# Leaving Poverty Through Work:
# A Review of Current Employment Strategies

**by**

**Elizabeth J. Mueller and Alex Schwartz**

**October 1998**

**Elizabeth J. Mueller**
Assistant Professor and Senior Research Associate
Community Development Research Center
Robert J. Milano Graduate School of Management and Urban Policy
(on leave)
4002 Avenue D
Austin TX 78751
(512) 302-4412

**Alex Schwartz**
Assistant Professor and Senior Research Associate
Community Development Research Center
Robert J. Milano Graduate School of Management and Urban Policy
New School for Social Research
66 Fifth Avenue
New York, NY 10011
(212) 229-5886

# LEAVING POVERTY THROUGH WORK:
# A REVIEW OF CURRENT DEVELOPMENT STRATEGIES

## INTRODUCTION

While the incidence of joblessness and poverty is highly uneven across racial and ethnic groups in this country, public solutions are only rarely targeted to groups particularly hard hit by these problems. Scholarly literature reflects this disconnect. There is a rich literature on the uneven incidence of poverty and joblessness, both spatially and racially, offering explanations ranging from structural to cultural (c.f., Wilson, Kasarda, etc.). Yet, apart from discussions of Affirmative Action employment regulations or targeted programs developed in response to racial discrimination lawsuits (such as Gatreaux), it is hard to find any mention of race in discussions of policy solutions. Also surprising is that few analysts have focused on how well particular programs serve various racial groups.

Jobs are increasingly central to economic development, welfare reform, and urban policy. In each of these overlapping areas, the objective is to increase employment and decrease dependency. Policy makers, scholars, foundations, and others are pushing to increase employment among the poor--to increase labor force participation in general, and to shift welfare recipients into jobs in particular. The Personal Responsibility and Work Opportunity Act of 1996, with its stated goal of moving 50 percent of all recipients into jobs within 5 years, is the most recent example.

This emphasis on increasing employment among the poor comes at a time of stagnant wages, especially for people with modest skills and education--particularly women and members of minority groups. In 1997, 28.67% of all workers earned poverty level wages—

nearly half of these poverty earners made wages placing them at 75% or less of poverty. Low wages are most pronounced among women of color: 42.6 % of black and 53.3% of Hispanic women earned less than poverty level wages in 1997. Those earning very low wages formed the bulk of this group in both cases (Mishel forthcoming: 136-142). Even though employment has increased briskly in the past few years, and productivity has improved as well, wages have continued to decline for the vast majority of the workforce. Contributing to wage stagnation is the mounting growth of low-wage service industries, proliferation of temporary and other "contingent" workers, the weakening of union bargaining power, and the declining real value of the minimum wage.

Increasing employment among the poor is especially difficult in inner city communities where labor force participation is low, and those who are in the labor force confront high unemployment and competition for low wages. In 1990, only 59.6 percent of the adult population in the 100 largest U.S. cities were in the labor force, compared to a national average of 66 percent (Kasarda 1993b, U.S. Bureau of the Census 1994). Unemployment in these 100 cities averaged 11.6 percent in 1990--more than double the national rate of 5.5 percent. Employment prospects are especially bleak in these cities' "extreme poverty areas"--census tracts with poverty rates of 40 percent or higher. According to the 1990 census, 40 percent of all males residing in such neighborhoods did not work at all in the previous year (Kasarda 1993a).

The current movement to promote work when "living wage" jobs for the inexperienced and poorly educated are becoming ever scarcer poses a fundamental dilemma: How can the "dependent poor" obtain jobs that offer sufficient income and benefits so they do not merely become the "working poor?" This paper will compare several strategies for increasing employment and earnings among the poor, especially among residents of impoverished inner city communities, and assess their promise for moving African Americans and Latinos out of poverty. We conclude with some suggestions for future research and directions for policy design. The strategies chosen cover a range of current approaches, although not commonly grouped together. The first two--job training and local job creation--represent mainstream approaches to employment and economic development. In addition, we consider mobility strategies and wage subsidies, two newer, less tested strategies which are rising in popularity. While not exhaustive, these four categories provide a wide range of contrast.

### *STRATEGY ONE: JOB TRAINING*

Currently, publicly funded job training for 'disadvantaged' workers is based on the provision of short term training, primarily in how to look for a job or in a nexus of items labeled "job readiness" or, increasingly "soft skills." Any occupational training included is of extremely short term duration. The emphasis falls first on connecting workers to jobs--job quality and mobility are not the primary focus or come later. Evidence from evaluations of current and past job training programs, consistent with current labor market analyses, suggests that this approach is unlikely to move workers out of poverty.

Publicly funded job training programs have rarely directly addressed racially-based barriers to employment or even explicitly targeted racial minorities. Yet increasingly, privately funded initiatives—which often foreshadow adoption of new approaches by the public system—are doing so. Specifically, they are promoting training in "soft skills," an area of training often aimed at black men, and by brokering access to jobs in occupations that have been traditionally closed to minorities. In this section we first describe the public training system and then outline promising new, privately funded approaches.

The United States has never funded job training (using the broadest of definitions) at a level comparable to other advanced industrialized countries (OECD, 1990). Even the Comprehensive Employment Training Act (CETA) program of the 1970s, funded at ten times the level of the current federal job training program, never funded job training on a large scale. In fact, most of CETA's budget ($11 billion annually at its peak) was directed at creating jobs through public sector employment, on the theory that the private sector could not generate enough jobs in the near term. (Lafer, 1994, 369).

