welfare tax rate") in order that working may be rendered financially worthwhile. This is the "30 and a third" formula—the first $30 plus 1/3 of the remainder of a family's total gross monthly earnings is not taken into account.*

The WIN program is jointly administered by HEW and the Department of Labor. Once a recipient has been screened and referred by the welfare department, it becomes the joint responsibility of the Department of Public Welfare and the Division of Employment Security to direct him toward the goal of employability. The Welfare Department maintains assistance payments, finances all training-related costs, including child care, helps

*See the Chapter on Work Incentives
to make child care arrangements, and insures that other necessary rehabilitative services are provided, including medical care. By placing all employment functions under the Department of Labor, the Congress hoped to attain the most expeditious movement of recipients into the labor force. The role of state departments of Employment Security is to develop and implement the "employability plan". This is a sort of blueprint developed by the five-member WIN team designed to meet the individual needs of each enrollee which will make him ready for a job. The plan includes the program activities and supportive services (counseling, orientation, assessment) that together will fulfill the ultimate goal of placing the enrollee on an unsubsidized job with career potential. The employment office may select any package of realistic training, work experience and basic education. The program may include any other manpower program and pays the enrollee's tuition. If the enrollee is immediately employable or when he becomes so, the employment office is supposed to utilize all services available to place him.

As of February 1970, 138,485 persons had entered WIN, making it one of the largest manpower programs. Sixty-one percent were currently enrolled in various training, education or followup components, about 7 percent had completed the program (graduated) and 32 percent had left the program prior to completing their employability plan. The February enrollment filled 71 percent of 119,645 training spaces (funded slots) in 51 States and jurisdictions.

The WIN program has been receiving increased attention since 1969, and the plans contained in pending welfare legislation would extend and increase this type of program to all employable recipients. There is a belief among some proponents of the work provisions in welfare legislation that the years of experience with subsidized employment of welfare recipients, particularly WIN, has provided a foundation for the much larger programs now being suggested as a part of new welfare measures.

The evidence for evaluating the performance of efforts to train welfare recipients, particularly women, is scarce. What is known about WIN is not encouraging to those who would expand such programs as a part of welfare revision. A total of 167,000 had enrolled in WIN through April 30, 1970. More than a third had dropped out, and of the 89,000 enrolled in the fall of 1970, nearly a third were in the intake, assessment, orientation, or holding stages, which generally involved waiting for placement.

Estimates are that 25,000 had moved on to work, with less than half of those being able to move off of welfare - approximately 10,000 received pay adequate to leave public assistance. Most of those who found jobs were among the early participants in the program when, according to most observers, "creaming" was prevalent. These early enrollees included a large percentage of employable fathers receiving AFDC-UP (as much as 40 percent) who could find work most easily and probably would have found jobs in time without WIN. (AFDC-UP cases make up only 5 percent of the AFDC population.) Further, it is doubtful that WIN has had much effect on the pattern of use of welfare in view of the average stay on welfare of two years.

Another consideration in the training approach toward substituting work for relief is the costs--the costs of training, the costs of providing
work incentives, the costs of day care, and the costs of creating employment or subsidizing employment during those times and in those places where jobs are not available. The likely costs of these efforts will substantially exceed any savings in welfare payments.

This picture can be seen by taking estimates of costs under the WIN program and matching them with the characteristics of the typical AFDC family. The Department of Health, Education and Welfare conservatively estimates the average cost of after-school and summer care for school-age children at $400 per year, and for full-day pre-schoolers at $1,600. The average AFDC family has three children and if we assume the mother has one child under six, and one in school still requiring some attention, the annual cost of the child care arrangements will be $2,000. Training under WIN averages around $1,250 per slot and the recipient is allowed to retain $30 and one third of earnings. If the family earned even $2,000, which studies suggest only a third of employable recipients could do, the welfare payments would be reduced by only $973. Thus, for $3,250 in day care and training cost (not including any subsidies for job creation, services, or work related expenses such as transportation), the reduction in welfare payments would amount to less than $1,000. Further, the low placement rates under WIN would indicate that jobs are not available and that employers are not seeking recipients as workers. This suggests that a large scale and costly public employment or publicly supported private employment programs would be required.

In an investigation of the WIN program in Boston, Sum and Piore (1969) observed that of the 127 enrollees under study in October 1969, only a small number were employed. Only 12 enrollees were working; forty-four were still in training; fifty-eight had been terminated; and 13 were in holding status (approximately half of these were in the process of being terminated). They found that females had a higher termination rate and a lower placement rate than males.

Of the 12 who had obtained employment, seven were male heads of households on AFDC-UP. Five of these had found employment on their own. Only one of the five found a position which was training-related, and three returned to their previous occupation, with one setting up a business. The remaining two enrollees were placed by the WIN team in their previous occupations - one of them with his previous employer. Two of the 12 employed were female heads of households on AFDC. Neither had any children under six at the time. The other three employed enrollees were teenagers.

In another study (Goodman and Sharp, 1970), it was found that many WIN placements were in jobs for which a minimum amount of prior training was required and few social and work skills were needed. Usually the jobs were undesirable, poorly paid, and often hard to fill except by recruiting disadvantaged applicants. In some instances the placements were with organizations which had built-in requirements to hire workers for certain jobs from the surrounding community. In the cases of the better placements, the welfare recipients were generally better educated with a fair amount of work experience and who had become temporarily dependent on welfare because of illness, childbirth or some crisis. These recipients were more likely to find jobs on their own, but the study found that self-placement was common at all levels.
The Wright Institute study (Opton 1971) of WIN found that, by far, the most important source of job referrals for mothers was their friends and relatives. Official government programs--WIN and the employment offices of the Human Resources Department--were often used in job-seeking attempts but efforts through these channels were rarely successful. Based on this finding, the author suggests that the government should consider supporting the more successful referral system of friends through possibly a system of commission payments. In this connection, an analysis of official documents on California WIN indicated that a reasonable estimate places WIN spending at about $8,000 for each individual placed in a job that lasts as long as six months.* (Opton points out that the data available was not entirely adequate.)

Another finding of the study was that jobs for the mothers would frequently turn up through friends without an active job search by the recipient.** The report speculates on some of the reasons for the prevalence of what was called the "inactive job search":

i) Poor economic and psychological return on invested effort. Any specified amount of job-search effort is less likely to pay off for a person on the fringe of the job market than for a person in the center. Thus, AFDC mothers may rationally expect to gain less than others in economic and psychological benefits for any given number of bus tokens, babysitters, etc., invested in the job search.

ii) Avoidance of rejection. As discussed more fully earlier in this report, no one likes to be rejected. Welfare mothers are more likely than others to be rejected for jobs when they actively make applications. To wait until one knows that a job is open can be an effective way of avoiding a series of rejections.

iii) Friends screen employers. Welfare mothers do not have a good opportunity to evaluate the work-

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*Opton also found that most AFDC mothers did not know how much of their earnings, if they had any, they would be allowed to keep and how much would be deducted from their public assistance grants. The complexity of the computations made it impossible for all practical purposes for anyone but a trained caseworker to estimate the financial consequences of taking a job. The study reveals that most welfare mothers base their "rational" calculations with respect to job opportunities more on group and community standards of expectation than on their individual situations.

If this conclusion is correct, it would imply that income maintenance and incentive experiments will have to be community-wide and over enough time for community diffusion in order to provide valid data on the effects on work effort.

**An important implication of this pattern of inactive job search is that real unemployment among the poor is seriously underestimated. When individuals not making an active job search are counted as "not in the labor market" in official statistics, the real rate of unemployment is substantially understated and distorts the national economic picture and prevents a realistic appraisal of the scope of national intervention in the economy that is need to solve the problem.

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ing conditions, fairness, humaneness, freedom from racial discrimination, etc., of a prospective employer. Therefore, they often rely on the experience of friends and relatives to guide them.*

In looking at recipient reaction to the WIN program, Opton states that respondents were not very critical of the program even though their actual job-placement benefits from it were no better than the state employment office, an agency toward which many were bitter and angry. He speculates that the difference in attitudes might be the result of different standards of inter-personal behavior that the two programs instill in their staffs.

Another aspect of the difficulties encountered in implementing WIN has been the orientation of the caseworkers. In a study in Cook County Illinois, Reid (1970) found that only half of the caseworkers surveyed assessed WIN as being even moderately successful in terms of providing meaningful employment for clients. He also attempted to elicit the attitudes of caseworkers concerning the employment of mothers. He found that caseworkers were much more favorable to mothers' working if the children were of school age than if the children were younger. Over half believed that generally mothers of preschool age children should not work. The most widely held belief was that mothers should feel free to work in order to supplement inadequate if it benefits the whole family. The data suggested that the clients' motivation for training and employment - whether they do or do not want to - was the most crucial factor in the caseworkers' decision on which clients to refer to WIN.

In the Auerbach evaluation (1970) of WIN, it was found the unified supportive services promised in the program were largely unavailable. The training programs were of doubtful relevance to the client population and little emphasis was placed on on-the-job training. Many of the crucial features of the training strategy were having severe difficulties in practice.

In surveys of the employment and actual earnings of WIN graduates in 1969, labor market factors clearly emerged and it was found that two-fifths were employed in low-paying occupations such as clerical, sales, and service jobs. One survey showed that at the end of 1969, female WIN graduates earned substantially less than males and one-half of the females earned less than $2.00 an hour. As the small number of AFDC men complete WIN and women comprise a larger proportion of the trainees, average earnings, which were put at $2.30 an hour, can be expected to decline. These trends also appear to make it unlikely that WIN can function as a major instrument for reducing the caseload in AFDC.

One of the conclusions that emerges from a review of WIN and other manpower programs is that in slack labor markets, there are increasing difficulties and rising costs to placing recipients in jobs. The justification for this training approach is difficult to make on the grounds of a productive investment which will significantly reduce the costs of welfare. The argument that training is a one-shot investment in the long-term work pattern to be established for mothers when their children no longer need care must be weighed against (1) the uncertainty of jobs in the labor markets that most recipients work in, (2) the fact, as revealed in most studies, that women work anyway when their children are old enough, (3) the likelihood

*ibid., p. 195.
for many that future child-bearing will interrupt work experience, and
(4) the low earnings that most are likely to desire.

6. Assessment of the Manpower Training Approach

It appears deceptively simple to measure and compare the effective-
ness of manpower programs. If enrollees benefit from the services aimed
at increasing their employability and earnings, improvements can theoretical-
ally be measured in terms of increased earnings after participation in
the program or in terms of comparative earnings of a control group of non-
participants having similar characteristics. Measured differences can then
be projected into the future and their value weighed against costs. The
extent to which the value of the benefits exceeds the costs would be one
indication of the return from a given program and the rates of different
approaches could be compared.

This constitutes a crude form of benefit-cost analysis; however,
despite its widespread use, this technique hides many complexities, and
many applications of it that have been made are of doubtful reliability
and usefulness. The data needed for such analyses are generally unavailable,
and refined analytical structures, where used, are developed with scant
empirical evidence and suspect assumptions.

Among the inherent limitations to adequate evaluation by use of
benefit-cost analysis, the lack of requisite data is basic. Records of pre-
enrollment and post-enrollment experiences or of the services which are
provided to a particular client are uneven and limited. Follow-up data
are usually gathered through surveys which cover only a minute portion of
those who have been served and which rarely extend long enough into the
post-enrollment period to get a firm basis for predicting future impact.
There is also the increasing possibility of a "no-response bias," the
higher probability of not being able to trace either the more successful
or less successful enrollees.

Another severe problem is the lack of control group data. Operational
program statistics are concerned with those who are served and not with
those outside the program. Demographic characteristics can be matched by
carefully selecting a sampled control group, but there are so many variables
and conditions external to the programs that a wide margin of error must
be allowed in using these statistics. Further, if the programs "cream" from available clients, the performance of enrollees could be expected to
be quite different from that of the cohort.∗

Even if adequate data were available, the analyses of different
programs would vary in their assumptions and techniques and thus their
calculated ratios would not be strictly comparable. An example of this
problem arises when programs have different target populations for service.
One program serves primarily medically handicapped who are most employable,
while another concentrates its efforts on the most severely disadvantaged

∗The use of "no-shows" (applicants selected for a program but who do not
participate or drop out) as a control group skirts this problem in some
ways, but brings in other possible biases such as their reasons for not
participating.
who are least employable. Another program, such as MDTA, may serve a mix of people, many with strong labor force attachment who are enrolled for upgrading or retraining. A complicated analysis is not needed to show that the cost of training those with serious employment problems and little work experience and skills is higher than that of remedial help for the most employable. Further, the measurable benefits in terms of increased earnings per dollar invested will probably be lower for the more disadvantaged, especially given the occupational structure and the labor market conditions.

The shortcomings of existing evaluations lie deeper than the lack of adequate data and the limitations of sophisticated techniques; a problem has been the fact that such studies have focused on those variables which do not lend themselves to improving program effectiveness. The studies do not answer the important questions of the design and mix of programs and of the overall process that should be created. Emphasis has been on the forms of programs rather than their substance or their process. While almost every program consists of a group of services, little has been achieved by way of discovering (1) which services may or may not be crucial and important, (2) in what doses for a given type of client, and (3) what kinds of interactions with the client contribute or block the achievement of individual vocational goals.

The wide variation of failure and success among prospects of the same program at the state and local level is often ignored because such variability is disguised in the aggregation of statistics. Therefore, there is a dearth of studies which provide lessons on the essential variables which center around institutional and community ingredients to success.

In assessing the importance of the manpower approach, it becomes important to place education and training into the perspective of the role they play in the productivity of the individual in a job. In his book Education and Jobs: The Great Training Robbery, Berg (1970) examines the importance of education and training in job performance. He shows how the emphasis on education encourages policy makers to look at malfunctioning of the labor market in terms of the personal failings of workers because of low educational attainment and low skills.

This view has been supported by the economic writings of 'human capital' theorists (Becker, 1962 and 1965), (Denison, 1962), (Shultz, 1962) who related education to growth in national income and by sociological writings which demonstrated that education is one of the most significant characteristics of American social structure. These views were reflected in the weight given to education and training by the planners of the war on poverty.

However, Berg points out that education is important to getting a paying job not necessarily because of increased productivity, but because of the class assumptions about the importance of educational achievement in terms of reliability and trainability. Berg demonstrates, using Department of Labor data, that, with the passage of time, there has been a tendency for an increasing number of persons to be employed in jobs that do not utilize their education or use less education than they have. This suggests that more education or training of a general nature may not be the answer to the problems of low wage earners and the unemployed.
Berg continues by pointing out that in times of war people are readily trained and employed in relatively short periods of time and that the armed forces have been utilizing the so-called low skilled and under-educated person for complex jobs for some time. Data cited on the performance of military personal in technical and other schools indicate that there are better predictors of the learning and "trainability" capabilities of personnel than formal educational achievement. He states that there is scarcely a single program in the armed forces for which their measures of aptitudes are not significantly better predictors of performance than educational achievement. Berg's findings in the instances of the army and the federal civil service prove overwhelmingly that the critical determinant of performance is not educational achievement.

Berg concludes that when the demand for labor exists, people are hired less selectively but with generally satisfactory results. The final implication of this analysis is that manpower and employment policies should be focused more on interventions in the economy which will increase the demand for labor.

A review of federal manpower programs indicates that the government has placed too much faith in this strategy to resolve the employment problems of the poor. Since 1962 funds have flowed to community action agencies and state vocational education departments to develop training programs and to employers to facilitate their providing training and jobs to the disadvantaged. A complicated configuration of programs now numbering 11 has emerged over the past decade with limited results.

Information on the effects of manpower programs is scant. The evidence which is available suggests that the impact of these programs has been relatively limited. Manpower efforts have not resulted in the number of jobs or the levels of employment for the poor that many had anticipated. For example, of the total 153.8 million dollars appropriated for JOBS in 1969, only 41.7 million was spent, indicating that substantially fewer jobs were provided than the plans called for. A major factor in the failure of manpower programs to serve as a vehicle to employment for the disadvantaged is the vulnerability of those programs to labor market conditions. In addition, aside, employers have demonstrated reluctance to implement programs to hire the disadvantaged even in the face of economic incentives for this purpose. For those who enrolled in training programs, the benefits of participation has been seriously questioned. However, little adequate data exists on the difference participation made to individuals in terms of earning capacity, skill development, stability of employment and well-being. The data required to explore this matter in depth would involve follow-up information, at particular intervals, on enrollees in the separate programs, both drop-outs and completers. Comments in the literature shed some light on the question of the quality of training under manpower programs. For instance, Levitan and Mangum (1969) raise serious doubts that employers under JOBS contracts provide "significant amounts" of training to employees. The evidence is that employers are not anxious to hire those who require extensive training. According to the Olympus Report, "experience...indicates that few employers are really willing to take on those so disadvantaged they require processing to make them into useful employees or to supply jobs with substantial earnings and prospects."
Other criticisms of the various skill programs argue that courses are loosely run, taught by unqualified teachers, and do not result in preparation that is adequate for employment. Further, training in the absence of a job is usually so general that it is of little use to a specific employer. The MDTA Skills Centers have been criticized for offering training to the disadvantaged in low wage service occupations - the implication being that the trainee is not much better off than before the program as far as his skills are concerned.