CETA's successor, the Job Training Partnership Act (JTPA), embodies a completely different orientation to the issue of jobs for the poor. The JTPA system attributes joblessness among low income people primarily to the characteristics of the unemployed rather than those of the market. The solution it offers is job readiness and short term skills training. The program carefully avoids any public sector job creation.

The scale of the JTPA is modest. In 1993, JTPA Title II, which serves disadvantaged workers, enrolled 310,000 adults (plus 140,000 youth) at a cost of $1.7 billion (DOL, 1995, 28). Most commonly used services under the program include classroom training (46%), job search assistance (19%), and on-the-job training (18%). Classroom training includes both occupational and basic skills training.

Areas of the program criticized range from its underlying conception to program implementation. The program's reliance on dated labor market statistics in the current context of rapid change can lead to inappropriate training. Practitioners often complain that the system is poorly linked to local employers and that training developed to lead to previously identified jobs at local companies is de-emphasized because of the danger of subsidizing training employers would have provided in any case (Oden, Hill, Mueller, Feldman and Markusen 1993). In addition, such training is usually aimed at displaced rather than disadvantaged workers. Due to labor market conditions and the program's emphasis on linking payment to service providers to performance indicators (such as placement rates), critics note that the program pushes local contractors to choose the job ready over the needy for inclusion in programs (Donahue 1989). In response, program design was altered in 1992 to increase targeting at low income people facing multiple barriers to work. Unfortunately, systematic evaluations based on post-1992 program data are not yet available (DOL 1995, 30).

Evidence on the effectiveness of the part of the program aimed at disadvantaged workers is not encouraging. A recent review of evaluations of job training programs conducted by the Office of the Chief Economist at the Department of Labor, painted a discouraging picture. Overall, although higher earnings were achieved for adult women and men, they were due mostly to increased hours of work rather than higher hourly wages. In fact, participants' annual earnings still placed them well under the poverty threshold. Not surprisingly, welfare receipt did not decrease as a result of participation. Program elements found to be most effective in producing these increases were job search and on-the-job training. Women tended to show larger increases in annual income than men and welfare recipients showed the greatest increases, though not great enough to move them off of welfare (DOL, 1995, 27-32).

In response to the poor results of Title II programs and calls for welfare reforms emphasizing the transition to work, experiments with different types of programs emerged in the 1980s and early 1990s. These include federally funded demonstration projects and state-run welfare reform projects, the latter made possible by federal waivers of some welfare regulations.

There have been three national demonstrations: the Minority Female Single Parent Demonstration (MFSP), the Supported Work Demonstration (SWD) and the Home Health Aide Demonstration (HHA). The MFSP offered job skills training, basic education and supportive services to approximately 4,000 single parents at four sites.[1] Two thirds of those enrolled were welfare recipients. The SWD and HHA each provided about a year of subsidized employment to single parents who were long-term welfare recipients. The SWD was an expensive, intensive program while the HHA was less expensive and provided fewer services to participants. Both programs were found to produce gains in annual income of about $1,700 in the first two years after participation beyond the income of control group members. The HHA produced the largest gains. Yet again, the results had little effect on poverty since participants' incomes remained quite low (DOL 1995).

Only one site in the MFSP demonstration produced positive results -- San Jose, California's Center for Employment Training. The CET program has become a model for a series of replication projects across the country, some of which are run by community-based organizations (CBOs). The model involves integration of basic-skills training into a vocational-skills curriculum. Although substantially raising earnings ($133 per month by the end of year one), again, post training earnings remained below poverty (Mathematica, 1990, 1993). Anecdotal evidence suggests that the various replications are performing quite unevenly. While an essential of CET's success was its roots in the farmworker movement in California and strong credibility in the Latino community, this does not appear to have been a key factor in the selection of organizations for replication projects (Ford conference.)

*State-level Welfare Reform and Training*

In 1996, Congress passed the Personal Responsibility and Work Opportunity Act, fundamentally changing welfare policy. No longer an entitlement for those meeting its requirements, welfare became a time limited program focused on moving participants quickly into jobs to reduce caseloads. Responsibility for determining the particular form programs would take shifted to the states. Particular program features vary widely across states. While it is too soon to assess the results of these changes, preliminary evidence of two sorts is becoming available. First, a number of studies are documenting the gap between the number of people coming off of welfare rolls and the number of entry-level jobs available to them in particular states and cities. More sophisticated versions of these studies attempt to parse out how many of the available jobs will pay wages able to support workers and their families. Second, preliminary studies of those being forced off the rolls are becoming available. In both cases, early results indicate that welfare exiters are likely to have a very difficult time finding work that will support them. Most job gap studies find tremendous gaps between job seekers and living wage jobs (or even minimum wage jobs) (Midwest Job Gap Project 1998). Similarly, those leaving the rolls so far in large cities have not had great success finding work (Brookings Institution 1998) and, when employed, are often found to be in the same low-wage jobs that they commonly cycled on and off of welfare from in the past (LA Times, 5/20/98, A1).

While results are not encouraging, it is still early and results are being very carefully tracked by advocacy groups. Because welfare block grants were pegged to caseloads in 1995, most states have huge windfall grants to spend. Advocates are focusing on identifying key items for such funds to be spent on. The challenge is to prevent states from shifting this money (indirectly) to provide tax relief for middle class constituents or toward more popular or politically expedient services.

Prior to the passage of the Personal Responsibility and Work Opportunity Act, several states had developed welfare programs that featured job training services as a key component of their strategy. Under the Work Incentive (WIN) program in the 1980s, some states provided job search and unpaid work experience. The Family Support Act of 1988 expanded these efforts under the JOBS program. JOBS provided basic education and training along with extensive job search assistance. In contrast to the demonstrations described above, these programs were mandatory, participants were not self-selected volunteers. Overall, these programs report modest gains in income, again usually due to increased hours of work, rather than increased hourly wages. In addition, program participation appears to have little, if any impact on the poverty, unemployment or welfare receipt rates of participants (Riccio, 1994; DOL, 1995, 36-37). Longer term evaluations of these programs, conducted over five years, highlight the importance of placing participants in higher-wage jobs to sustained earnings gains and to self sufficiency. Without such jobs, the gains of programs are found to fade over time (Friedlander and Burtless 1995). Again, performance was not evaluated by racial or ethnic group.

Programs emphasizing more general educational attainment (rather than occupational or job readiness training) show minimal results until the college level. Beyond this threshold, there is a significant earnings payoff. Below this level, programs aimed at basic education and/or GED show marginal results (DOL 1995).

*Training for Better Jobs*

Due to the inability of federally funded programs to generate access to better paying jobs, or jobs with the potential to lead to better wages in the future, CBOs and foundations have been searching for alternative approaches. These alternative programs are aimed at providing more intensive skills training, better post placement services and, in the most ambitious programs, a job that offers above-poverty wages or that puts workers on a career track.

Several promising models have been or are being implemented, with foundation support. Most can be labeled 'demand side strategies' since they emphasize links to employers and training designed around their needs. In addition, many promising efforts build training around efforts to modernize particular sectors of the regional economy. In this section, we provide a brief description of these approaches and some examples of each. In each case, we consider the promise of such an approach for linking workers of color to jobs able to support them and their family.

Employer-focused training combines entry level jobs with training in order to create career pathways and upward mobility. In some cases, programs attempt to place workers in jobs quickly ('rapid attachment') and then provide post-placement training linked to employers needs (NGA 1998). Access to such training provides a carrot for employers and induces them to hire the central city minority workers they have traditionally avoided. In this sense, these programs act as job brokers for central city workers. A final and important aspect of these programs is the attention they place on fostering retention.

Race plays an unspoken but important part in these new programs. While programs do not often present their strategies in this way, much of the training they offer and the services they provide are aimed at bridging racial divides between workers and employers. Brokering services, where programs screen and 'socialize' workers in the world of work make central city minority workers 'safer' hires for white employers with little experience with this workforce. Soft skills training, aimed at helping workers learn how to interact in particular work situations, is often demanded by employers likely to hire black men. Providing such training has become an important strategy for countering rejection of black applicants since interviews are increasingly based on assessment of perceived attitudes and socialization rather than 'hard' skills (Harrison in Giloth, 1998, 30). Similarly, mentioning and job retention strategies often help workers deal with an unfamiliar and sometimes hostile work environment where they may have few or no CO-workers of their own race. Supervisor training is the other side of this issue, sensitizing supervisors to workers' needs and experiences.

Examples of strategies that combine work-based learning and entry level jobs include school-to-career programs in Maine and Wisconsin that give high school students the opportunity to learn skills on the job—skills that are reinforced in classroom training. Wisconsin has been offering its Youth Apprenticeship Programs since 1992. Both school and workplace training are organized around specific skill competencies. Students are also assigned to workplace mentors, who are also trained by the program. The program is monitored by an oversight committee. Students cited the importance of both mentor training and active oversight in determining the quality of their experience. According to a 1996 evaluation cited by the NGA, 68 of surveyed program graduates were working in the field they were trained in after graduation and 73 percent were enrolled in postsecondary education or training (NGA 1998, 2).

State customized training programs are also moving in this direction. For example, California's Employment Training Panel, operating since 1983, now dedicates a portion of its funds to training welfare recipients. Training will be provided to recipients once they are employed. One project in southern California, to be jointly administered by several regional Private Industry Councils and the LA County Greater Avenues to Independence program will provide post-employment training in industries with the potential to provide wage growth for employees. Employers must commit to provide wage increases, promotions, or other sorts of benefits to those completing training (NGA 1998,4).

Sectoral strategies focus on employment opportunities within groups for firms that share a common market for their product, produce a common product or share basic labor force, infrastructure or technology requirements (Mt. Auburn Associates 1995). We divide these efforts into two groups: those that target and promote employment in well-paying sectors that are often not accessible to minority workers (whether skilled or not) and those that aim to transform work conditions in low wage sectors where unskilled minority workers are most often hired.

Sectoral strategies, if carefully designed, can result in well-paying employment for inner city residents. A review of ten sectoral programs by Mt. Auburn Associates found that there are several key factors to consider in designing a successful program. First, expanding employment opportunities for the urban poor must be an explicit goal of the program. Those sectors targeted must have labor needs that unskilled residents can fill and also provide opportunities for long-term advancement. To achieve these ends, it is important that advocates for inner city residents are involved in implementing the strategy. Finally, it must address support service needs that the poor may have (child care, transportation) along with their occupational needs (Mt. Auburn 1995, vol. II: v).