In New York a similar criticism was made by the bipartisan Legislative Commission on Expenditure Review, pointing out that most opportunities offered to minority persons had been limited to typist and attendant jobs. The Commission also called attention to many other problems of the manpower programs in New York. The Work Incentive Program, WIN, was particularly criticized in the Commission report, which called the program "almost totally ineffective." Of the 17,814 enrollees in the first 21 months of the program through June 1970, only 17 percent were placed in jobs, and only 4 percent remained employed beyond six months.*

The information available on job placements suggests that many of the positions provided under the aegis of manpower programs have been at the low end of the employment structure. Plore, (1969), Doerringer (1967), and Hernstadt et al (1969) have criticized Employment Services for their referral of trainees and clients to jobs which fit into the so-called "secondary market," the sector consisting of jobs which pay low wages and are characterized by other unattractive attributes such as seasonal work, poor work conditions, no opportunity for advancement, poor job security, and fringe benefits.

B. VOCATIONAL REHABILITATION

Whereas most manpower programs are limited in the services they can provide and are restrained by varying funding sources, eligibility rules for funds, and diverse application procedures, the Vocational Rehabilitation Program has, in a single program, the authority to fund, within the limits of its budget, nearly any activity related to the employment of an eligible client. The key ingredient in the program is a personal relationship between a handicapped client and a trained counselor who has an almost blank check to purchase the services--medical, educational, or other--which will result in successful placement of an enrollee in employment.

The Vocational Rehabilitation Program began as an adjunct to Vocational Education in 1920. Administratively it was first operated under the Vocational Education Board, then in the Education Division of the Department of Interior, was moved to the Federal Security Agency in 1939 along with most New Deal social service programs, and during World War II was established as an independent entity within the Federal Security Agency as the Office of Vocational Rehabilitation in 1945. The budget support remained limited to training the physically disabled, with no provision

for medical or other services. In 1943, under the La Follette-Bordon Act, client eligibility was expanded and rehabilitation services were defined to include medical assistance and all services necessary for client return to productive employment.

Part of this attention to rehabilitation during the war was due to manpower shortages and to the return of disabled veterans. Rehabilitation clinics and cooperative rehabilitation activities were established to help meet the manpower needs of industries involved in the war effort. The number of rehabilitated clients nearly doubled between 1942 and 1943 from 22,000 to 43,000.

Since the war, the Vocational Rehabilitation Program has been able to keep the public support for its work with the disabled and has developed an impressive political base. In addition to gaining widespread support, the program has always pioneered, in its own way, public policy orientations, such as cost-benefit analysis.

Like its Vocational Education origins, the basic Vocational Rehabilitation services provided to the individual are totally the responsibility of the state. To qualify for federal monies, a state submits a plan indicating its willingness to adhere to broad federal guidelines and to inform the federal agency of its financial needs for the following fiscal year. The substance of the state programs is reviewed through contacts between federal, regional and state personnel but there is no close federal supervision approaching that required by the individual contract approval of most manpower programs.

Most Vocational Rehabilitation services are provided through about 90 state agencies--36 of which are limited to serving the blind and the remainder of which include all eligible clients. Many of the general state agencies still operate administratively within state departments of education, while some have been set up as independent departments or commissions. As is typical of grant-in-aid programs, the state Vocational Rehabilitation agencies enjoy broad latitude in the kinds and mixes of services they decide to provide. (The Federal Government exercises some influence, particularly through its research, innovations and expansion grant funds.)

1. Focus on Employment

The traditional emphasis of Vocational Rehabilitation on employment is apparent in the three-criteria test of eligibility: first, that the individual has a verified disability, second that the disability constitutes a substantial handicap to employment, and finally that the services available from Vocational Rehabilitation agencies can be reasonably expected to make the individual fit for employment. At present, a handicapped person is simply defined in terms of his ability to obtain or maintain employment--he must be vocationally handicapped and clinically disabled. The qualifying physical or mental disabilities include both limiting conditions and any condition which contributes to, or if not corrected may contribute to, an individual's inability to function properly. The condition may result from causes which include behavior disorders characterized by deviant social behavior or impaired ability to carry out normal relationships with family and community which may result from vocational, educational cultural, social environmental, or other factors.\*\*

Although this revised language appears to open up the VR services to anyone faced with a significant handicap in competing for jobs, there has been no substantial impact on the nature of the clientele because the numbers qualifying for service under the traditional definitions (with only medical or mental disabilities) are far greater than current resources can serve.

In determining eligibility, the entire life situation of the client is supposed to be considered, but he is not eligible, under any condition, unless he is ultimately employable. However, "gainful employment" is broadly interpreted to include homemaking, other family or homebound industries, sheltered workshops, and unpaid family work as well as competitive labor market employment. Another 1965 amendment also liberalizes the employability restriction in another way by allowing rehabilitation services to continue through an extended evaluation period during which potential employability is to be determined.

Once potential employability has been favorably determined, almost any service that contributes to achieving the employment objective can be utilized including (1) comprehensive evaluation, both psychological and medical; (2) medical, surgical and hospital care, and related therapy; (3) prosthetic devices; (4) counseling and guidance for vocational adjustment; (5) training; (6) service in comprehensive or specialized rehabilitation facilities; (7) maintenance and transportation; (8) tools, equipment, and licenses needed for work or in establishing a small business; and (9) placement and follow-up.

Over the years an ambivalence about the desired emphasis in the VRP has emerged. Originally the program stressed rehabilitation as a means toward the end of employment. While never losing sight of this goal, VRP has become increasingly involved in research on medical restoration which has led to considering rehabilitation as an end in itself.

A federal estimate has placed the number of people potentially eligible for VR services at from 4 to 6 million,* but the enrollment in the program in 1969 was approximately 368,000. In these circumstances, states have had to confront the issue of who to serve. The most common procedure seems to be first come first served, but some states have attempted to maintain a balanced caseload of varying types and severities of disabilities, with a few states selecting by greatest need and a few by least cost.

2. VR Services

Available data show the proportion of clients that receive each type of service, but only the services to and expenditures for rehabilitated clients are available by category. The average case service expenditure for the 154,000 rehabilitated in 1966 was $518. A third of all the rehabilitated clients received training which, at an average cost of $518, was the most expensive category of case services. This would indicate that, in order for the average for all rehabilitation services to be the same amount, most clients not only did not require training in order to be employable, but required some less expensive and less extensive service.

*This does not include the socially disabled. See: Report of the National Citizens Advisory Committee on Vocational Rehabilitation, Washington, D.C., 1968.
The median time required from acceptance into the program until final closure was eleven months. About one-third went through in less than seven months and nearly three-fifths spent less than a year in the active phase. Only one-tenth required over three years to complete their rehabilitation program. These figures on time and money appear low and raise doubts about the severity of the disability. Many of the people may need only some counseling and placement assistance or minor medical correction to be made employable.

The key to the successful implementation of the vocational rehabilitation strategy of individually adapted mixes of services and resources is the rehabilitation counselor. The success of the program is dependent upon the quantity and quality of the counselors and three-fifths of the professional staff of state VR agencies are engaged in counseling work. However, the supply of qualified counselors has been a major obstacle to much desired expansion, in spite of federal funding for training.

The counselor's role is not to provide services as such but to coordinate the range of services required to rehabilitate the clients in his caseload. He evaluates the needs and potential of clients and provides general and vocational counseling. The counselor arranges for the services according to individual plan and then attempts to place the client in an employment setting and provides follow-up as it may be required.

The caseload of most rehabilitation counselors is general--includes clients with a variety of disabling conditions requiring varying amounts and types of services. The average caseload per counselor nationally in fiscal 1966 was 135, with an average of 42 successfully rehabilitated. Vocational Rehabilitation is not a training program, but because of its employment orientation, does have a significant training component. The low average cost of training indicates that training, in many cases, was minimal. A few states have conducted surveys of the occupational training provided for VR clients, but the states are not representative and the kinds of institutions utilized may not be typical.

In California, where 73% percent of VR clients were reported to receive vocational training, over 40 percent of those trained were in junior or business colleges with another 7 percent in four year institutions. About one-quarter were trained on the job and nearly one-fifth received training in a vocational school.

In Wisconsin, 29 percent of all clients in training were attending four year colleges. An additional 25 percent were enrolled in business, vocational and technical schools. Fourteen percent were enrolled in tutorial and correspondence courses and another 13 percent were characterized as receiving homemakers training. Only 6 percent were being given on-the-job training.

The most extensive effort to assess the training provided in VR was a study in Georgia in 1966-67, describing the post-training experiences of VR clients who received training in 1961-63. The study revealed that, although 15 percent received some type of training, only 10 percent of those rehabilitated actually received vocational training. The remainder were involved in such non-vocational training as speech training, prosthetic
limb training, and orientation and adjustment exercises.

The study demonstrated a racial bias in the training received. Over the period, 45 percent of all vocational training was given at colleges and universities. Although blacks were 29 percent of the Georgia population and about one-third of all VR clients in the state, they comprised only 18 percent of the clients who received training. In addition, the proportion of blacks who were given vocational school training, as opposed to college or business school, was much higher than their proportionate numbers.

The study further revealed that training went to youth who were above average in educational attainment. Eighty percent of those trained were under 25 years of age and nearly two-thirds had completed the 11th or 12th grades of high school, as contrasted with only 34 percent of the total VR population in the state. Only 14 percent of those having eight years or less of education were given training. This would indicate that within the VR client population, priority was given to those likely to receive the highest income pay-off, which results from higher education, for training which would tend to up-grade skills. In other words, these data suggest a strategy whereby within the creamed population of VR, those who will realize the most increased income per individual for the training dollar spent are carefully selected. This procedure would then pull the average income after rehabilitation upwards.

The follow-up studies of those VR clients reinforce this conclusion. For example, 25 percent of the Georgia trained clients were classified as professional or semi-professional. Twenty-seven percent were employed in clerical and sales work. While it appears that the training was beneficial to the recipients in up-grading their economic status, it should be noted that there was an under-representation of those who needed education and training the most.

Another suggestive statistic which explains a great deal of the apparent success of VR is the 35 percent of "rehabilitated" clients who return to a position they held before receiving rehabilitation services. Approximately 40 percent of rehabilitated clients, according to VR spokesmen, are reported to have found their own jobs, with only 15 percent being placed directly by the Vocational Rehabilitation agencies. The Dishart study (1964) of state agency services found that the most successful placement procedure, where it was required, was some type of direct intervention by the rehabilitation counselor on behalf of the client and the least productive method was to refer the client to the State Employment Service.

About 10 percent of the currently rehabilitated clients are placed in self-employment under provisions of the Act which permit financial assistance to establish small business enterprises. Approximately three percent of all rehabilitated clients are placed in sheltered workshops.

Seventy-five percent of the 203,000 cases closed in 1966 were classified as successful rehabilitation. Approximately 60 percent of these closures were placed in paid employment with almost 15 percent classified as homemakers and unpaid family workers. When one considers the estimate of 35 percent returning to previous positions and the fact that many selected for training were already skilled, the figures of success are not so impressive if VR were to be used as a model for expanded use to more socially
disadvantaged and economically deprived populations. Unfortunately, only limited data are available on the success of rehabilitated VR clients; the extent to which they remain employed, their pay rates, their advancement in a job, and many other factors are largely unknown.

3. Benefits
Various attempts have been made to measure the benefits of Vocational Rehabilitation, beyond the intangible benefits of improved functioning and heightened independence. According to the Vocational Rehabilitation Administration, the 1963 rehabilitants were reported to have a combined earnings of $50 million a year before VR matriculation compared to $300 million at closure. Conley (1965) estimated an earnings differential for rehabilitated clients from 2.5 to 6 times higher than their previous earnings.

The accuracy of this kind of estimate depends upon the time period used to derive previous and projected earnings, as can be seen in the questionable attempt by Mars (1967) to derive a cost-benefit figure. He reported that clients whose cases were closed during fiscal year 1966 would experience, on the average, an increase in earnings and value of work over their working lives of $35 for every Vocational Rehabilitation dollar expended on them. However, the pre-rehabilitation earnings of clients used in the calculations were for the week prior to acceptance when 80 percent of the clients were unemployed and without earnings. The post-rehabilitation earnings were measured for the one week preceding closure when 85 percent were employed, and no assessment was made of employment stability during the following year. The assumption that the situation of the week prior to acceptance would have prevailed for a lifetime in the absence of VR services, especially given their high employability which was a precondition for acceptance, is probably not valid. The other assumption upon which the estimate is based, that the week preceding closure would by typical of experience until retirement, is also of doubtful validity.

In another study (Conley 1967), using different data and methodology, an attempt was made to compensate for the upward bias in the use of pre-acceptance earnings. Conley then found a value of about $11 benefit for every dollar spent. However, this study also made doubtful assumptions about post-rehabilitation earnings and the extent to which they are affected by VR services. To assume full-time, full-year employment for the remainder of a lifetime when only 56 percent of the employed work force in the nation works a full year and more than a fifth works part-time, makes such calculations and measures of dubious value, especially for comparisons with other approaches and for consideration as a model for dealing with the AFDC population.

The Bailey report (1965) which summarized 26 longitudinal studies on the employment experience of rehabilitated VR clients suggested a retention rate of 84 percent still employed. However, considerable differences in the time periods covered, in types of clients and in methodology of the various studies place such measurements in serious doubt.

4. VR and the Socially Disadvantaged
The extent to which the Vocational Rehabilitation approach can be used in preparing poor people, particularly AFDC recipients, for employment might be indicated by reviewing and evaluating a few representative programs.
These programs have all taken a broad view of the notion of handicapped to include those who are identified as disadvantaged.

A program with a specific vocational orientation for non-disabled clients on Public Assistance has been in effect in the state of Washington since 1955. An analysis of that program was completed in 1968. A comparison of costs and benefits among the non-disadvantaged VR clients and the disabled clients was made. The findings for fiscal year 1967 indicated the following:

1. Percent of all cases closed rehabilitated: 67 percent for the non-disabled vs. 75 percent for the disabled. The major reason for this difference is that housewives are not included as part of the non-disabled group whereas they are part of the regular disabled program.

2. Percent with wages at closure: 99 percent of the non-disabled vs. 94 percent of the disabled.

3. Increase in mean weekly earnings per person from acceptance to closure: $77 for the non-disabled vs. $79 for the disabled.

4. Reduction in percent of persons on Public Assistance from acceptance to closure: 97 percent to 31 percent among the non-disabled vs. 100 percent to 21 percent among the disabled.

5. Reduction in mean amount of monthly welfare payment: $95 for the non-disabled vs. $106 for the disabled.

6. Type of occupation at closure: 20 percent of the non-disabled were rehabilitated as professionals compared to 12 percent of the disabled.

7. Mean length of time to rehabilitate: 17 months to rehabilitate the non-disabled vs. 19 months to rehabilitate the disabled.

8. Percent receiving training: 85 percent of the non-disabled vs. 71 percent of the disabled received training with cost to the agency.

9. Vocational rehabilitation benefits: 76 percent of the non-disabled were adjudged to have experienced educational development compared to 59 percent of the disabled.*

The report estimated that non-disabled clients whose cases were closed during that year would experience an increase of $52 in their earnings and value of work activity over their working lives for every dollar expended on their rehabilitation. Again, as noted above, the assumptions that go into deriving these estimates are of doubtful validity. Further, the

*Taken from the President's Commission on Income Maintenance Programs, Background Papers, Washington, D.C., 1970, p. 318.
clients in the Washington program were probably not representative in personal characteristics of welfare recipients in the national AFDC program, particularly in view of the 20 percent who became professionals.

The Los Angeles County Vocational Rehabilitation Administration and the Office of Economic Opportunity under took a cooperative program (LAACP) in 1966 and 1967 to expand traditional vocational rehabilitation services for the physically handicapped to include the "culturally disadvantaged" (Kunce 1969). The major thesis of the program was that vocational problems derived from multiple factors are not readily solved by approaches developed for mass treatment of the problem and that the individualized case work approach to the problems of the unemployed would be more effective and less costly than programs based on mass training.