An example of a sectoral program is the Manufacturing Jobs Connection (MJC) being implemented in Milwaukee as part of the Casey-funded Milwaukee Jobs Initiative (MJI). Building on the work of the Wisconsin Regional Training Partnership, which has developed a program of training for incumbent workers, the MJC places inner city workers of color in well-paying jobs in manufacturing firms. Through a program of training designed with strong employer input, workers are prepared to replace the many retiring machinists and other skilled workers in such plants. MJI has also developed a printing training program, based upon the same principles.

MJI is also working to improve access to jobs in the construction industry. Toward this end, the Central City Workers' Center was established in the heart of the city's black community to recruit, assess and provide key supports to central city workers. While the CCWC also refers workers to the manufacturing and printing projects mentioned above, its primary focus is on helping those interested enter apprenticeship programs in the construction industry. CCWC is run by the Campaign for a Sustainable Milwaukee and is complemented by their organizing around access to publicly-funded construction jobs for minority workers. These programs all take on the issue of job access explicitly, with the organizations acting as brokers between often minority and female inner city workers.

Many workers in cities without strong manufacturing sectors or where the local economy is dominated by low-wage sectors would face difficulty developing programs like those described above. In such cases, a sectoral program aimed at improving jobs in low wage sectors may be more appropriate. Such an approach is illustrated by the work of Cooperative Home Care Associates in the South Bronx in New York City. This organization, a workerowned cooperative of home health aides, employs over 300 women, 250 of whom are worker-owners with voting rights in the governance of the organization. By providing longer training than is required by law and negotiating better contracts with employers, CHCA has been able to offer workers a higher hourly wage than the industry norm and health benefits for workers. Again, this strategy required a great deal of start up money and was backed by an institutional sponsor, the Community Service Society of New York.[2] In effect, this strategy attempts to make "bad jobs" into "good jobs." In order to do this, trainees cannot be placed in the private sector, conditions are changed through creation of alternative business structures, such as worker controlled cooperatives. The CHCA model is currently being replicated in Boston and Philadelphia with support from the C.S. Mott Foundation, the Ford Foundation and the U.S. Catholic Campaign for Human Development, as well as local foundations in each site (HCATI, 1995). However, replications efforts have been complicated by changes in the health care sector, making demand for these jobs less stable. In this approach, job access is not the key barrier facing workers. Instead, the organization plays the role of advocate for them collectively, somewhat as a union would.

*Summary*

Overall, evidence on the results of federally funded job training programs for inner city workers is not encouraging. Increases in incomes do not raise participants above the poverty threshold. Most evaluations find that any increases in income are most likely to come from increased work effort rather than increased wages. This suggests that workers remain in the same extremely low wage jobs as before, only working longer hours. Alternatives developed by nonprofit organizations with foundation support are in the early stages and have not yet been adequately evaluated. To the extent they are able to develop jobs in higher wage occupations that require relatively low levels of skill, they present a more viable model.

Welfare reform, while in the early stages of design and implementation, is generally not promising much to inner city residents. Emphasis remains on caseload reduction in many states and few are focused on where those leaving the rolls are employed and whether their jobs will allow them to be self-sufficient in the longer run.

New efforts being developed in some states, which emphasize training along with placement and which value retention and advancement, may hold promise to central city workers. Certainly, in the current environment, funding is available for such strategies. Whether they can demonstrate sufficient success to create the political will to continue their funding after federal funds dry up remains to be seen.

## *STRATEGY TWO: JOB CREATION FOR CENTRAL CITY RESIDENTS*

As public resources for direct employment strategies have evaporated, strategies focused on private sector development have become the centerpiece of local economic development practice. Strategies for employment creation via economic development range from development incentives aimed at lowering land, capital or labor costs for firms to more strategic regional investment in efforts aimed at retaining or fostering business development or expansion in particular sectors of the regional economy through less tangible incentives (Bartik 1991; Eisinger 1988; Sternberg 1991). Tax abatements are among the most common tools used to lower land costs for investors, as are industrial revenue bonds for capital costs, and wage subsidies of various sorts for labor costs. Federal programs such as Urban Development Action Grants, Community Development Block Grants, and Enterprise and Empowerment Zones have incorporated cost incentives directly or have provided flexible funding allowing for their use. In addition, state and local governments also often offer nonfinancial assistance to businesses aimed at providing information or skills to investors (Bartsch 1989). In strategic regional efforts, in regions strongly affected by secular shifts in employment, local governments act as convenors, bringing together representatives of business, labor and government to foster more collaborative relationships and coordinated use of public resources. Across these examples, the pervasive philosophy is that government should play a supportive role in fostering sustained private sector activity to generate employment. Strategies have centered on "public-private partnerships," in which private sector actors have a strong hand in shaping the development process and outcomes (Barnekov and Rich 1989; Squires 1989).

Traditional economic development incentives such as tax abatements or subsidies to investors have been questioned on several grounds (see Barnekov and Rich 1989). First, such policies tend to remove economic development from the public agenda by creating quasi-public institutions to manage development and by giving private developers a significant role in these new institutions. Shielded from public scrutiny, projects (or "deals") are more likely to reflect a private sector agenda; private projects are leveraged with public dollars with relatively little social benefit (Fainstein 1994). Rarely are officials or developers asked to provide evidence that the net benefits of projects, in terms of jobs or revenues, will be positive or will flow to neighborhood or city residents (Squires 1989).

Second, these traditional supply side subsidies are criticized on equity grounds. Often, they are funded by methods that shift project costs from companies to residents while benefits flow to companies and, often, across city lines to the suburbs. With development deals, city residents come to bear the risks associated with projects and the often high costs of debt service for infrastructure and services associated with development (Lynch, Fishgold and Blackwood 1996; Squires 1989). With revenue bonds and tax breaks, the costs and benefits and their jurisdictional incidence are often obscure.

Most important, neither tax abatement nor industrial development strategies are generally aimed at targeting recruited jobs to minority or, more generally, to disadvantaged workers. They work instead on the theory that growth in employment will trickle down to such workers. Efforts to link job training and placement efforts to economic development activities are more the exception than the rule (Fitzgerald 1993). Instead, cities have focused on either brick and mortar tertiary development in the CBD or more recently on recruitment of high-tech firms with little assessment of the match between these sectors and their local economy or labor market. The latter trend has persisted in spite of warnings against the replicability of high tech growth models (Saxenian 1989) and the saturation levels reached by research parks and technology transfer incentives (Lugar, Goldstein 1990; Peddle 1993).

These criticisms are supported by the small but growing evaluative literature. Evaluations cast doubt on the efficacy of supportive local economic development policies as either generators of tax revenue for city coffers or jobs for city residents (Wolman and Spitzley 1996; Furdell 1994; Judd and Parkinson 1990). However, the evaluative literature suffers from many problems. Most studies suffer from serious methodological problems often rooted in the lack of reliable data, making statements about job creation or benefits attributable to particular policies or projects hard to make (Robinson and Wren 1987). Studies measuring fiscal impacts are rare, owing in part to a general lack of rigorous accounting by local officials of abatements and purported results (Krumholz 1991; Long 1986; Regan 1988; Giloth 1992). Attributing plant siting decisions or employment growth to particular initiatives is always extremely difficult, given the number of confounding factors. Studies measuring employment effects too often evaluate data at the state (or metropolitan) level, yielding no information about whether city residents get new jobs, presumably the rationale for use of city-level funds in the first place.[3] In addition, practitioners and evaluators employ a range of definitions and measures of successful job creation/employment, making it hard to compare the effectiveness of various strategies (Giloth 1992; Center for Community Change 1990). Finally, the mostly case study evidence available for local industrial development strategies generally focus on issues such as regional competitive advantage in key sectors or entrepreneurship and small business growth--employment of low-income residents in particular jurisdictions within states is not see as a central concern (Mt. Auburn Associates 1995).

Evidence available on the outcomes of local economic development strategies popular in the late 1980s is not encouraging. Evaluations show that most UDAG money went into downtown hotels, office buildings, and trendy festival markets (Jacobs and Roistacher 1980), providing low wage, often part-time work with few benefits (Krumholz 1991). Rather than helping attract investment, at times "UDAG grants actually followed a developer's announced intention to build" (Krumholz 1991). Numerous studies have noted that evidence on the effectiveness of tax abatements is illusory: in spite of claims to positive fiscal impacts, few states or cities have even kept records on tax abatements granted (Center for Community Change

1990; Lynch, Fishold and Blackwood 1996; Marlin 1990). The public is certainly not informed of the balance (Krumholz 1991).

Using the limited information on outcomes available, Lynch, Fishgold and Blackwood's (1996) study of New York State's Industrial Development Agencies found that the agency's abatements and bonding activities caused a net loss of $1.3 billion in tax revenues between 1987 and 1991. They found that while the costs of the program were readily identified, the benefits were "questionable." Attributing any increase in employment to the program was difficult: only 2 of 23 firms moving to the state cited tax benefits as a factor in their decision and both stated that "they may have invested in New York State even in the absence of IDA benefits" (p.62). Similarly, in a review of local economic policy and job creation in Britain and the U.S., Foley finds that many projects include such "deadweight costs," e.g., investment of public money that the private sector would have invested otherwise (Foley 1992). Debt or tax increment financed deals are further charged with shifting risks for investments to the public (Krumholz 1991).

*Alternatives*

What are the alternatives to the conventional approaches described above? Alternatives can be grouped in three categories: those that attempt to link the jobs generated through downtown development to local needs, those that attempt to promote local growth, shaped around the region's industrial structure and labor force and those that attempt to raise wages for various groups of city workers. Examples of the first include local hiring ordinances and linkage agreements. Examples of the second include targeted small business development, industrial retention schemes, microenterprise programs, and business incubators focused on city-based enterprises. Examples of the third include living wage efforts to raise wages paid to city contractors or to all city workers.

So far, evidence on the effectiveness of these alternative strategies is limited. Linkage policies are aimed more often at affordable housing or transportation funds than at employment., with promising exceptions in Boston and San Francisco (Squires 1989; Porter 1985; Keating 1986). As commercial real estate markets cooled and demand for downtown office space in most cities has declined, linkage policies have become hard to implement. Local hiring ordinances have been few and applied to a relatively narrow sector of city jobs (Haffner 1996; Beauregard 1987). Increasingly they are facing legal challenges, especially on the east coast.[4]

Yet according to recent report, *Making Connections: A Study of Employment Linkage Programs*, remaining linkage programs have been able to successfully place minority adults in "full time entry level jobs offering fringe benefits." (Molina 1998, 2). The three programs studied—Portland's JobNet, Berkeley's First Source and Minneapolis' NET—used a variety of incentives to bring employers to the table, provided critical early information on jobs to workers, and linked this information to people seeking jobs. The most successful model, in Minneapolis, is driven by labor shortages that compel employers to come to the program in search of workers. In all three cities racial and ethnic minorities were placed in jobs at two to three times their representation in the local workforce. Minority groups with relatively high unemployment rates were particularly well served. (Molina 1998, 30). Notably, none of the cities strictly enforces hiring agreements—employers are instead motivated primarily by labor shortages and the service the city provides in assembling candidates to interview.