In an 18 month period from July 1966 through December 1967, almost 20,000 individuals applied for services, without publicity or outreach. Less than one-third were typical VR cases and the reminder were disadvantaged, with half of these also having physical handicaps. A serious problem in trying to assess this program centers around the fact that it had the capacity to serve a maximum of 2,000 a year when, in fact, over six times that many applied.

Statistical data was collected on the status in the program of all clients referred to the project at a given data. Of the 19,648 referrals, 26.1 percent were still in referral status; 14.5 percent were not accepted into the program (they were either determined not eligible or feasible or had left on their own); 30 percent had been accepted for services but were waiting for plans to be implemented; 16.5 percent were in some kind of training program; 5.5 percent dropped out after being accepted; 1.7 percent were dropped from the program as unemployable after training; and 5.4 percent were considered successfully employed after training.

It would be unfair to point to the 5.4 percent figure as the success rate, although these figures do suggest that the process is quite slow from the standpoint of the applicant. In some sense, it can be stated that 22 percent of all clients referred were categorized as unsuccessful and by some measures a success rate of 49 percent has been projected of those who are referred. Kunce qualifies this projection by suggesting that it is inflated due to the backlog of relatively more difficult cases which had probably accumulated but were not closed. He also warns against trying to evaluate success by simply using employment as a criterion. Among those who were closed as employed (the 5.4 percent), the over-all average weekly earning was $93 per week. The average case service cost for all those who received training during the first year of operation was about $740 each, which does not include the additional financial assistance from welfare or other public agencies that these trainees may have received.

The California Welfare Rehabilitation Project (CWRP), was a four-year demonstration project (HEW-SRS 1967) to assess the feasibility of providing rehabilitation services for welfare recipients, especially to families with dependent children. Within the four-year demonstration period, nearly 18,000 referrals were made by welfare workers to Vocational Rehabilitation from an eight-county area, but only one out of seven of these
referrals either sought or was accepted for VR services. From this selected group, only one out of five was closed "successfully rehabilitated" at the termination of the formal project. This would represent a 3 percent success rate of total clients referred, but it must be noted that many clients were still receiving services. Even the estimated figure of "probable" eventual rehabilitants, while amounting to approximately 50 percent of those accepted, amounts to only about 7 percent of all those referred. The costs of services provided rehabilitants averaged $744, but if the project staff costs are included, the total cost amounted to about $1,200 per client. The average time spent in the program was 18 months from referral to closure. Follow-up information on those who were "successfully rehabilitated" showed that 80 percent were still employed 30 months later. Unfortunately, the data does not permit the contribution of the program to be isolated from other factors to begin to measure its affect.

Another project in Vermont involved the Vermont Department of Social Welfare and the Department of Education and Vocational Rehabilitation working together to attempt to "rehabilitate" the welfare client. The project, titled "Quantity Rehabilitation of Public Assistance Recipients" (Taylor and Ewell 1966), had only 191 clients referred to it over a two-year period. One hundred and twelve clients dropped out while in referral status and, of the remaining 79, only 30 were closed "employed" at the end of the project. It was found that those who gained employment had more schooling, had more work experience, and had received public assistance for a shorter period of time than the non-rehabilitants, which meant that those who were successful were the most likely to have gained employment and gone off welfare anyway. It should also be remembered that the average stay on welfare is around two years and that in an 18-month or two-year period most women will have left the welfare system without the services of these programs.

There is little doubt that Vocational Rehabilitation has been effective to a degree in serving its handicapped clientele; however, it is doubtful that the program can be as successful in serving the socially, economically, and educationally disadvantaged. Where the vocational rehabilitation type services have been offered to the disadvantaged, success has been far less than under Vocational Rehabilitation for the medically handicapped. Prescribing solutions for those with social and economic disabilities is much more difficult than determining the needs of the medically handicapped. An artificial limb can be provided for an amputee, but the treatment or solution for low motivation, social hostility, and low self-esteem remains elusive and complex.

Among the lessons that might be drawn from Vocational Rehabilitation Programs, however, is the value of a flexible approach that is guided by a trained counselor. The success of the program in dealing with many of its clients appears dependent upon the ability of the counselor to assess client needs and potential and to develop an individually tailored program for each client. This is possible because the funds are made available in block form, not earmarked. This enables the counselor to coordinate the resources and services over time for the specific needs of the client, something that cannot be achieved by administrative efforts at coordination.
at higher levels of government. Most manpower and poverty programs are constrained by a variety of limitations and restrictions on the services they can provide and the clients they can serve, and attempts at making these efforts comprehensive through interagency coordination have shown little effect.

It would be interesting, but difficult, to compare the costs and results of various manpower programs and approaches. Although they all have the objective of employment, the clientele and the method differ widely. Vocational Rehabilitation services are primarily evaluation, medical restoration, and counseling with only limited skill training, while Manpower Development and Training is primarily a skill training program. Other programs are work programs that provide employment as well as training and the Work Incentive Program can provide either work or training as well as services. The data on all these programs is too crude to make good comparisons or to isolate definitive effects.

The rhetoric of manpower and rehabilitation policies has exaggerated the potential impact and the importance of manpower programs. To show that the rhetoric of mass employment of the disadvantaged is a gross exaggeration is not to imply that the methods are ineffective or irrational in all cases or that they do not have value. In fact, it is only when assessed in terms of inflated claims and expectations that such programs are considered a failure. However, when seen in terms of smaller numbers and specific client problems, such methods may be useful and necessary.
APPENDIX I

MDTA INSTITUTIONAL AND ON THE JOB TRAINING PROGRAMS

by

Barbara Wishnov

The first efforts of the government to provide skill training to the unemployed under the Manpower Development and Training Act of 1962 were the MDTA Institutional and On the Job Training (OJT) programs. The institutional program was designed to offer classroom training in employment skills to participants. The OJT program, on the other hand, gave subsidies to employers for the purpose of training workers in new skills. The early design for federal manpower programs envisioned linkages between these two programs, that is "coupling" which would permit trainees to move directly from classroom instruction to a job context.

Both the Institutional and the OJT programs experienced a significant change in focus early in their history. Initially the impetus for the Manpower Development and Training Act in Congress came from legislators concerned with high levels of unemployment due to economic conditions and technological progress. When the economy returned to prosperity in 1963, the target of the manpower programs shifted to that group of workers who remained unemployed in spite of a tight labor market, the so-called "competitively disadvantaged." This reorientation tied manpower programs to the civil rights efforts of the Kennedy Administration and the Kennedy-Johnson anti-poverty initiatives.

This change in focus of the original manpower programs came about through amendments to the Manpower Development and Training Act and through administrative reform of program guidelines. The first significant alteration involved the curriculum of the institutional program. The 1963 Amendments to the MDTA authorized the expansion of this curriculum to include courses in basic education - reading, arithmetic, language skills - and communication skills - in addition to occupational training. The reasoning on the part of the President and Congress was that the unemployed person lacked those prerequisites in terms of knowledge and social skills required to enter the world of work. These amendments extended the duration of the training period and of the allowance to trainees from 52 to 72 weeks in order to accommodate this expansion of the curriculum. Later amendments extended the training period to an upper limit of 104 weeks additional time for prevocational training.

Other sections of the 1963 Amendments which facilitated the participation of the disadvantaged in the Institutional program were those increasing the amount of the training allowances for enrollees and the enlarged provisions for youth. Proponents of the increase considered the allowance for adults which was equal to the average amount of unemployment compensation for the past 4 quarters in a state inadequate for heads of families. It was increased by a $10 supplement across states and by an allowance of $5 per dependent up to 4 for heads of families. The youth allowance of $20 per week which had been limited to those youths aged 19 to 22 in the program was extended to youths...
aged 17 to 19. In 1968 changes in the program guidelines made all youths eligible for the same allowances as adults. These provisions were a response for the high levels of teenaged unemployment that persisted after the return to prosperity. Through allowances, MDTA advocates hoped to make training which would lead to viable employment attractive to those youths for whom school was out of the question.

In 1966 the Manpower Administration of the Labor Dept. which had administered authority over these programs set a goal for the Institutional and the OJT program of 65% disadvantaged enrollees. The definition of disadvantaged to be applied would be that devised by the Labor Dept., HEW, and OEO jointly for judging the eligibility of enrollees for any manpower program. It would consider such variables as minority group membership, education, and personal handicaps as indicators of disadvantage, as well as employment status and income.

The evolution of the institutional component into a program which geared to the needs of the disadvantaged took a further step in 1966. This came with the development of multi-occupational skills centers which today number about 80. These centers offer an ongoing program, one of the major advantages over separate classroom projects limited to a discrete time period. They provide counseling services for employment problems and a prevocational sequence which the enrollee can remain in until he is ready to undertake training in a specific occupation. Those employment skill courses are organized into clusters or ladders which permit enrollees to enter at any time and to progress at their own pace.

A. The Institutional Training Program

The State Employment Services have the role of identifying occupational areas in which a "reasonable expectation of employment" exists, of recruiting trainees, and of placing these trainees at the completion of the program. The state division of vocational education is responsible for the training side of MDTA. It may contract with school systems or private institutions for training facilities and instructors. The Employment Service is accountable at a federal level to the Labor Dept. and the Division of Vocational Education is accountable to HEW's Office of Education.

Information provided by the Labor Dept. gives an indication of the occupational categories in which enrollees have been trained. Twenty-nine percent of the enrollees have been in skilled occupations such as welders, mechanics, and repairmen. Seventeen percent have trained for semi-skilled occupations such as machine operators, service station mechanics, and attendants. Twenty-three percent have entered clerical and sales training and 15% have entered courses in service occupations. Since it is probable that trainees could have secured many jobs in service occupations without the program, the function of the program in this instance may have been more as a recruitment and placement device.

The Manpower Administration of the Labor Dept. which has responsibility for devising a comprehensive employment strategy stated in 1966 that 35% of the MDTA supported efforts should be geared to skill shortages. According to Mangum and Levitan (1968) who discuss Labor Dept. policy and activity in their review of programs, no pressure has been exerted to have training for such skills included in MDTA institutional projects.
These authors conclude:

"It is probably more accurate to say that in training for occupations with a reasonable expectation of employment but within the limits of relatively short training periods and restricted per training expenditures, MDT does supply locally demanded but not critically short skills." 2

The Employment Service has, however, received criticism for the courses which it requests and maintains. As a Manpower Administration representative put it,"the Employment Service is too closely linked in some cases to the needs and interests of local businessmen". The concern is that people may be trained for skills which will be obsolete in a few years, returning them to the position that they were in before enrollment in the training program.

B. Characteristics of Trainees

Despite the orientation of MDTA programs to serving the disadvantaged, the evidence suggests that the program has shortcomings in this regard. Mangum (1969) found that MDTA has made progress toward a more adequate representation of the disadvantaged among its enrollees but notes that a problem still exists.

'MDTA institutional training has been increasing its proportionate enrollment of the nonwhite, the young, the public assistance recipient, and those with 9 to 11 years of education...Nevertheless the institutional training program probably creams within each disadvantaged category since its enrollees are usually those who have sought help from an employment office." 3

The recent information available on the characteristics of trainees in the Manpower Report of the President of 1970 shows that there are fewer disadvantaged trainees in this manpower program than in other programs. Of those enrolled in the institutional training program in 1969, 39.7% were black as compared with 78% of those in JOBS and 65% of those in CEP. While the percentage of MDTA enrollees who are high school dropouts has increased, it is still lower than in other programs. Sixty-three percent of MDTA enrollees are dropouts as compared to 68% in JOBS and 70% in CEP. The percentage of youth is roughly the same in all three programs. Similarly, the percentage reporting their source of income to be public assistance prior to entry into a training program is about the same. 4

According to some observers, the more highly disadvantaged person will not use the MDTA program because it is less attractive than other opportunities. One explanation advanced by some officials of the poverty
program is the duration of courses - sometimes up to two years. These officials conclude that this type of course is more appropriate for the highly motivated middle class person than the hard core disadvantaged person. The separation of training from a job is another part of the problem. In its report of manpower programs in four cities, the Olympus Report found, "as parts of the public school system, the commitment of these institutions tended to be toward long range preparation rather than immediate employment, while the impatient disadvantaged were after a job now." According to a CEP official in a Community Action Agency, this is not where many disadvantaged persons, particularly youth, are at. They do not know what they want to do yet in terms of a career so that a short term course in the fundamentals of an occupation is a more reasonable investment from the perspective of the government and the needs of the trainee.

The information available on the skills centers indicates that these institutions have served the more disadvantaged person, such as the black high school dropout with no skills and little stable employment experience, better than the separate MDTA projects located in school systems. The Olympus Report notes, "only where they have established specialized institutions with both a location and a philosophy emphasizing service to the disadvantaged have meaningful members of the latter been served."  

C. Post-training Employment Experience

The Information obtained on the post-training employment experiences of MDTA enrollees indicates a high rate of success based on data for the first year after graduation. From Sept. 1962 to Dec. 1966, Employment Service records show that 482,100 people participated in the institutional program, and 278,800 of these had completed training, with 59,100 still in training as of the end of 1966. Of those who completed the program, 90% found employment during the first year and 77% were at work when contacted 12 months later.  

The Manpower Report of the President of 1970 shows a decline in the post-training employment record of MDTA completers. Of this group, 75% had secured jobs during the first year after training. This decrease may be due to economic conditions. It may also be a function of the increase in the number of trainees who are disadvantaged and have difficulties in finding jobs because of race or educational level.

The group who did find employment in these years experienced a median wage increase of 32%, moving from $1.55 per hour to $2.04 an hour. The information available shows that race made a difference in the extent to which enrollees benefited from the program. A DOL study of the 1965-66 enrollees finds that whites experienced a post-training wage increment of 33¢ per hour while nonwhites had an increment of 26¢ per hour. An analysis of the mobility of these groups in terms of income categories shows that more whites moved into upper income categories as a result of involvement in the program than did nonwhites. An explanation of this difference in progress can be derived from an assessment of the occupations for which whites and nonwhites trained. More than 1/3 of the white enrollees entered skilled occupations while only 1/5 of the nonwhite trainees did. In contrast, 1/4 of the nonwhites entered service occupations at the lower end of the wage structure as compared to about 1/8 of the whites.
When the data on nonwhites was analyzed separately for males and females, it turned out that females fared better than did males. Many women entered the comparatively well-paying clerical and sales occupations under MDTA training. Those males who were heads of households made more progress than did single males in terms of earnings. The study recognized that youth who filled most of the slots in the category of single males were a special problem which required greater attention in terms of manpower services. 9

When analyzed from another perspective, the effects of MDTA training on nonwhites is somewhat encouraging. The percentage of this group that moved out of the submarginal income sector of below $1,25 per hour was high. The percentage in this category dropped from 42% prior to training to 19% after training. 10

The trend for nonwhites to enter occupations at the lower end of the wage scale has persisted. The 1970 Manpower Report of the President showed the differences in earnings between whites and nonwhites to have increased for the 1969 MDTA graduates, with whites earning 50¢ more per hour after training and nonwhites earning 30¢ more per hour. 11 The tendency of nonwhites to undertake training in low income, less skilled occupations is probably a function of a combination of factors. Without additional research, it is only possible to speculate on this matter. The knowledge, aspirations, and preferences of the trainee, for example, for short term courses, represent one side of the coin. The other side is represented by the structure of the program. For instance, the orientation of skills centers may contribute to this effect. The Olympus Report observed, "... because they concentrated upon preparation for entry-level semi-skilled occupations they probably encouraged the underutilization of the potential of those enrollees." 12

The fate of the MDTA institutional training program is unclear. The allocation of some MDTA funds to other programs such as JOBS and CEP has left some skill center facilities idle. The funding has declined from $281.7 million in 1966 to $196.6 million for 1969. In the opinion of Congressional and Manpower observers the institutional components give enrollees a "hunting license" but not a job. The current emphasis in the government has shifted to on-the-job training programs which assure employment to the enrollee at the end of the program.

D. On-The-Job Training Program

The OJT component of the 1962 manpower package was the precursor of the current JOBS program. The responsibility for the administration of this program was put in the hands of the Bureau of Apprenticeship and Training (BAT) of the Department of Labor. This agency had the task of negotiating contracts with employers to subsidize them for training expenditures such as instruction costs, supervision, materials and administrative costs. Under OJT the training could be either for an entry level position or for upgrading an employee to a higher skill level.