Industrial retention schemes aimed at reorienting businesses in the hopes of longer term growth show some promise but it is too early to see the results or to know who gains from such efforts in most cases. Business incubators and small business development programs are unable to provide much start up capital to participants, thereby excluding most inner city residents of segregated neighborhoods who have little equity to borrow against in the private market (Massey and Denton 1993). New, potentially promising initiatives such as LISC's Neighborhood Franchise Initiative are in the planning stages. Microenterprise programs focus more on training than on creation of jobs able to support participants (Servon 1995). While all of these efforts may add up to a coherent strategy, unless conducted as a coordinated effort they are unlikely to result in many jobs for the disadvantaged.[5] At this stage, most are small in scale, receiving most of their funding from foundations hoping to generate models for public sector funding (Giloth 1995).

Living wage campaigns are among the most promising alternatives. Living wage campaigns refer to efforts to 1) require that public contracts to private sector providers require them to pay a living wage; 2) require that tax assistance, economic development funds, or other state aids go only to corporations that pay a living wage; or 3) that all firms in some jurisdiction pay a living wage. In some cases the changes are to be accomplished through legislation, in other cases through initiatives or referendum. The main players in such campaigns around the country include the New Party, ACORN, the Industrial Areas Foundation, the SEIU, Sustainable America, AFSCME, among others. At least 15 cities currently have some sort of living wage ordinance. Living wages are set according to a variety of metrics, with the highest based on self-sufficiency standards which reflect local costs and needs and the lowest based purely on political considerations. They range from a low of around $6/hour to rates well above $10/hour. Little information is available on who has benefited from these provisions.

*Summary*

Current local economic development practice, with few exceptions, offers little hope for job generation for inner city residents. Few jobs are generated that are appropriate for residents of poor communities in cities and most cities are reluctant or unable to enforce linkage policies or local hiring ordinances able to funnel such jobs to residents. Alternatives are small in scale, although they may have broader reach if part of a larger planning effort (Mier 1993). Overall, local economic development has emphasized "deal making" at the expense of tax payers and local workers. Attention has rarely focused on employment outcomes, as reflected in the paucity of reliable outcome data on employment and the almost total silence on the characteristics of jobs or of workers in jobs generated.

Recently, living wage campaigns have offered some hope to minority residents of large cities. Yet so far they are relatively limited in their coverage and are not well targeted to those most in need.

## *STRATEGY 3: CONNECTING JOBS TO PEOPLE*

Two related strategies attempt to link city residents with suburban employment opportunities: dispersal and mobility. Residential dispersal strategies try to help city residents overcome the institutional and economic barriers that deny them access to suburban housing and the opportunities for education and employment such housing offers. Mobility strategies also try to connect city residents with suburban jobs, but without requiring residents to move. Unlike other economic development and workforce development strategies, dispersal and mobility respond explicitly to racial isolation and discrimination in helping low-income city residents obtain employment.

Residential dispersal strategies increase the accessibility of suburban areas to city residents through such means as enforcement of fair housing laws, inclusionary zoning, scattered-site public housing, elimination of regulatory barriers to affordable housing, and broadening the residential choices for holders of rental vouchers (i.e., tenant-based Section 8 housing subsidies). As an economic development strategy for central city residents, dispersal assumes that residential proximity to jobs will help formerly unemployed city residents secure employment.

Probably the most famous and influential dispersal program is Chicago's Gautreaux Assisted Housing program. Gautreaux resulted from litigation against the Chicago Housing Authority and the U.S. Department of Housing and Urban Development, charging that they were violating the Constitution by operating a racially segregated public housing system. The program offers Section 8 rental certificates along with counseling, placement, and other support for African Americans residing in public housing or on public housing waiting lists to relocate to private housing in selected middle income neighborhoods in the city of Chicago and in selected suburbs. Participants are selected by lottery and subsequent screening. Since 1975 more than 5,000 families have participated in the program, more than half of whom have moved to middle-income, white suburbs (Rosenbaum 1995; Davis 1993).

Gautreaux inspired the U.S. Department of Housing and Urban Development to launch a $234 million demonstration program, Moving to Opportunity (MTO). Started in 1994, MTO operates in Baltimore, Chicago, Los Angeles, and New York. Among other things, it is testing the importance of counseling and other types of individual assistance in helping low-income households move to the suburbs (Polikoff 1994). Unlike Gautreaux, MTO is not limited to African Americans and is open to public housing residents regardless of race.

There is some evidence to suggest that dispersal increases employment opportunities for city residents. James Rosenbaum's research on Chicago's Gautreaux program indicates that participants who move to the suburbs are more likely to find jobs than are participants who move within the city limits. For example, 46 percent of the suburban movers who were unemployed before the move were now employed, compared to just 30 percent of the city movers who were unemployed before moving. However, Rosenbaum found no difference between the average wages or hours worked of suburban and city movers (Rosenbaum 1995; Rosenbaum and Popkin 1991). In other words, moving to the suburbs did not, by itself, increase the financial benefits of work. It should also be pointed out that the Gautreaux program is small in scale and also extremely labor-intensive to administer. Only a few hundred residents participate each year, and each receives extensive counseling. Moreover, program administrators carefully screen suburban sites for their suitability. If the program were much larger, administrators would be hard-pressed to provide the same degree of counseling and they would probably face stiffer local opposition to the relocation of ghetto residents (Hughes 1995, Davis 1993).[6] Recent evidence from Chicago, where more than 1,700 families have been relocated since 1996 from high-rise projects slated for demolition, suggests that most former public housing residents who are given Section 8 vouchers (and minimal relocation counseling) end up moving to low-income inner-city neighborhoods (McRoberts 1998). Ongoing research on the MTO should yield a richer understanding of the strengths and weakness of dispersal as an antipoverty strategy.

The mobility strategy originated largely in response to the perceived limitations of dispersal strategies. Like dispersal, mobility also attempts to redress racial inequities in access to employment. However, its proponents argue that mobility offers a poor direct way of connecting city residents with suburban jobs. Rather than relocate city residents to the suburbs and hope they can then find jobs, the mobility strategy aims to connect city residents with suburban jobs through transportation improvements and other support services.

Mark Allen Hughes is probably the nation's leading advocate for the mobility strategy as an anti-poverty strategy. In “Antipoverty Strategy Where the Rubber Meets the Road: Transporting Workers to Jobs, ” Hughes (1993) compares the mobility strategy with dispersal and also with what he calls the "development strategy" (stimulating job creation in the central city). Although he emphasizes that the three strategies are not mutually exclusive and that there is room for each, Hughes argues that the mobility strategy is the most promising and realistic since it does not conflict with immutable forces of economic development or racial conflict:

> Rather that rearranging the geography of houses (dispersal) or of firm location (development), the mobility strategy takes a more direct approach: Make available the opportunities of the region to the residents of the impacted ghetto by confronting the training, information, and transportation barriers created by the decentralized region (p. 295).

Hughes argues that dispersal, while constitutionally “compelling because U.S. citizens have a legal right to live anywhere they can afford,” is fraught with difficulty as a means of enhancing economic opportunity. It is vulnerable to recalcitrant suburban opposition, it diminishes the political clout of elected city officials by draining their constituency, and perhaps most importantly, it does not guarantee that the neighborhoods to which city residents are dispersed will remain integrated, since there is no means of preventing affluent whites from leaving these areas once African Americans and other minorities move in.

Hughes argues that the mobility strategy offers several advantages over dispersal in improving the livelihoods of inner city residents. First, it is less likely to face the same intensity of opposition from suburban communities and hence delays in implementation. Second, it retains the political constituency of central city politicians. Hughes claims that improved transportation access to suburban employment centers would enable inner city residents to secure jobs that offer higher pay and are better suited to their skills and backgrounds. He argues that suburban business centers have much lower unemployment rates than do central cities and that suburban labor shortages translate into higher wages for entry level jobs. "Why direct people to $4/hour fast food jobs downtown if the same jobs in the suburbs pay $6/hour" (Hughes 1993:243)? Hughes also argues that suburban jobs are more appropriate for inner city residents in terms of their skill requirements. The suburbs' metropolitan dominance in manufacturing, wholesale trade, and retailing translates into employment opportunities for people with limited education and skills.

Finally, Hughes asserts that "connecting lower skill city residents to the suburban labor market allows city economic development officials to focus on sectors such as tourism, conventions, and upscale retail and business services, in which the central city often retains a powerful comparative advantage" (Hughes 1995: 295). "The mobility strategy," Hughes continues, "would target job training and job search to the opportunities of the wider region by preparing would-be city workers for the suburban labor market of retail outlets, back office operations, and high-tech industry."

HUD is testing the mobility strategy in its “Bridges to Work” demonstration project, a four-year, $18 million effort, designed and managed by Hughes, to link inner-city welfare recipients in five cities to suburban job opportunities.[7] Several state and local governments and nonprofit agencies have also established van service and other reverse commuting programs to help inner city residents access suburban jobs. For example, the Southeastern Pennsylvania Transportation authority’s Bus-Rail Link program provides bus connections from suburban rail stations to major suburban employers. Employers help subsidize the program’s operating costs. Wisconsin’s Job-Ride program sponsors van service from inner city neighborhoods to suburban job sites.[8] Chicago’s nonprofit Suburban Job-Link Corporation is probably the nation’s oldest reverse commuting program for inner city residents. Founded in 1971, it links unemployed city residents with blue-collar manufacturing jobs in the city’s suburbs. The nonprofit organization operates express bus service from the city’s west side to job sites in the northwest suburbs. It is also developing a rideshare management program with a suburban bus company to provide vanpool service for city residents. The organization places approximately 450 inner-city Chicago residents in suburban jobs each year (Pugh, 1998:32).

As yet there are few if any complete evaluations of the mobility strategy. HUD is currently testing the mobility strategy in its “Bridges to Work” demonstration project, a four-year, $18 million effort, designed and managed by Hughes, to link inner-city welfare recipients in five cities to suburban job opportunities.[9] It should yield important findings about the performance of the mobility strategy. Nevertheless, there are several empirical and theoretical reasons for skepticism that mobility by itself would enable inner city residents to escape poverty through employment.