The early emphasis in manpower programs was on the institutional component rather than on OJT. The emphasis shifted to OJT as the priority became jobs for the disadvantaged. The OJT program had a post-training employment record for its enrollees of better than 90% as compared to the institutional record of 77% employed at the end of the first year after training. 13 Furthermore, the costs per enrollee in OJT were substantially
lower, suggesting that the benefits could be extended to more people by utilizing this approach to training. The cost per trainee averaged $400 under OJT and $1500 under the institutional training projects. 14

In 1967, DOL increased the allocation to OJT by approximately $35,000 over the 1966 figure, at the same time reduced the allocation to the institutional program by $66,000. 15 OJT, however, did not live up to expectations as a solution to the skill and employment problems of the disadvantaged. According to Levitan and Mangum in their review of such programs, the situation was as follows: "As employers were pressed to increase their participation in the OJT program, the proportion of disadvantaged enrolled fell rather than rose." 16 One explanation for this trend is that the Bureau of Apprenticeship under pressure to sign contracts did not exercise controls on whom employers hired. Since the response of employers to the program was not great, BAT was apparently anxious just to get contracts. For their part, employers wanted to hire those best qualified for the jobs. The fact that the criteria for "disadvantaged" were not established until after the programs were underway in some firms and that they were relatively broad contributed to the tendency of employers to "cream." 17

The picture of OJT enrollees presented in the Manpower Report of the President for 1970 illustrates the effects of this creaming. Of the 1969 enrollees, 61.1% were whites, and 48.5% of all enrollees were high school graduates. While 65.2% were unemployed upon entry into the program, 42.8% of that group had been unemployed less than 5 weeks. A review of other manpower programs indicates that OJT does not stack up well by comparison in terms of reaching the more severely disadvantaged. 17

OJT has also been subject to criticism on other grounds. Levitan and Magum and the Olympus Report both raise doubts about the extent to which those federal subsides went into training programs. The entry level nature of the bulk of the positions make the need for extensive training questionable. The implication is that these subsidies neither had the function of changing employer's hiring practices nor of resulting in significant training opportunities for those who were taken on board as OJT trainees.

E. Transformation of OJT

Believing that the OJT concept was sound, the Labor Dept. initiated the JOBS program in 1967. The critical difference between JOBS and OJT was the considerably higher subsidy offered to firms under JOBS, a subsidy which averaged $2800 to $3000 per trainee. The government did, however, continue the OJT program at reduced levels, since it provided it the opportunity to negotiate contracts with firms without geographical constraints of the initial JOBS program, which was limited to 50 cities. In addition, OJT provided an opportunity to negotiate contracts with other types of organizations than private employers such as Community Action Agencies, Civil Rights Organizations and Labor Unions.

In 1970, the Labor Dept. dropped the OJT category for its '71 contracts, transforming the program into a component of JOBS called "Low Support Jobs." It has allocated 40 million dollars, 5 million more than for OJT in 1970, to subsidize employers for participation in the program. The ante has been raised for Low Support Jobs over that
of OJT because DOL representatives consider the comparatively small subsidy a major factor in employer's disinterest in undertaking a program to train the disadvantaged. The new reimbursement is based on 50% of the trainee's wages during the period of training. The duration of this period, which can extend from 8 to 44 weeks, is dependent on the skill level of the occupation for which training is provided, e.g., maintenance man versus draftsman. Under OJT the training period rarely was funded for more than 26 weeks. The proportion of the employees which can be enrolled in the program is 25% when a private employer is involved and 20% when a nonprofit organization is used.

Low Support Jobs contains another important change from OJT. Standards for the evaluation of jobs and firms for participation in the program have been developed in order to insure that contracts are worthwhile. These standards concern the skill level of the job, the plan proposed for training, the level of management commitment, the wages, and the opportunities for advancement.

The Manpower Administration has delegated responsibility for this new component of JOBS to the state governors, who, in turn, may charge a state agency with the administration of the program. In most cases, this will probably be the State Employment Service.

In spite of the increase in the total amount of subsidies available, it is not clear that Low Support Jobs will fare better than OJT. The cool response of unions to manpower programs has not changed. The evidence available indicates that unions have resisted training which would permit nonmembers to qualify for jobs held by union members. This has limited the positions for which firms would hire trainees.

The original design for Manpower Programs envisioned "coupled" projects of institutional and OJT programs. This plan was particularly appropriate for severely disadvantaged persons who required extensive training in basic education as well as in skills in order to secure a position. It was a way of linking the promise of a job to training.

Although DOL has encouraged such projects, they have not materialized. Defects in the program rather than in the idea were the problem. Vocational Educators and representatives of BAT have not worked well together. Varying perceptions of priorities created conflicts, with the educators concerned with substantial training and the OJT promoters emphasizing a short classroom training period. Perhaps a more significant barrier to the development of coupled programs has been the attitudes of employers. They have been reluctant to sign contracts ahead of time with training institutions to provide jobs for enrollees on graduation.

Footnotes


10. Ibid., p. 23.


18. Interview with field representative, Manpower Administration of Labor Department, September, 1970.

APPENDIX II

JOB OPPORTUNITIES IN THE BUSINESS SECTOR

by

Barbara Wishnov

President Johnson laid the groundwork for the JOBS program in his Manpower Message to Congress of January 23, 1968. The backdrop for his statements was the rioting in the urban ghettos of the preceding summer. In the message, he said,

The question for this day is this: In an economy capable of sustaining high employment, how can we assure every American who is willing to work, the right to earn a living?

He urged the business sector to involve itself in the employment problems of the disadvantaged and proposed the use of government subsidies to assist it in this effort. His plea was met by the formation of an organization, the National Alliance of Businessmen (NAB), which committed itself to enlist the support of business and industry in hiring the disadvantaged.

The JOBS program emerged as a joint effort between the Manpower Administration of the Department of Labor and representatives of private industry. Congress appropriated 104.7 million dollars in 1968 under the Manpower Development and Training Act and the Economic Opportunity Act for the program, $750,000 of which went to NAB operations and the remainder of which subsidized firms for the "extraordinary" costs of employing disadvantaged workers. The initial focus was on 50 cities with the goal of getting employers to hire 100,000 people by June 1969 and 500,000 by June 1970.

The slogan of JOBS became "hire", "train" and "retain". This program couples on the job training at the site to the promise of permanent employment at the end of that period. The guaranteed job represented an attempt to resolve certain problems that confronted other manpower programs. Neither the MDTA-Institutional courses nor the Concentrated Employment Program held the security of a job at the end of the training phase. Such situations had the potential to create greater frustration among participants than existed before their involvement in the program when jobs did not materialize for them. The instant job concept also provided conditions for learning that could be more motivating to the disadvantaged worker than the institutional setting. As Levitan et al put it in their review of the JOBS program, "To be sure, prevocational training is presumably necessary even for entry-level unskilled and semi-skilled jobs. But...the training might be more acceptable if offered at the work site and on the payroll."
JOBS did have a precedent in the MDTA-0JT program stemming from 1962. That program which subsidized employers for training costs had met with a limited response from the business community. In an effort to get more employers to modify their hiring practices to take on the disadvantaged, JOBS raised the ante above the subsidy offered by the OJT contract. It also provided a contrast to OJT in its use of businessmen to recruit firms rather than government representatives.

A. Program Design

According to the program guidelines, the employment objective is a position which will "provide an opportunity for advancement to jobs of higher responsibility." Eligibility for this program require certification as disadvantaged on the basis of criteria established by DOL. Beginning in 1970, DOL introduced an "upgrading component" to JOBS which subsidizes employers for training workers already on the payroll to move them into more highly skilled occupations or into occupations in which a labor shortage exists. Only those employers with an entry level component can participate in this new phase of JOBS.

The vehicle for participation in the program under a Labor Dept. subsidy is a contract between the employer and the Manpower Administra- tion for an 18 month period. The employer may be either an individual firm or a consortium, i.e., a group of firms joined for the purpose of participating in JOBS. The contract reimburses the employer for developing a special program for the disadvantaged according to program guidelines. According to the JOBS guidelines, such a program is necessitated by the employment related problems of this group: "Disadvantaged and low skilled individuals generally require extensive training, counseling, and other individual services to enable them to perform successfully in meaningful jobs." The components of a program are as follows:

1. **On the Job Training.** This is to last no less than 10 weeks nor more than 40 with the government picking up the tab for 1/2 of the wages per trainee during this period.

2. **Orientation to work.** That component is limited to 40 hours per trainee at a maximum cost of $2.00 per hour.

3. **Job Related Education.** The government pays the full wages of the employee for time-off up to 160 hours of basic or remedial education.

4. **Special Counseling.** The limit is 40 hours per trainee at $3.00 per hour.

5. **Supportive Services.** are also covered under the JOBS contract. The firm may assist the employee with medical expenses up to $50; transportation costs not to exceed $80 during the initial period of work; and child care expenses up to $150. The firm is also reimbursed for supervisory and human relations training not to exceed $25 per trainee enrolled in the JOBS program.
B. Administration of the Program

The Manpower Administration operates JOBS as a partnership between itself and the National Alliance of Businessmen. NAB functions as an intermediary between the government and the business sector. Its role is to educate businessmen about the program and to solicit pledges from these executives to hire a specified number of workers. The pledges are forwarded by NAB to the Manpower Administration for follow-through and contract negotiation.

Aside from this set of responsibilities, NAB also runs a "voluntary" component of the JOBS program. This is composed of companies called "freebies" which pledge to hire disadvantaged workers but do not want the involvement of a government contract. Such firms which do not receive a subsidy, account to NAB rather than the Manpower Administration.

To carry out its duties, NAB has a national, regional, and local organizational structure. These offices are directed by business executives on loan from their companies for a brief period stint of one to two years. In addition there is a supporting administrative staff paid for from MDTA funds.

C. Results

Hires and Terminations

The JOBS program has been in operation for almost two years. Its scope has extended from the initial target of 50 cities to 125 cities and geographical limitations on contracts have been lifted permitting a firm in any location to participate in a contract. The original goal was to enroll 100,000 trainees by June 1969 and 500,000 by June 1971. Since the expansion of JOBS to 125 cities, the Manpower Administration has revised that 1971 goal, raising it to 614,000. The appropriation in the budget for JOBS has increased from 104.7 million in 1968 to 153.8 million in 1969 and to 300 million in 1970. The allocation for the NAB offices has risen from 750,000 dollars in 1968 to 5,499,148 dollars in 1970.

The most recent information on numbers of people hired under the program indicates that 84,703 have been hired between November 1968 and January 1970. According to this source, the number presently in training as of that date is 34,478. The information on the voluntary component shows that 295,437 people have been hired by those firms in this time period. The number presently in training is reported as 165,568.

This set of figures which was released by the Manpower Administration is based on computerized reports compiled by NAB. When put together, the information on the contract component and the voluntary component show the program to have surpassed its June 1969 goal of 100,000 hires. However, it is open to question in terms of its reliability. Most recently, the Senate Subcommittee on Employment, Manpower and Poverty concluded that those figures used by the Manpower Administration on the total program were "simply not verifiable." According to the subcommittee, the firms under the voluntary component do not keep accurate records of hires and terminations for submission to NAB.
The subcommittee report was also critical of the records of those firms monitored by the Manpower Administration. It concluded on the basis of information from a DOL sponsored evaluation of JOBS contractors in 9 cities that the record of people presently in training was probably not accurate.

...Many retention statistics for an ongoing program will almost certainly be inflated both because some persons have just been hired and because reports of terminations are consistently late in arriving.

It is difficult to assess the success of the total program, since the measure of success is not the number of hires but the number who remain in training.

Other evidence, compiled by the Manpower Administration, does indicate that the program has experienced a high rate of turnover: Under the initial JOBS contract (MA-3) which had a duration of 2 years, 45,300 people were hired. As of January 31, 1970, 14,564 of these hires were on the payroll for a retention rate of 47.5%. Under the next contract series (MA-4) going back no further than September, 1968, 31,358 people were hired. Fourteen thousand and twenty-nine have left for a retention rate of 45.7%.

The evaluation of this turnover rate differs. While that Senate subcommittee was critical of the program's performance, the Manpower Administration adopted a different position. It pointed out that a government accounting office survey of termination records revealed that 8.9% of the trainees leave for "good cause" such as school or the service. Then it stated:

Compared to the 54% turnover of American Industry as a whole, it would appear that the program is at least retaining the chronically unemployed on a par with the general mainstream of the Nation's work force.

The data on turnover is limited and the interpretation of it is complicated since it requires information on the trainees, the jobs and the firms. The performance of the JOBS program is unclear, making questionable the Administration's increased reliance on it as a solution to the employment problems of the disadvantaged.

Characteristics of Trainees

JOBS' objective is to make contact with the disadvantaged in the inner city. Although the program guidelines make explicit its emphasis on reaching the "hard core" the criteria applied are the relatively broad federal definition of disadvantaged. The trainee must lack suitable employment and be poor and be either (a) member of minority group - (b) under 22 or over 45 - (c) be a high school dropout or (d) have unusual obstacles to employment.

The information which the Manpower Administration has available on JOBS trainees under the contract component is based on 56,112 hires since the inception of the program. Generalizing to the total group of hires - 84,000 - it draws the following profile: three out of four
are black. One out of eight is Spanish American. The average number of years in school is 10.3%. Fifty percent are under 22 and 4% are over 45. The mean duration of unemployment was 23 weeks prior to enrollment in JOBS. The average previous income was $2400. Seventeen percent were on public assistance. The proportion of males far outruns the proportion of females, 70% to 30. 12

This sampling suggests that JOBS enrollees are meeting the criteria for disadvantaged drawn up by the Labor Dept. The program has, however, been the subject of charges of "creaming." According to the recent inquiry of the Senate Subcommittee on Employment, Manpower and Poverty, incidents of fudging of income data on trainees have been uncovered in government sponsored audits of firms' records. Consistent with this, Schlesky (1970) who recently completed a study of 6 JOBS contractors agrees that income figures may be juggled to fit the criteria imposed by the federal definition of disadvantaged or the duration of unemployment stretched. A more prevalent type "creaming" is that permitted by the definition itself. As the subcommittee report observes, "Some persons are clearly more disadvantaged than others." 13 Since it is to an employer's advantage to hire the least disabled person, the report reasons that he may take on those who technically meet the criteria, e.g., a black high school graduate who is the son of a poor family, but who are not representative of the hard core.

That data to support charges of creaming is scant and inferential. The fact that 50% of the hires are under 22 does suggest that neither previous unemployment nor low earnings prior to the program are firm indicators of disadvantage. Most middle class youth at this stage would probably have experienced a number of occasional jobs rather than steady work and low pay. Similarly a breakdown on the basis of age is required to identify the high school dropouts. It may be that it is not the youthful majority but the older trainees who resemble the hard core. Doerringer (1968) in his study of the Boston CEP operations did, indeed, find this to be the case.

The issue of creaming is a controversial matter. While some sources like the Senate subcommittee report are critical of firms that cream, others see merits to this practice. McLaughlin (1970) contends that many firms are under realistic constraints as far as hiring practices are concerned because of the level of skill required in their operations. Such firms cream when they hire these people whose major disability is race. These people hired, however, leave jobs of a less desirable nature open which people can move into. McLaughlin suggests that ladders are created by which members of a minority group gradually advance upward. While this is the mode by which immigrant groups traditionally made their way into better jobs, it is not a mode by which masses of people are instantaneously brought into the mainstream but a slow, gradual process.

**Type of Employment**

The underlying assumption of the JOBS program is that subsidies will act as an incentive to employers to change their hiring practices. It is further presumed that those entry level positions which are opened up will be jobs which will require specialized training and will offer
an opportunity for advancement to the employee. Put another way, these positions are to be "meaningful jobs" not stop gap relief measures.

The role of soliciting jobs is up to NAB. Acceptance of a firm's proposed entry level program is the decision of the Manpower Administration at the district level. Since those positions opened by the program can provide placements for CEP enrollees, the Community Action Agency may also exercise influence on the decision about whether or not the jobs are acceptable.

The evidence reported on the kinds of entry level positions the program has subsidized suggests fairly disappointing results in terms of the goals of the program. According to the survey of JOBS contractors in 9 cities by the Systems Development Corporation "...the program has been dominated thus far by firms requiring substantial numbers of male factory production workers in entry level jobs."14 The Senate Subcommittee commented on the basis of its own review, "What soon becomes evident in studying any number of JOBS contracts, however, is that there is, in fact, little real training involved... Many of the JOBS positions are really no different from those which were always available to the unemployed and unskilled."15

Those views expressed by the subcommittee report omit incidents of success among JOBS contractors. It is the impression of some investigators that JOBS has begun to tap the primary market. Piore's distinction between a primary and a secondary market contrasts those jobs which pay high wages, offer stable employment and decent working conditions, to those positions which are characterized by low wages, frequent layoffs, and poor conditions. Schlensky (1970), for instance, finds that 1/3 of a sample of 72 JOBS trainees consider this placement to be "the best job they ever held." According to Schlensky, none of those persons interviewed considered this to be "the worst job" that they had held. The case that variation exists among firms participating in the program in terms of the jobs provided is supported by the findings of the Olympus Report of manpower programs in 4 cities. It cites examples of firms offering trainees good wages, a prestigious affiliation in some cases like American Airlines or Honeywell, stable employment and clean conditions.

The nature of those jobs included in the program is dependent on the parties involved in the negotiation process, NAB and the representatives of the Manpower Administration. If either of those partners emphasizes meeting the proposed target in terms of numbers then it may result in the indiscriminate acceptance of contracts. The role of the regional Manpower Administration is particularly crucial. Speaking of the New England Administrator, the Olympus report notes:

It has been his intention to prevent the negotiation of contracts that included jobs which the underemployed could get on their own...Despite the views of some in Washington and Boston that a poor contract is better than no contract, the Regional
Manpower Administrator has supported the position and contracts have been turned
down and even revised after they were put
in force when the quality of the jobs was
in doubt.16

One of the problems in the assessment of those jobs under the
program is the difficulty in determining what is a decent entry level
position. Apart from the extremes it may depend on the previous ex-
eriences of the worker. For instance, Schlesky (1970) has reported
a high level of satisfaction among trainees on the crew of a local gas
company in a position which provided high wages but presented no op-
portunity for mobility. This complexity to the question of a decent
job suggests that more than a superficial examination of the firm's
entry level positions is necessary and that the job cannot be written
off as undesirable merely because of the industry in which it is lo-
cated.

Employer Participation

While a target was set in terms of the number of disadvantaged
persons to be enrolled by 1969, no target was set as far as the num-
ber of firms participating was concerned. The evidence is that this
has lagged behind expectations in spite of the apparently generous
economic inducements offered. There are 25,000 firms in the program
but many are freebies for which the quality of participation is a real
question. Of those funds appropriated for 1968, 104.7 million dollars,
only 4.2 million was spent. In 1969, the outlay for JOBS was 41.7 mil-
lion dollars from an appropriation of 153.8 million dollars. In 1970,
the appropriation was increased to 370 million dollars but the outlay
so far is 59.4 million.17

The factors which contribute to this lack of enthusiasm on the
part of employers are not surprising. This program is particularly
vulnerable to recession since it does involve the manufacturing in-
dustries affected by the slow down of the economy. Hiring practices
do not bend to economic incentives when other considerations are in-
volved such as the response of the existing work force to preferential
treatment of blacks. The program, in short, involves "hidden costs".
For instance, the Olympus Corporation study points out:

(The employer) must be willing to cope with
new types of problems involving higher absen-
tee rates and turnover rates, as well as the
problem of adjusting new types of persons
into his regular work force.18

Some observers have called the JOBS program "the biggest bomb
yet" because of its failure to enlist widespread support by employers.
There is agreement among those who have reviewed the program that the
critical need is for greater commitment by employers to make it work.
The commitment exhibited so far and the dependence of the program on

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economic conditions reinforces the doubts already raised about the Administration's increased appropriations for this program and its apparent faith in it to make a major wedge into the occupational structure for the disadvantaged.

Program Costs

Under the JOBS contract, the government agrees to subsidize the employer for each functional component, e.g., on the job training, supportive services, orientation to work, that he plans to implement. The contract is negotiated ahead of the start-up of the firm's program on the basis of estimated costs. Since payment is on a per slot basis rather than an individual basis, the employer can refill slots when turnover occurs. Such a system of replacement does not provide incentives for employers to try to prevent turnover from occurring, particularly in the cases where a pool of potential employees is available for jobs which require little training.19

The average cost per trainee in the JOBS program nears $3000. According to the Manpower Administration, the average cost under the initial contract (MA-3) was $2,908. The average cost under the next contract (MA-4) series figured was $3,068. Presently under the (MA-5) current contract the average cost per trainee is figured to be $2906.20

Those costs have become a controversial matter. Critics like the Senate Subcommittee have emphasized that the entry level positions dominating the programs do not require much training; hence, the costs of up to $3000 per trainee are not justified. Other sources such as Nemore and Mangum have asserted that it is too soon to conclude whether or not the current subsidies are merited or not. They state, "experience is too limited to determine whether employers provided significant amounts of training for their average MA-3 contract or whether it represents a bribe to get them to employ unpopular persons."21 The recent review of JOBS contractors by Olympus reported that too little is known about the program to determine what amount of training JOBS enrollees receive. "Whether more training and a broader range of supportive services for trainees occurs in the JOBS program remains untested, but that is the presumption and justification for the higher payments (than the OJT program permitted)."22

According to a different source, Piore (1970) those subsidies may be necessary for other purposes than training but related to the implementation of the program. He observes in a study of JOBS contractors in the Boston area,

  Many employers are participating in this program to meet equal employment requirements.
  The funds are not really being used to 'train'
  the disadvantaged but rather to finance the
  internal administrative reforms required to
  effectuate an equal employment policy.23

One example of that use of funds is the hiring of supervisory personnel or human relations specialists to deal with employee matters. Another case is the expansion of the personnel office to permit recruiting from
the outside rather than relying on family members of employees for new workers. This use of funds does raise questions about the relevance of the contract to the actual needs of firms participating in the JOBS program.

D. Conclusions

The Administration is pushing JOBS as the major vehicle to open up jobs for the disadvantaged segments of the population. It has shifted the emphasis in terms of appropriations from other programs like Neighborhood Youth Corps and Jobs Corps to this new effort. The source of the Administration's faith in JOBS is the feeling that it works. This feeling is shared by some observers as well. For instance, the Olympus Report which criticized aspects of the program design, maintains that JOBS "is in the right direction." Similarly, Schlenisky has called this program "the best thing we have."

One basis for the positive impression of JOBS is the belief that it has begun to tap the primary job market. Another basis for this is the observation that JOBS has effected organizational changes in some participating firms which may outlast the program. The Olympus Report's comments about the Boston experience illustrate that viewpoint: "Nearly every contractor has made some changes in hiring requirements, recruiting methods, testing, orientation procedures, training, supervision, disciplinary rules, and supervisor training in order to accommodate the MA-3 program."

This information leads to the conclusion that JOBS does have the potential to make contributions. It can provide better jobs for a few individuals. It can also effect organizational change in businesses that may have long range benefits. These contributions compared to the need are limited and expensive. At best, JOBS is no more than a "bandaid" in terms of its impact on the employment structure and at worst, it is a way of subsidizing certain industries while providing jobs for some disadvantaged individuals.

Footnotes


4. Ibid.


7. Ibid. p. 114.

8. Ibid. p. 116.

9. Ibid. p. 118.

10. Ibid. p. 173.

11. Ibid.


15. Ibid. p. 126.


17. The JOBS Program, p. 111.

18. Total Impact Evaluation of Manpower Programs in Four Cities, January, 1970, Ch. 6, p. 17.


22. Total Impact Evaluation of Manpower Programs in Four Cities, Ch. 6, p. 11.


CHAPTER 6

DAY CARE

One of the key elements in the federal strategy for moving some mothers off welfare and into employment is the provision of day care services. According to the simplistic formulations set forth in the 1967 work incentive amendments to the Social Security Act and in more recent legislation for welfare reform submitted to Congress, only the absence of child care arrangements and the lack of job and training opportunities precluded large numbers of AFDC recipients from becoming wage earners. Even if one accepts these assumptions as having some validity, the questions of the kind, the quality, and the quantity of day care become important. The state of the art in day care is not sufficiently developed to provide easily reproducible models and there are not the available resources to expect that states can meet the potential demand for day care services, even with makeshift, low quality programs.

Looking at the present day care picture in the nation, there are child care facilities for only about 2% of the children under 12 of working mothers. If only group settings providing care for children for more than three hours per day are counted there are facilities for the children of 1% of the working mothers. Lack of group care facilities forces many women to make other arrangements which means that of the children who look after themselves, at least 4% are under six years of age.

In an October 1969 report of SRS, the lack of child care arrangements was listed as the sole reason why 1,800 mothers could not be referred to State Manpower Agencies for enrollment in WIN. Of those children for whom arrangements were made, 51 percent were cared for in their own homes; 10 percent were looked after in a relative's home; less than 20 percent had other miscellaneous arrangements - a category that includes "child looks after self".

The widespread use of day care for potentially employable mothers therefore, would require an expensive new industry which now lacks organization, leadership, personnel and money for construction of facilities. Existing facilities of all kinds are inadequate to present needs and if given the task of providing service for a portion of the welfare population, there will be a troublesome crunch, even with new money. If every place in every licensed day care facility in the United States were to be reserved for an AFDC child under the age of six, there would still be an excess of one million welfare children left over. There are not enough facilities to accomplish the day care job envisioned by proponents of work for welfare mothers without significant and continuous federal assistance to create and maintain this new industry.
Further, the thousands of non-welfare recipient mothers who presently have 638,000 children in 46,300 facilities are not likely to relinquish or diminish the services they require for day care. The pressures for day care from the general public are growing as more mothers want to work and want to be freed to pursue their own opportunities.

Among the strongest supporters of expanded and improved day care are women who advocate civil and personal rights for women. These women stress the right of women to personal fulfillment, pointing out that the care of children is not the only valid avenue through which women may develop and gain satisfaction. Proponents of the Women's Liberation movement are demanding quality day care as a necessary support service for freeing mothers to pursue alternative avenues of self-expression and fulfillment. At the 1970 White House Conference on Children, delegates representing various women's groups demanded that quality child care be made available around the clock, throughout the year, for all who want it. They urged that federally supported day care not be confined to the poor, but be completely divorced from public assistance.

Amid this growing political demand for day care, it is important to keep in mind that mothers must have the freedom to choose whether to work or to stay at home to rear their children. Further, the question is not whether the nation should have day care so much as the kind of day care and is it and will it be good for the child, the mother and the family.

A. DAY CARE: PAST AND PRESENT

Traditionally this nation has been committed to the belief that the mother's place is in the home caring for her children. This tradition was evidenced in the original intent of AFDC legislation in 1935. During World War II women were needed in industry, thus temporarily forcing a change in national policy. With federal financing, some 1.6 million children of working mothers were cared for in all sorts of make-shift day care facilities. At the end of the war, federal aid ended and the day care centers and nurseries closed with only California and New York continuing to provide public funds for day care.

Since the war however, pressures have been building for a renewed day care program as more women are deciding to work. The total number of working women has doubled since 1940 and the number of mothers in the labor force has increased six-fold. Public attitudes have been gradually changing from the mother-in-the-home tradition to one of greater emancipation and work expectations.*

*Converging with this trend in the late fifties and early sixties was an attitude of many medical and social work professionals that the greater proportion of black lower class children receive few advantages at home and that mother substitutes are preferable, from the point of view of white professional observers.
These trends were also reflected in changes in the academic writings on the subject of the effects of early childhood separation from the mother on the mental health of children. The psychological studies in the 1940's and 1950's generally supported the notion that such separation tends to be harmful, but Milton Willner in an article in 1965* questioned the validity of the conclusions of harmful effects, pointing out that the early studies provided no mother substitutes which could have given the children attention, stimulation and mothering. Willner concluded that day care which offers education for the child and relief for the mother "justifies accepting any and all young children into day care programs".**

The federal government set about selling the states on day care in 1962, but the effort always seemed hollow due to the failure of Congress to appropriate money. While the total authorization for the first three years under the Amendments of 1962 was $25 million, only $8.8 million was actually appropriated. Moreover, HEW was never able to count on having any given amount of money from year to year so that it was difficult to encourage states to develop programs or to promote the use of any standards for quality of service. No federal standards were mentioned in the law and the Children's Bureau could only attempt to persuade states to develop plans and insure quality.

The one requirement of the law, that available federal money go only to licensed facilities, had the effect of placing a substantial portion of the funds into the licensing activity itself. During fiscal 1965, of the $4 million appropriated for day care, 43 percent was spent on personnel engaged in licensing and only 36 percent was used to provide day care services. The licensing activity has also distorted the picture on the growth of day care facilities. The reported capacity of licensed day care facilities in 1960 was 183,332, in 1965 - 310,400, and in 1969 - 638,000. However, much of this apparent growth is not due to increased capacity and facilities but to the licensing of facilities which had previously been unlicensed.

The fact that a day care facility is licensed, does not mean that its physical plant and personnel satisfy some defined and accepted standards. States vary in their definitions and procedures and their licensing laws are usually general. State administrators are also faced with a greater demand for day care facilities than the supply and are generally reluctant to crack down on substandard operations when the pressure from most quarters is to expand the day care capacity. Given the nature of this uneven licensing process, licensing represents more formality than substance in terms of service quality.

With the 1967 Amendments to the Economic Opportunity Act, the federal government declared day care one of the four new national emphasis programs. While the Amendments reiterated previous federal policy positions of state responsibility, priority of low income families, and coordinated child care services, certain measures were taken to guide and facilitate day


**ibid, p. 129
care planning from the federal level.*

One important measure established the Federal Panel on Early Childhood. This panel was placed jointly under the Secretary of H.E.W and the Director of OEO, whose function it was to devise a common set of standards for day care services. Panel members were selected to represent the various government departments which were in any way concerned with child care. This included representation from the Department of Agriculture, Health, Education, and Welfare (H.E.W), Housing and Urban Development (H.U.D), Labor, and the Office of Economic Opportunity.

The Federal Panel compiled a booklet entitled "Federal Interagency Day Care Requirements", published in 1968. In this booklet, they elaborate official definitions of facility types by location, number of children involved, and adult-child ratio. They also specify environmental standards, service, staff and parental requirements. The panel now has the responsibility of revising the standards when necessary and for issuing interpretations.

One of the primary responsibilities of the panel was merging the operations of public and private agencies under a common set of regulations in order to provide maximum service to the individual citizen. Previous separation of important services such as health care and education had proved inefficient. To counteract this, the panel urged that "Day Care Services should be developed and carried out as part of a comprehensive community plan designed to promote and maintain a stable family environment for children". Services were to be geared to best meet the individual needs of the child and his family. A community program would hopefully lead to more effective planning and use of resources, as well as a higher level of need satisfaction, at a reduced cost. The panel also printed a booklet on "Federal Funds for Day Care Projects", listing the various articles of legislation allotting funds to government departments. It was designed to help direct the layman to the appropriate agency for funds.

Besides establishing the Federal Panel, the Economic Opportunity Amendments included provisions for helping families become economically self-sufficient. The specific recommendations were:

"to provide day care for children of families which need such assistance to become or remain self-sufficient or otherwise to obtain objectives related to the purpose of this act, with particular emphasis upon enabling the parents or relatives of such children to choose to undertake or to continue basic education, vocational training or gainful employment."

*A strong complaint has been made that the day care provisions in the 1967 legislation and in many subsequent bills considered by the Congress are not designed to help children develop mentally or physically and can not cope with the emotional problems posed by maternal separation. As the National Committee for the Day Care of Children saw the 1967 Legislation, it was "a hastily put together outline for a compulsory, custodial service which is not required to maintain even minimal standards of adequacy." Source: Social Security Amendments of 1967, Hearings before the Senate Committee on Finance, 90th Congress, 1st Session (1967), p. A178.
An underlying assumption of this legislation, as well as the 1962 Amendments, was that by giving low-income or needy families extended social services (particularly day care) on a pay-as-you-can basis, certain family members would become employable.

Although at least eight different federal agencies, including the Office of Economic Opportunity, the Department of Labor, the Department of Housing and Urban Development, and several units within HEW presently subsidize day care in one way or another, there has been little professional attention to the subject of day care and its appropriate purposes. Only the Office of Child Development, in HEW, formerly the Children's Bureau, has developed approaches based upon professional concern for the field.

The original approach of the Children's Bureau, which administered most of the federal day care programs, did not encourage the widespread use of day care. It stressed the idea that day care can be harmful unless part of each program is developed by a trained social worker. Day care was seen as a child welfare service of care and protection. The emphasis on social work expertise implied that only a social work orientation toward day care could deal with the special needs, particularly psychological, of a child separated from the mother for large portions of the day.

This view was expressed in the "Guides to State Welfare Agencies for the Development of Day Care Services." The need for day care is limited to those children who have "a family problem which makes it impossible for his parents to fulfill their parental responsibilities without supplementary help." The social worker determined whether the family needed day care and what plan of development was appropriate for the child. These social welfare views were succinctly stated by Florence Ruderman who wrote: "the day care center is not something chosen or preferred, by independent, responsible parents; it is something prescribed by a social worker, as a remedy for parental failure or inadequacy." This approach placed great importance on the intake procedure (screening) to assure that children "need" day care before the service is made available.

Early literature on day care also differentiated the field from education. The purpose of the service was seen as the protection of young children from the hazards of inadequate supervision, insufficient food, lack of shelter, and physical abuse. The concept at the time failed to recognize education as an integral part of the "care and protection" function of day care. The service was to be reserved for those families with problems which necessitated the care of the child and the provision of such social welfare services as may be needed to deal with the social pathology of the family.

Another model for day care was presented more recently through the Head Start program of the Office of Economic Opportunity. This program adopted the idea that providing a combination of educational, health, and nutrition benefits to the pre-school child from low-income families was advantageous and desirable. As most of the full-year Head Start children were less than five years old, the concern about maternal deprivation disappeared and early childhood development centers proceeded to cover the

country. While the long range educational benefits have been questioned in light of the absence of changes in the regular school systems, there is no evidence to suggest that the experience has had any negative effects.

Part of the debate concerning these two approaches - the first derived from social work and the second from education - grows out of differing concepts of the importance of the home in the development of the child. Those who support limited use of day care generally view it as a second best remedy for an evil or problem arising out of the gaps and needs not met by the family. This view tends to regard the work activities of mothers with suspicion and concern. However, a growing number of researchers and experts in education and child psychology are beginning to suggest that day care, properly developed, can play a beneficial role in normal child development and should be encouraged for anyone who wants or needs it.

Recently the administration created the Office of Child Development (OCD) and placed both Head Start and the Children's Bureau in this new unit within the Office of the Secretary of HEW. Many observers saw in this move an indication the issue of differing approaches would be resolved and day care would be vigorously promoted along the lines of the Head Start model which would not permit simple custodial arrangements but would require strict child-adult ratios, educational programs, and the participation of parents through parent advisory committees according to the requirements that had been issued in the summer of 1968 in the Federal Interagency Day Care Requirements, developed jointly by OEO and HEW.

However, these expectations have not been realized. HEW has not encouraged the creation of widespread day care facilities. The day care programs funded by the Children's Bureau were transferred not to OCD, but to the new Community Services Administration created within SRS to house all service programs for public assistance recipients. This means that effective control of the money and policy in these day care programs remains with SRS. Further, the OCD has not received even half of its requested funding of $27 million. Finally, most states are having difficulty meeting the adult-child ratio and the parental advisory committee requirements. A relaxation of these requirements is being considered with HEW, but this could have serious implications for the quality of day care in the nation.

The federal day care picture in recent years has been characterized by a number of disjointed and uncoordinated efforts. These include Head Start which has consistently needed more money, WIN which has been unable to use the money it has, and other smaller programs provided by OEO and HEW.

The largest of these federal day care programs is Head Start. There are two types of Head Start programs: (1) full-year programs - lasting eight months, the duration of the school year, and (2) summer programs - during the school vacation period. The main focus of both is an educational enrichment program, providing the children with necessary experiences they will need upon entry into elementary school.

When either of these types of programs is operated for more than six hours of the day, it officially becomes a day care program. (Programs of less than six hours are considered purely educational and do not need to meet day care requirements). Head Start day care services must comply with
specific standards set by the Head Start Program. In setting up these services, Program recommendations call for considerations of particular community needs and problems. They also attempt to involve community citizens in planning and operation of the services.

Of the 450,000 licensed places for day care in 1968, 54,000 children were covered by Head Start. However, only 25 percent of these were enrolled in full-day programs, costing a total of $70 million. Because the amount of funds available to Head Start has been reduced, the use of the program has been limited; however, it is not clear that the need for the program has diminished or been met by other programs.

The second largest federal program to provide funds for child care is the Work Incentive Program under which welfare mothers, who are receiving training through the program, are provided with child care services. However, in spite of the limited appropriations made for day care in WIN, the use of the funds and the projected enrollment of children in this day care program have lagged far behind original targets. The target of 188,000 children receiving some form of child care from WIN by June 1970 was dropped to 78,000. In May 1970 this target was not met, as only 61,000 were reported in child care and only about one-fifth of these was in a day care facility. (NCSS, HEW 1971)

Further, of the $22.6 million appropriated in 1969 for day care in the WIN program, only $4 million was used, and of the $52 million available in 1970, only $18 million was used.

The reasons cited for these failures to utilize available funds usually points to three problems: (1) legal barriers in the states often block the flow of funds or cause significant delays; (2) there are not enough institutional day care facilities and WIN funds can be used only for minor remodeling, not for construction or major renovation of new facilities; (3) there is also some evidence that suggests that some welfare administrators and many case workers believe mothers should be at home and therefore they do not try to obtain funds for their clients.

Funding problems also affect day care provided for under Title IV, Part A of the Social Security Act. AFDC families not in the Head Start or WIN programs may be eligible for day care services under this Act, which enables the federal government to match state expenditures for day care. Former and potential AFDC recipients are also eligible under this program. HEW has given no estimates, however, of spending for this aspect of the program. According to reports in 1969, it was not 'expected that day care will be provided to any measurable degree under this provision during 1969 and 1970'.

Another approach which has entered discussions of day care is the neighborhood day care program, a low income version of the baby-sitting pool of the middle class. In these projects, initiated in 1967 by HEW demonstration funds, welfare mothers help care for the children of other welfare mothers. However, lack of training and screening standards for the welfare mothers who run the centers is seen as a problem by the National Welfare Rights Organization. Another problem with this approach is the satisfaction of sanitation and health requirements which often disqualify the substandard housing used by many recipients to care for children.

In attempting to provide the necessary training and quality services, neighborhood day care programs have relied heavily on the New Careers approach toward training and the provision of human services. The rationale behind New Careers was developed by Pearl and Riessman in their book New Careers for the Poor. They emphasized the idea that people can help other people through certain kinds of human service jobs which give dignity yet require minimal professional training. One of the suggested human service areas identified was day care. After a relatively short basic training program, low-income women would be able to work as aides in a day care center or operate their own day care homes. Such a career has the advantages of convenience and of tapping natural child care capabilities. The Department of Labor has authorized grants for such training programs to private, non-profit agencies. The training programs last one year for all jobs. Trainees spend half-time on the job and the other half in formal education.

While New Careers has had moderate success, several criticisms of the program have been made. The first is that the federal role in actual programs is too small. The government provides only funding and basic regulations for the programs, giving far too little guidance to agencies. The second is that the government has little control over the quality of training programs. Standards and resources vary from agency to agency and state to state. Thirdly, in gearing itself to private, non-profit agencies, it has placed a heavy burden on these institutions. Since few of these agencies are equipped to conduct such sophisticated training programs, this is another definitional limitation.

Finally, the Parent and Child Center Program, a demonstration effort begun in 1968 by the Office of Economic Opportunity under Title II of the Economic Opportunity Act, is the only federal program which explicitly provides for children under three years of age. This program makes grants to Community Action agencies and other organizations to plan and develop parent and child centers for disadvantaged families with at least one child under three. The centers provide both day care services to the children and educational, health, recreational, and counseling services for parents. In 1968, $5 million was spent and 3,600 families were served under this program.

It is clear that this complex day care "system" of uncoordinated, underfunded yet underutilized programs is a failure in that day care has not been made readily available to people who need it. Steps to insure the quality of child care arrangements, including those beside day care, have not been taken. The difficulty in securing physical facilities and trained staff needed to develop quality centers has been overwhelming to state administrators grappling with the provision of day care services. This has been further aggravated by the uncertain and uneven commitment of the federal government.

B. CHILD CARE ARRANGEMENTS OF WORKING MOTHERS

Despite all the interest and the number of programs to subsidize "day care", there is no adequate data on what kinds of care parents actually want for their children, about what kinds of care would be utilized if they were available and even information on the kinds of child care arrangements parents are currently using is very sketchy and often unreliable. It is not clear to what extent parents feel that children of varying ages need different kinds of
care and supervision and the surveys that have been done are constrained by
the present conditions of limited choice for child care arrangements that con-
front parents.*

To secure information on how the children of working mothers are cared
for, in February 1965 the Children's Bureau of the U.S. Department of Health,
Education and Welfare, and the Women's Bureau of the U.S. Department of Labor,
co-sponsored a national survey of the child care arrangements made by these
mothers. The survey was limited to 6.1 million mothers who worked 27 weeks
or more in 1964, either full-time or part-time, and who had at least one child
under 14 years of age living at home.

According to this survey, (Low and Spindler, 1968) these mothers had
12.3 million children under 14 years of age; 3.8 million under 6 years;
6.1 million from 6 to 11 years; and 2.4 million from 12 to 13 years. The
survey revealed that nearly half (46 percent or 5.6 million) of these children
were cared for in their own homes by their fathers, by relatives, by babysit-
ters, or by housekeepers; 28 percent or 3.4 million were cared for by their
mothers, who either worked only during their children's school hours or took
care of them while working; 16 percent or 1.9 million were cared for away
from home, about half by a relative and half by a non-relative. Rarest of
all arrangements was group care of children in a day care center, nursery
school or like facility. Only 2 percent or 265,000 children were cared for
in this manner. Nearly 8 percent or 994,000 children looked after themselves
while their mothers worked, including 18,000 pre-schoolers.

Milton Willner conducted a study of day care between 1964 and 1966 that
was reported in his article, "Magnitude and Scope of Family Day Care in New
York City". It was primarily concerned with three matters: describing arrange-
ments of unsupervised family day care, assessing the suitability of these arrange-
ments, and studying the characteristics of family day care mothers. They found
that:

(1) Most mothers use family day care so they
can go to work and they use this type of
care because group care is not available.
(2) Unsupervised care is more expensive than
group care.
(3) A majority of mothers would like good child care
but are often willing to settle for poor
arrangements.
(4) A majority of family day care mothers are
qualified.
(5) Only one third of the homes studied could
be judged as adequate for beneficial child
development.

The researchers noted that the sample of women in the study could
not be considered representative of the general population, because they
clustered together in educational background and job histories. They were
particularly strong in their motivation toward work and their concern for
good child care.

*OE O survey of Westat investigated only reported child care arrangements
of lower-income families where the mother was in work or in training.
("Demand and Supply Surveys," Westat, Inc., sponsored by the Office of
Economic Opportunity, available in Spring 1971.)
A later study by Willner (1971) found that, among black working mothers in his sample in New York City, family day care was considered a poor substitute for group day care. Fewer than 5 percent of the 203 mothers surveyed stated that they had deliberately selected family day care. In addition, he found that more than 80 percent of the mothers continued to want a different type of care, with group care preferred by most. The findings pointed to the attitude that family day care is expected to supplement the care of parents, not be a substitute for parental care. Family care was seen as good custodial care, while a day care center arrangement, was expected to provide quality programs with structure and facilities for the development of the child.

A recent study (Field Foundation, 1970) of the need for child care services in the city of Berkeley (conducted by the Berkeley Unified School District) found that approximately 30 percent of the children in the sample were under some form of child care arrangement and an additional 15 percent would if they could find and afford one. The responses also showed that 21 percent (second highest of 8 types of care) preferred babysitting service in their own homes. The largest proportion (28 percent) preferred a nursery school which could provide an educational component for the child.*

C. SOME ISSUES IN DAY CARE

A number of issues have been identified which relate to the development of a day care system in the United States. Some center around fiscal and administrative arrangements, others concern the extent to which parents and community people should participate in the workings of a day care program. Four issues have been selected for discussion in this chapter because they appear to be central to decisions about (1) who should have day care, (2) at what cost, (3) with what consequences in terms of child development, and (4) with what implication for quality.

1. Client Population
   
   One of the important philosophical questions concerning a national day care program concerns the appropriate client population for the service. If the service is of real value to the child, to the mother, and to the family, it is difficult to argue against making the service available with federal assistance to all people who may not have the resources to purchase it, not simply to those on welfare. This would mean essentially the creation of another tier of our educational system.

   Education experts, social work professionals, and medical authorities are still divided over how accessible day care should be and for whom, but Congress and the President have advanced the program on the possibility of using day care to make mothers more employable and thereby, hopefully, reduce the costs of public assistance. There is little evidence to demonstrate that children on welfare have a particular need for day care as opposed to other situations including keeping the mother in the home.

Political attention, in its concentration on the potential baby sitting function of day care, has been less concerned with its practical uses and limitations.

The debate implicitly indicates an attitude that women on welfare are somehow unworthy and undeserving for having children who could not be supported. The reasoning seems to be that these mothers should be put to work if possible and the government should provide a child care arrangement, which is probably better than the care provided at home in any case. There is a punitive element in the position being formulated in Washington that does not apply to other mothers in similar situations. There has been no suggestion that work and day care provision should apply to young mothers who are widowed and left dependent on social security survivors' benefits or a veteran's pension (even if this pension came as compensation for something that was non-service-connected).

While some would argue that the government ought to provide child care for all, this would tend to ignore the inequal ability to pay between families of higher and lower income. This does not necessarily mean that eligibility for participation in government supported day care should be limited to those below a certain income. The poverty line is not a real dividing line between those who need free child care and those who can afford to pay the full cost for care. For example, it is true that a family of four earning $3,000 could not afford to pay $2,000 a year for child care, but neither could the family earning $5,000 or even $6,000 a year. A strict income cut-off places marginal families in a position of being too rich for subsidized care and too poor to purchase such care in the private market. Moreover, according to many economists, such income cut-offs create disincentives for mothers to take jobs or for husband to advance in pay, for, once they raised their income above the cut-off, they would be unable to afford care for their children. The OEO Impact Study (1971) concluded that it was most "appropriate to devise a sliding scale of fees in which parents above the poverty line pay a certain proportion of the full cost of child care."

Other criteria have also been suggested or limitations on the target clientele such as age of child, employment status of mother, and the number of pre-school children in the family. If one defines the "benefits" of day care simply in terms of the number of hours worked by mothers, the criteria and the program components can be juggled in such a way as to increase the apparent cost-benefit ratio for the program. For instance, after-school care is considerably cheaper than all-day care, so priority might be given to those women with school age children who are highly employable. The next priority might be day care for pre-school children in families who have only one pre-school child. These criteria would derive from priorities which are based solely on the relative cost of care and the potential for work of the mother. Such an orientation will do little to affect the lines of most women on welfare and barely touches the task of improving the lines of the poor, of making them more employable, or of giving mothers a real choice in determining their own patterns of work and care for their children.

2. Cost and Feasibility for Welfare Recipients

Many advocates of welfare reform see federal day care subsidies as a means of reducing the welfare rolls. Some support such a development simply because they want to cut public expenditures on the welfare populations,
while others feel that such programs as day care are essential to the independence and development of welfare families.

The issue of whether it is cheaper to provide child care and training rather than welfare in difficult to resolve, (given our present state of knowledge). However there are strong indications that, even if some mothers did find steady employment, most families would still not make enough income to continue to pay even a nominal fee for the child care services they would need in order to remain in their jobs. Assuming that the child care programs met even minimal "quality" requirements, the cost per pre-school child would be around $2,000 per year, and perhaps as much as $1,000 per year per primary school child. Furthermore, unskilled women are unlikely to earn more than $4,000 per year which means that many welfare mothers would be earning about as much as the cost of child care for a couple of children. In a large-scale program, the overall cost of child care alone in some states could exceed the cost of welfare.

Whether costs are estimated using the federal standards or not, most projections and research evidence suggest that day care is expensive, irrespective of the auspices - public, private or mixed. The Day Care and Child Development Council of America, successor to the National Committee for the Day Care of Children, put the annual rate for the provision of adequate day care at $2,100 per child.

The Department of Labor in 1969 funded an experimental day care program for its own employees apparently coinciding with the promotion of day care for welfare mothers. The estimated budget for the first year was $100,000 for development costs (1/3) and for the care of thirty children. Almost $2,000 per child was necessary for the first year operation without considering the non-recurring cost items.*

The National Capital Area Child Day Care Association made estimates of costs in 1968 of almost $2,400 per child per fifty-week year with its total standard budget for a center exceeding $71,000. The only way of making major reductions in the budget of such centers would be to drastically change the child-adult ratio, but even cutting the staff in half would still place the cost somewhat over $1,200 per child with a low quality of service. The consequent effect on the children is difficult to determine, but the studies mentioned earlier refuted the hypothesis of negative effects of maternal separation only in their own intensive, high quality programs.

Gilbert Steiner has concluded that "If these per child costs of desirable day care are projected nationally, the annual bill for all pre-school AFDC children must be figured conservatively at $3 billion.**

A three year study on Cost Analysis was completed in 1966 at Brandeis University. (Gurin 1966) The study attempted to derive a functional basis for cost in centers and to develop a technique which would be feasible for other centers to use. With a sample of 6 centers covering a variety

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of facility types, they examined allocated costs and staff use of time. In conclusion, several issues were pointed out as important to cost analysis. These were:

1. the types of services offered, health, education or welfare
2. the types of staff positions used
3. the use of professionals and non-professionals
4. teacher-pupil ratio
5. salary levels
6. unit costs of program length and time
7. proprietary vs. non-profit approaches

As a result of problems encountered in the investigation, the researchers seriously questioned the usefulness of cost analysis as a tool for day care center operations. In the first place, they say, cost analysis is expensive and time consuming. In the second place, non-profit agencies use money on the basis of need rather than dollar amount (as proprietary operations do), so an objective measure of expenditure is not possible.

A more up-to-date study by ABT Associates has been funded by OEO to describe and cost existing child care arrangements. The report, which is due in 1971, is expected to include an analysis of sources of variation in costs, budgeting techniques of child care arrangements such as home and center care, the elasticity of factor inputs, and possible economies of scale.

Using some economies of scale, there are ways of cutting many of the costs now projected for day care without lowering standards. A consortium of centers could take advantage of the savings of bulk buying. There are economies of scale to be realized through the sharing of consultant and health services. Costs can also be reduced by the efficient use of part-time and para-professional employees.

The question of whether an extensive day care program will reduce the costs of public assistance will depend on (1) the rate of flow of new entrants onto the rolls, (2) the number of mothers on public assistance who are employable in the job market under prevailing market conditions, (3) the level of support that mothers can maintain given the income level of their jobs and the expenses incurred as a result of working, (4) the development of a cheaper substitute for traditional day care which can still meet the needs of the child, and (5) the desire of mothers to utilize the child care arrangements available. To date, there has not been enough thinking and research about the conditions which impinge upon the success of a massive day care program in affecting welfare costs and on the benefits and costs of the different approaches to day care; however, present estimates and indications are that few, if any, public funds will be saved.

3. Child Development

In a recent Field Foundation report (1970) of the "Children's Advocacy Project", day care was pictured as the convergence of adult forces pressuring for their own interests. The report points out that the federal government wants cheap programs with high standards to get welfare recipients to work, that industry wants to use day care as a drawing and
holding advantage for employees, that franchisers want to profit from new day care enterprises, and that women's liberation movements want child care on their terms rather than as an instrument in the service of male oppression and exploitation. These pressures are so strongly focused on the needs of adults in the labor force, that the report expresses apprehensions about the potential detrimental effects on the children in their emotional and educational development.

Many opponents of widespread day care believe that children under three, and often under six are better off at home. They argue that between the ages of two and three the superego develops and the child acquires behavior standards, primary habits and self-discipline patterns and needs the assurance of a stable relationship to the mother. However, a recent study by Nye suggests that maternal employment has no apparent relationship to the personality characteristics of a child. He reported non-significant differences in school grades and rated adjustment characterizations of children of employed and non-employed mothers. He found that the working mother is not one who typically rejects her children or neglects their needs.

Recent research and findings of child psychologists and educators in early childhood development, while accepting the idea that the earliest years of life are a crucial formative period in a child's development, emphasize the environments in which the child is raised. There may include the home, group facilities, and the place of work of the parent. Attention is focused on the quality of the environment with which the child interacts. In the case of non-home environments, there is much controversy over what should happen to children. It is generally accepted that a good child care facility can offer safe surroundings with adults who are sensitive and responsive to children. This provides, to a certain extent, for the physical and emotional security of the child. A child care facility is also an ideal setting for providing supplemental nutritional and medical services. However, the major disagreement centers around whether educational programs work and, if so, which kinds work best (e.g., traditional nursery school, Montessori, Bereiter, Engleman, etc.).

In recent years research and demonstration money has become available to experiment with group care for children under three and to explore family day care. The Upstate Medical Center of the State University of New York, in one day care experiment, treated the hypothesis that an appropriate substitute environment can be created in cases of maternal separation and that such an environment can enhance the educational skills of the child in ways not generally possible in low-income families. Their preliminary findings show that the children in the program did advance in cognitive skills in the experimental environment.*

The Cambridge Institute Impact Study (1971), in discussing the arguments for and against various arrangements from the standpoint of child development, summarized the arguments as follows:

1. Although it is clearly true that some mothers now need child care services and that some existing arrangements

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*State University of New York at Syracuse, Upstate Medical College, "Development of a Demonstration Day Care Center for Young Children."

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are harmful to children, the appropriate solution is not necessarily to institute a new and expensive system to provide quality care outside the home exclusively. Rather, the best answer may be to make available enough money and enough guidance to enable mothers to choose to take care of their own children if they wish. Many might prefer to do so if they could afford it, and many might do a better job with their own particular children than a child care staff could do.

2. Americans, rich or poor, do not need or want to have the government decide what is good for them or their children. They want the resources to be able to conduct their own lives and assist in the growth of their children. Poor parents want this freedom for precisely the same reasons that middle-class parents want it. If parents choose to raise their own children on a full-time basis, this choice should be available as an economically sensible alternative.

On the other hand, the arguments for an expanded and improved child care program are compelling:

1. To the extent that existing arrangements both in the home and away from it are harmful to children, alternative settings, which are safe and developmentally adequate, should be available.

2. Child care arrangements can ensure that proper attention is paid to medical and nutritional needs and can provide an enriched environment through peer group relations and pre-school programs not usually available in the home.

According to the report of Forum 17 of the 1970 White House Conference on Children, day care holds an important potential for providing children with "the essentials of experience" which can lead to healthy development. Recent research in this area also supports the possibility of desirable effects of carefully planned environments for young children outside the home. This literature emphasizes the kind of care given and not the place where care is given. The concern centers on how the child is handled, what abilities are nurtured, and what attitudes toward people are encouraged and reinforced.

The report of Forum 17 points out that "a poorly funded program, where children are left with few challenging activities and have little relationship with or guidance from adults, can seriously jeopardize development". It further suggests that day care programs cannot meet the needs of children unless they are also responsive to the values, concerns, and needs of parents and to the parents understanding of their own children.

4. Quality of Care

It is important to realize that there are important differences in the quality of care provided in day care programs and that many simply supply custodial and protective care, otherwise known as 'warehousing'. There is great opposition both in and out of government and in professional circles to the custodial kind of child care; most of the defined goals for the service are stated in terms of emotional, physical, and educational growth of the child.

The Federal Interagency Day Care Requirements, which become effective July 1, 1971, attempt to set down standards which minimally promote these goals. However, most centers in the country cannot meet the requirements particularly those concerned with the child-adult ratios (5 to 1 for 3 to 4 year olds in a center with 15 to a group, and 7 to 1 for 4 to 6 year olds with 20 to a group) and the educational qualifications of the staff. If day care centers have not met the federal standards by the July deadline, they are not supposed to receive payments on behalf of those children for whom federal matching funds had previously been received.

The size of a center in relation to the number of staff and facilities undoubtedly affects program quality. A recent observational study (Prescott 1970) of a random sample of 50 centers, under both public and private sponsorship, which provide full day care, showed profound differences in daily programs offered to children. Size of the center stood out as a dependable predictor of program quality. In those centers which served more than 60 children, as compared to those enrolling 30 to 60, greater importance was placed on rules and routines. Teacher emphasis on control and restraint was measured 2 1/2 times higher. The teachers in the larger centers according to a comprehensive rating of teacher manner were more often rated as being distant and almost never rated as sensitive. In smaller centers emphasis was placed on the provision of opportunities for "pleasure, wonder, and delight" and much less on regulating the small children through rules. In addition, large centers almost never offered children the experience of participating with different age groups. Large centers were also found to have play areas which rated low on organization, variety and amount to do per child and children were often bored.

The study also pointed out that in large centers, children were rarely observed to be enthusiastically involved or highly interested in what was going on. Prescott concludes that the "establishment of the large center is an unimaginative solution to a need

that requires a diversity of alternatives which can guarantee rich, personal child rearing environments. While large day care centers are sometimes less expensive than smaller ones, there appears to be an important tradeoff in quality once the center reaches a certain size. When quality is sacrificed in the care of young children, hidden costs are incurred later in their lives in terms of their attitudes toward school, their psychological development, and their learning capabilities which can manifest themselves in a variety of unwanted and costly behavior forms.

D. NEEDED RESEARCH

Day care-related research in the United States is still sparse. Most of the early studies focused on the need for day care; unfortunately measurements in these studies were often not accurate, and a good survey of need is still wanting. Some recent research has focused on the value of day care for child development, such as the studies at Upstate Medical Center and Head Start, which look at the effects on socio-emotional and Intellectual growth of children in day care programs. Much more data and analysis is still required. Other research studies have attempted a cost analysis of the service and staff training programs, without a great amount of success.

One of the most significant gaps in research on child care services is the absence of measures of performance against the needs of children. At present, programs are assessed, if at all, by "standard measures" such as state licensing requirements or the Federal Inter-Agency Guidelines. These are measures of input--measures of what is currently thought to be ingredients of a high quality program. These measures are concerned with such things as the safety of the building, the floor space per child, the provision of hot food for certain children, and the adult-child ratio. These may be 'output' measures from the point of view of the system in terms of its effectiveness in turning dollars into programs with desired characteristics. However, from the point of view of the child, programs having these characteristics are the input and must be measured in terms of its effectiveness in meeting his needs.

Whether day care is desirable from a social and psychological point of view and whether it is even an economical way of freeing welfare mothers with limited skills and work experience for work or training has not been studied widely or in depth. Where it has been considered there is little agreement. We still need (1) demonstration research to develop alternative models of publicly supported day care arrangements that could be copied, (2) research into appropriate educational training and recruitment of day care personnel, (3) an inventory of available and needed facilities, (4) research in existing day care programs which exposes whatever practical defects may exist in day care as a program to facilitate the employment of mothers on public assistance, (5) systematic research upon the differential social and psychological effects on children of various kinds of child care arrangements, (6) research on the effects of day care on family well-being and stability, and (7) research on the nature and extent of the roles to be played by day care in the employment of mothers on welfare and the cost of these roles.

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Many different groups of people have responded to the need for day care facilities. Since the federal policy has been to leave responsibility at the local level, a variety of kinds of facilities has developed. This section provides some examples of existing centers.

Cooperative Community Day Care

In January of 1967, a Community Cooperative Center (CCC) was opened in the Bedford-Stuyvesant section of New York City. Two sociologists were responsible for initiating this center with its unique feature of half-black and half-white board of directors. The CCC, as of August 1967, was operating a gas station, parking lot, drugstore as well as a child care center. "The basic purpose of the Community Cooperative Center is that the profits from the business services—with drastically lower prices—are turned over to support the largest Child Care Center in New York City (107 now attending ranging from three months to five years) from 7:30 AM to 7:00 PM. They are supervised by four certified teachers, twelve trained unwed mothers, five graduate nurses and six volunteer college students...Other health and social services will be added as profits increase." 

Day Care for Migrant Workers

The Office of Economic Opportunity has projects for migrants and seasonal farm workers in Washington, Pennsylvania, New York and Ohio to provide family day care. Most programs take children from three to five years old, however, an Ohio program does take infants under three years as well. In some areas, the initiation of day care services has sparked interest in extended community action programs in order to incorporate other social services.

Hospitals

In April of 1968, the Women's Bureau of HEW conducted a mail survey regarding day care services in hospitals throughout the country. The survey covered 3,000 hospitals with 100 beds or more and nearly 2,000 of them responded to provide the following information. At the time, 98 hospitals were operating day care centers for their health personnel. Of those responding to the survey's question on number of years in operation, 65 percent were established within the last five years, 22 percent were established within the last year, and 13 percent have been in operation for the past 15 years or longer.

It is estimated that 2,550 parents use these services for their 3,200 children. More than 60 percent of the parents are nurses. Other health personnel using the services include doctors, dentists, anesthetists, nurses' aides, orderlies, and laboratory technicians. Sixty-seven percent of the centers are in operation six or seven days per week. More than 90 percent of all the hospital day care programs are subsidized by the institutions themselves,
charging a fee to users. Nearly 500 of the 2,000 hospitals indicated interest in the possibilities of day care programs. Twenty-two hospitals had plans to start one and twelve were conducting surveys to determine the extent of personnel interest. The remaining hospitals indicated no day care plans. Many hospitals today are suffering from personnel shortages and see day care as a potential solution to their problem.

Innovative Governmental Programs

(1) **U.S. Department of Labor**

In October of 1968, the Department of Labor opened an experimental day care center for thirty pre-school children of its employees. Half of the children were selected from new employees who could not accept employment unless low-cost child care were available, and half were selected from other Department employees in all grade levels. The project is operated by a non-profit private organization and funded in part by the DOL. Parents pay on a sliding scale basis.

(2) **U.S. Department of Agriculture**

In May of 1968, a day care center with a capacity for 19 children was opened at the Plant Industry Station, Agriculture Research Center, Beltsville, Maryland. It is operated by the employees' welfare and recreation association. Parents pay the operating costs.

Private Industry

KLH Research and Development Corporation, a manufacturer of hi-fi equipment in Cambridge, Massachusetts, operates a day care program for the children of its employees. The program was partially funded by the Children's Bureau of the Department of Health, Education and Welfare. KLH started the center in 1968 as an experiment in industrial sponsorship. Designed to provide all-day all-year care for children 2½ to 6, its purpose is to make jobs possible for blue-collar workers who, without day care arrangements might have to stay at home to care for their children. Various arrangements exist to cover the cost of providing day care. Some parents who can afford it, pay the full amount of $37.50 per week, others split the cost with the company, and still others, those families on welfare, are paid for by state funds. "The center set out not only to offer a sound program of pre-school education, but to serve as a pilot model for industry at large." The facilities and program exemplify the best day care available. Day care supplied at the place of work eliminates many of the problems, such as travel, incurred by an unassociated center.

Several other firms provide day care services for their employees' children, either charging a nominal fee or providing free services. The center of the Avco Printing Plant in Dorchester, Massachusetts, besides providing day care services for the children of Avco employees, enrolls children of the Roxbury-Dorchester community.

In Benton Harbor, Michigan, the Twin Cities Area Child Care Center, Inc., a non-profit agency, was formed to administer a day care program. Plans call for establishing four day care centers by 1972. The first center provides year-round professional care for children of parents who are working or in training programs. Enrollment capacity is for 80 children aged 2½ through 5 years. The land and construction costs were financed through private contributions. Operating expenses are met from Federal and State funds, parents' fees, and private contributions. Fees are based on family size and income.
A study in 1969 by the Urban Research Corporation found only 20 companies providing employee day care, but 500 interested in doing so. The study indicated that companies found it easier to attract and retain female workers when there is adequate day care. Employee day care centers served to significantly reduce absenteeism and job turnover.

Shopping Centers
At the Randhurst Shopping Center (Washington, D.C.) customers pay 25¢ per hour to leave their children at a play school on Saturdays. Open from 9:30 AM to 12:30 PM, the school provides five professional attendants to supervise games and supply snacks. In operation only six months, the center, which can accommodate 50 to 75 children, has reached its capacity. Plans are to extend the school's hours to Saturday afternoons and during the week.

In February of 1969, several religious and social groups, known as the Market Place Ministries, opened a day care center in the Landmark Shopping Center in Alexandria, Virginia. The center is called "The School in the Market Place". Although it is essentially for pre-school children (ages 3-5) of working mothers, non-working mothers also may use the services.

Social Service Agencies
The Salvation Army has instituted a day care program in Dorchester, Massachusetts. There are 60 children composed of 4 groups, and ages range from 3 to 5. Applications are screened from personal applicants (neighborhood residents, etc.) and referrals. Evaluation for participants is based on the need for day care services and is measured according to: (1) mother working; (2) health problems; (3) over-crowded living conditions; (4) number of children at home; (5) child's need for group experience; and (6) residence (if outside the area, attempts are made to refer applicants to a closer facility).

The staff consists of a director, an accountant, four group teachers, four nursery aides, a cook, and a maintenance man. Other services available at the center include: Social Worker, Educational Consultant, Casework Consultant, Boston Health Department (visiting nurse), Student Teachers, and Assistance from the Day Care Council. Fees are charged on a sliding scale, according to the number of family members participating. If there is more than one child, the fee for the second child is less than for the first. The facilities are open from 8:30 AM to 4:30 PM daily, 5 days per week, 49 weeks per year. Parents meet once per month as a group and participate in individual meetings.

Unions
The Baltimore Regional Joint Board of the Amalgamated Clothing Workers of America (ACWA) opened its Child Health Care Center on September 28, 1968, in Verona, Virginia. In mid-January, 1969, construction was started on a center in Baltimore, and it was scheduled to open in late September. Construction was also begun in June 1969, on a center in Chambersburg, Pennsylvania, which was expected to open in January 1970. Another one is planned for Hanover, Pennsylvania. These centers are financed through the jointly administered union and men's clothing industry's Health and Welfare Fund. Parents pay a small fee for services.

In March 1970, ACWA Union of Chicago opened its own day care center. The center is funded through the Amalgamated Social Benefits Association—a trust established through a collective bargaining with employers who make contributions.
Day Care services are provided free at the center for the children of about 75 women. Activities at the center focus on pre-primary education taught by a staff of seven professionals. As a pilot project, the center is intended to serve as a model for three or four future centers to be located in the Chicago area.

Universities

The Upstate Medical Center at Syracuse, New York in conjunction with its day care program has conducted studies on the socio-emotional attributes of children in group care. The program serves children from 6 months to 5 years. Research has focused on development of motor, perceptual and cognitive functions as well as growth of relative knowledge. Results have indicated that children participating in group care experience greater development than those who do not.

Research at Yale Medical School in 1967, focused on the effects of group care on infants and young children. They were using five different types of facilities to test this: care in the child's own home, small group homes for full-time care, full-time foster family care, institutional care and day nursery settings.

Another project, already completed, was for pre-school children of deprived families, located at Howard University. Here families were offered a "middle-class" nursery school program with some extra services. The children were all 3-year-olds when they entered and completed the program two years later. Upon completion, the children, through the efforts of the Children's Bureau, were set up in a special kindergarten program with highly qualified extra staff to continue the supplemental program.
WELFARE: PAST AND PRESENT


U. S. Congress, House of Representatives, Committee on Appropriations, Departments of Labor, Health Education and Welfare Appropriations for 1969.


EMPLOYMENT POTENTIAL


The principal objective of this study was to determine whether or not the wide variations in policy and in administration in the AFDC from state to state were related to certain aspects of the recipients' lives -- specifically, whether differences in the amount of the grant, in eligibility requirements and in the availability of social services were associated with the extent of a client's material deprivation, employability, perception of life chances, sense of family well-being, self-image, and so on. The secondary aim of the study was to assess the effects of participation in the Work Experience and Training Program. The extensive data contained in the report is based on a survey conducted in 35 counties -- 10 urban, 25 rural -- in 10 states. Interviews were given to current AFDC recipients, former recipients, applicants judged ineligible, Work Experience Training Program participants, and case workers. The report also deals at some length with the work history and welfare history of the sample of AFDC recipients during the 37 month period preceding the interview, as well as their current employment status.

This report is based on 13 household interview studies done by this firm over a nine year period. The studies were concerned with disadvantaged populations living predominantly in urban areas. The data from the individual studies has been combined to provide a composite picture of such characteristics as family composition. These characteristics have been compared for dependent and non-dependent families and also for work status or principle activity of male and female heads of families. The composite picture is of individuals who suffered severe impediments to employment. It is concluded that the prospects are most grim for rehabilitation and self-support through employment for any substantial numbers of these families. An annotated bibliography of literature relating to unemployment in low income populations is included.


Iowa Department of Social Services, A Descriptive Report of ADC Families in the Des Moines Model Cities Area, Des Moines, 1968.


The President's Commission on Income Maintenance Programs, Background Papers, Washington, D. C., 1970.


WORK INCENTIVES


This is a report of the results of a survey of a representative group of people with high incomes. Among other things they were asked about how much they worked, whether their wives worked, and about the effects on their patterns of the progressive tax system: whether it has a work disincentive effect. (Chapter X is on Working Behavior). They found that taxes have some effect on the amount people work, but not a great deal: "Seven-eighths of the high-income respondents explicitly stated that they had not curtailed their work effort on account of the income tax .... Income taxes did not appear to have had a significant effect on the timing of retirement or on the participation of wives in the labor force." (p. 150)


This paper presents a theory of the allocation of time between different activities. The theory is based on the assumption that households are producers as well as consumers: they produce commodities by combining inputs of goods and time according to the cost-minimization rules of the traditional theory of the firm. Commodities are produced in quantities determined by maximizing a utility function of the commodity set subject to prices and a constraint on resources. The effect of changes in earnings, other income, prices, and the productivity of working and consumption time on the allocation of time and the commodity set produced is analyzed.


Bernard, S. E., Fatherless Families: Their Economic and Social Adjustment, Brandeis University, Waltham, 1964.


This article presents the bases of the debate between advocates of moral incentives and those who favor material inducements to work between the Socialist countries: "the comparatively affluent socialist nations of Eastern Europe and the Soviet Union favor "material" inducements and reject "moral" incentives as utopian, whereas the underdeveloped nations such as China and Cuba favor "moral" inducements ..."

Clecak discusses the economic, social, psychological and ethical functions of moral and material incentives.


Cuyahoga County Welfare Department, Employment Incentives and Social Services: A Demonstration Program in Public Welfare, Cleveland, 1966.


A survey of the changes through time in "time budgets" in which he questions the common assumption that the amount of time "spent" on leisure is increasing significantly. Patterns of leisure-time are considered in some depth.

Dunmore, C. J., Social - Psychological Factors Affecting the Use of an Educational Opportunity Program by Families Living in a Poverty Area, Brandeis University, Waltham, 1967.


Margaret S. Gordon surveys some programs of public welfare in the U.S.A.: OASDI, and unemployment compensation. She discusses expenditure, effects on labor force participation (of OASDI) on income redistribution, and on savings/consumption patterns. Countercyclical effects on the economy of such programs are discussed.

This study reviews the major negative income tax proposals, evaluating them in terms of equity and efficiency, and estimates costs for alternative proposals. The theoretical and empirical literature on incentive effects of income maintenance programs are surveyed. Technical problems associated with establishing a negative income tax program which are common to all the alternatives are discussed.


A study of job attitudes: 200 middle-management men were interviewed: they were asked about 'critical incidents' in their jobs and their feelings about those incidents. The responses were analyzed in terms of factors which were important to the interviewers. The question he survey was to answer was 'what do people want from their jobs?' No simple answer was found although two separate groups of 'satisfied' and 'dissatisfied' were distinguished.


Liebow, Elliot, Tally's Corner, Boston, 1967.


A comparative study of the various ways in which different kinds of work are organized among non-industrial peoples in the production of material goods. It is concerned with collectively organized production systems in non-industrial cultures, their technology, organization and rewards.


A monograph which surveys existing knowledge on motivation and the work behavior of individuals: occupational choice, satisfaction with work roles and its effects on job behavior, and on performance in work roles.

Vroom uses a conceptual model which "asserts that the probability of a person performing an act is a direct function of the algebraic sum of the products of the valence of outcomes and expectancies that they will occur given the act." p. 276

Hence the study of occupational choices and of determinants of job satisfaction are both dealing with the conditions affecting the valence of a job to a person.


LABOR MARKETS AND UNEMPLOYMENT


Averitt proposes that American industry is composed of two types of firms: "center" firms and "periphery" firms. The center firm is large and tends towards vertical integration, geographic dispersion, product diversification, and managerial decentralization, and is typically oligopolistic.

The periphery firm is relatively small, producing only a small line of related products, in relatively unconcentrated markets.


This book begins by examining the bias inherent in American life and thought that makes one look at malfunctioning of the labor market in terms of the personal failings of workers in search of jobs. The reasonable solution that is most often suggested is education; if only these workers had more education and training they would not be unemployed or underemployed. Berg carefully recalculated the data assembled by the U. S. Department of Labor about workers' characteristics and employers' requirements to determine the nature and extent of changes in skills required over time in comparison with changes in the educational preparation of the American working population. His finding was that with the passage of time there has been a tendency for a larger group of persons to be in jobs that utilize less education than they have. There is also a critical review of data from the armed services and the federal civil service. It was found that critical determinants of performance are not increased educational achievement but other personality characteristics and environmental conditions. Berg concludes that rather than concentrating on upgrading the supply of labor, we must reconsider our reluctance to alter the demand; we must have more realistic employment requirements. The crucial employment issue is not the 'quality of the work force' but the over-all level of employment and the demand for labor in a less than full-employment economy.


Bluestone analyzes characteristics of the working poor and of the industries in which they work. In 1963, 8.5 million people earned under $3000 working full-time at full year jobs. One in four of the poor families in the United States had a full-time working breadwinner. The working poor tend to be nonwhite women, and located in the South. They are not much more likely to be very old or young, or less educated or skilled than the working non-poor.
The working poor tend to be concentrated in certain industries: in some kinds of manufacturing, retail trade, and services. In the low wage industries demand for labor tends to be decreasing, per capita productivity is lower than average, profit margins are lower and markets more competitive.

Bluestone suggests as possible strategies for attacking the problems of the working poor minimum wage legislation, unionization, and a program of income maintenance for the unemployment which will follow the economic reorganization which is necessary if low wage jobs are to be eliminated.


In an attempt to explain the failures of manpower programs of the 1960's, Bluestone presents a theory of the segmented labor market which confronts the working poor as a result of barriers to labor mobility. His model of a tripartite economy is composed of the core economy - durable manufacturing, construction, and extraction industries, in which workers receive relatively high wages and better than average working conditions and fringe benefits; the Peripheral economy of agriculture, trade and non-durable manufacturing, and services (other than professional). The working poor are, he argues, concentrated in these peripheral industries where they are paid relatively low wages and where working conditions are poor.

The third sector is the irregular economy of 'non-conventional' economic life, which is informal and outside the regular pattern of organized accounting.


A collection of public addresses made by the author when he was Director of the U. S. Employment Service. Discussed in these speeches, delivered between March 1966 and September 1967, is manpower development and planning, from the points of view of the employer, trainee, and the employment service.


An analysis of causes of unemployment in the United States in the 1960's and of prospects for the future, written from a radical point of view.


There is a discussion of the question of potential for employment of women, and the potential for family support through the employment of the family head. It is concluded from the data presented that women in general are not doing well as family providers, and that AFDC recipients have particular difficulty since they live under the major conditions that deter a woman from working or that bring her only low wages when she does. It is suggested, therefore, that an income maintenance program with a goal of providing an acceptable minimum level of living for all families requires the planning of interlacing employment with supporting programs.


Subtitled "A Community Approach for the Reduction of Dependency through Vocational Rehabilitation," this report of the Pittsburgh Vocational Rehabilitation Project represents the testing of the hypothesis that if you can change an individual's expectations relative to his attainments from negative to positive, his attainments will become more positive. The first part of the book, "The Nitty Gritty Scale," describes the organizational processes and procedures utilized in involving individuals and a community in planning for their own betterment. The second part, "Changing Expectations," describes in depth the operation and success of an educational and vocational program for the disadvantaged.


An empirical study of the ABCD manpower project in Boston. Doeringer, et. al., studied effects of programs on earnings of participants, as well as related criteria for evaluation of the program. The participants were from low wage occupations and industries: The mean hourly wage of the last four jobs held by applicants before they joined the program was $1.85.

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This study of unemployment in the United States since 1945 examines the two competing hypotheses which attempt to explain it: The structuralist and the aggregate demand theories. The author argues
that the emphasis in public debate on one theory or the other has been unfortunate, and concludes that there are significant interrelations between the two sets of causes of higher unemployment. Structural changes in the economy have penalized certain groups, but structural redundancies and shortages result in a drag on demand. Hence there is an intimate connection between structural change and demand unemployment. Fiscal and selective measures operating on aggregate demand can only work in conjunction with an integrated adequate demand policy.


This is the author's address delivered at the 1967 seminar on Manpower Policy and Program. Hall's thesis is that America is composed of diverse ethnic groups and that the potential of this situation has not been fully explored. These diverse cultural backgrounds offer unique capabilities which are needed. Hall concludes, "the manpower needs of the future are going to become increasingly varied. This has been the case with each succeeding generation. To meet these needs we can no longer afford to leave to chance the development of talent in 'the Other America,' but we must take the initiative in seeing to it that everyone has access to a first-class education up to and including graduate training regardless of where he lives or what his ethnic affiliation."


Written as a textbook, this book gives a very clear and straightforward description of different types of unemployment, possible causes, and of alternative strategies to solve the problem of unemployment.


Morse defines as 'peripheral workers' those whose work experience is of any kind other than full-time for a full year. He concludes that peripherality is a problem for those workers who would work full-time for a full year if such work were available although for other groups, variable work schedules and freedom of entry to and exit from the labor force make it possible to work where otherwise it would be impossible. In some cases, then the costs of flexibility of output are borne by the peripheral workers whose availability makes it possible.

Peripheral work experience tends to be concentrated among certain demographic and ethnic groups: For adult male white workers, the rate of peripherality is low. Women, youth and non-whites show much higher rates of such employment. The industries in which part-time work is concentrated are agriculture, services and retail trade.
Intermittent work is most common in retail trade, agriculture, construction, education and medicine. "Although these five industry groups accounted for more than 40% of all intermittent experience in 1965, intermittent work experience was much more widely dispersed among the major industrial groups than was the case of part-time work experience."

For the disadvantaged groups for whom peripheral work results from the absence of full-time, full year alternatives, peripheral work experience may be a result of institutions and economic factors at the center of the process of recruitment of full-time, full year workers which inhibit their entry to secure status in the world of work." (p. 109)


Describes the effects on workers of working on a 24 hour basis in shift work: It points out effects on psychological and physical health, and on family structure.


Oppenheimer has carried out an analysis of data relating to female labor force participation. She describes the growth of the female labor force and conditions affecting the rate of female employment. The nature of labor markets for females and the extent of segregation of male and female labor markets are analyzed, together with shifts since 1900 in the industrial and occupational distribution of women workers.

The goal of the study is explanation of twentieth century trends in American female labor force participation.


Piore defines the labor market as divided into two sectors: The primary market and the secondary market. The primary market offers "relatively high-paying, stable employment, with good conditions, chances of advancement, and equitable administration of work rules." The secondary market "to which the urban poor are confined" is decidedly less attractive in all of these respects and in direct competition with welfare and crime for the attachment of the potential work force. Piore defines the two labor markets in terms of the "Stability" of individuals in the labor force. He argues that individuals become low wage workers because of unstable working habits. Low wages in the secondary market are a function of an unstable work force. On-the-job training programs should be prepared to deal therefore with the initial weak attachment of trainees to the work force.


Ruttenberg describes the classical theory of labor markets in which a free market operates to equalize the net benefits and costs of work to individuals, and relates it to current theory and reality.


This book describes the history and structure of the State Employment Service system, the national network that is federally supported but state administered. Identified and analyzed are the inherent weaknesses that have made the employment service a barrier to progress rather than a dynamic force for social change. There is a review of its recent performance and detailed suggestions are presented for a reorientation that would enable it to deal more effectively with the social challenges of the seventies.


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Keynesion theories of the operation of the economy and of causes of unemployment are described and applied to the United States and United Kingdom economies.


MANPOWER TRAINING AND VOCATIONAL REHABILITATION


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Dishart, Martin, Patterns of Rehabilitation Services Provided by Rehabilitation Agencies of the United States, National Rehabilitation Association, Washington, D. C., 1964.


Levitan, S. A., Programs in Aid of the Poor for the 1970's, Baltimore, 1969.

This book begins by identifying the poor and discussing current definitions of poverty. This is followed by an assessment of the three major categories of programs for the poor: cash support programs, programs in aid for the employable poor, and the provision of goods and services. The final chapter discusses the prospects for the eradication of poverty by 1976 and makes specific recommendations as to how this could be accomplished.


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This report contains data based upon individual trainee reports received through the regular MDTA reporting system in 1965 and 1966. It is concluded from the data presented that there is a general upward shift in overall hourly earnings following training as compared with pretraining earnings levels, but with differing impact upon various component groups. The linkage of the MDTA training program with the entire structure of national anti-poverty measures led to the special analysis of the experience of trainees with family responsibility. Tabulations made for training graduates who were family heads showed a greater advance in earnings levels for this category of trainee than for the total studied. Also noted was the comparatively greater gain registered by non-white family heads, resulting in a narrowing of the white-nonwhite pretraining earnings differential.


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