Holzer's recent survey (Holzer 1996) of employers in the Atlanta, Boston, Detroit, and Los Angeles metropolitan areas sheds light on several aspects of Hughes's argument. In each metropolitan area, Holzer surveyed 800 employers located in the central city and the suburbs. He collected a wide range information on the firms, and their hiring practices, and their workers, including skill and education requirements, recruitment and screening procedures, wages and benefits, and the racial backgrounds of all employees, new hires, and job applicants.

In Holzer's view, the survey's results suggest that the mobility strategy is "probably the most cost-effective approach in the short-term" to improve minority access to less-skilled jobs (1996: 130). However, few findings provide any support for Hughes' argument in favor of the mobility strategy, and other findings are far more pessimistic in their implications.

In support of Hughes' claim that suburbs offer more employment opportunities than central cities for low-income city residents, Holzer found that suburban employers offer slightly more entry-level positions than their central city counterparts for unskilled city residents. While 8.4 percent of the job openings available for non-college graduates at suburban firms required no education credentials or specific skills involving math, reading, writing, or customer interaction, the same was true of just 5.6 percent of the non-college job openings at central city employers. Similarly, 9.1 percent of suburban non-college jobs require only a high school diploma as against 6.7 percent of the jobs at central city employers. Holzer's survey shows that more jobs for unskilled workers are available in the suburbs than in the central city, but the suburbs' edge in this respect is hardly overwhelming. The vast majority of noncollege jobs at both suburban and central city employers require a combination of education, skills, and work history that put them beyond the reach of city residents with limited education and sporadic work experience.

More compelling than the suburbs superior supply of low-skill jobs is a second finding: there is less competition among minority job seekers for suburban job openings. Holzer found that job "application rates from blacks are roughly twice as high in the primary central city areas as in the suburbs." (Holzer 1996: 91). For example, black women account for 18.9 percent of all noncollege job applications at central city employers but only 9.3 percent of total applications at suburban firms. With more minority job applicants, employers might hire more minority workers. The paucity of black job applicants for suburban employment opportunities may reflect the physical distance between these jobs and the inner city residential locations of most black workers. Thus, the mobility strategy might enable more blacks obtain suburban jobs. However, physical distance is only one possible explanation for the lower levels of minority job applications for suburban jobs. As Holzer points out, the survey data do not indicate the extent to which "the access of central city blacks to employment in the suburbs is limited because of transportation difficulties, weak social contacts [at suburban firms], or general perception of hostility" (Holzer 1996: 92).

While the previous two findings offer muted support for mobility, two other results raise serious questions about mobility's efficacy as an anti-poverty strategy. First, Holzer notes that employer discrimination against blacks seems more pervasive in the suburbs than in the central cities. "Indeed," writes Holzer, "it is likely that more discriminatory employers choose to locate in areas that are as far as possible from minority residential populations, thus deliberately choosing to lower minority access to their firms (and perhaps their own exposure to equal opportunity litigation as well" (Holzer 1996: 131). In part, Holzer bases this argument on his finding that blacks constitute a disproportionately low percentage of non-college employees and of new hires at suburban firms when compared to the percentage of black noncollege job applicants. For example, the ratio of the percentage of black female job applicants to the percentage of black female employees is close to parity at central city employers (.926) but is only .581 at suburban firms. In other words, the percentage of black female workers at suburban firms is little more than half that of the percentage of black female job applicants, while at central city firms, this minority groups constitutes a similar proportion of total noncollege employees and job applications.  Black male workers are underrepresented at both central city and suburban employers when compared to the percentage of black male job applicants, but the discrepancy is more pronounced among suburban employers (Holzer 1996: 91). In contrast to blacks, Holzer found little difference in the representation of Hispanics among job applicants, employees and new hires at both central city and suburban firms. Employers seem to prefer Hispanics over blacks for similar low-skill positions.

Contrary to Hughes's claim that suburban jobs offer greater financial compensation than central city jobs, Holzer's survey shows that central city employers generally pay substantially more than their suburban counterparts for noncollege jobs. Hourly and weekly wages are on average highest in the central city in each of the four metropolitan areas. Furthermore, suburban employers in three of the four metropolitan areas had the highest proportion of jobs paying less than $6 per hour. Compounding their lower pay, suburban jobs, of course, also impose additional costs for transportation (Porter 1995)..

The mobility strategy also confronts logistical constraints. Reverse commuting programs are seldom feasible in suburban areas with low employment density--where business establishments are either small in scale and/or widely scattered. Margaret Pugh's recent review of low-income commuting programs in five metropolitan areas, for example, found that employers in most outer-ring suburbs are too distant and too dispersed for most low-income city residents:

> "Local planners should have a prioritized view of job placements guided by transportation and job quality. In some cities, for example, this sort of approach could consider the central city first, the inner suburbs second, jobs clusters near the airport third, and only consider jobs placement in the exurbs as a last resort (1998:46).

In short, mobility by itself does not ensure that city residents will obtain jobs that can lift them out of poverty. Indeed, Hughes includes an increased minimum wage and/or Earned Income Tax Credit (EITC) as an essential component of his mobility strategy. He further notes that the EITC would "provide an important mechanism by which to lighten the burden of [transportation] costs on workers by increasing the attractiveness of low wage jobs and possibly by incorporating commuting costs in some way" (p.295). However, the added commuting costs inherent to the mobility strategy would reduce the ability of the EITC to increase the effective incomes of low-wage workers.

## *STRATEGY IV: WAGE SUBSIDIES*

A fourth strategy for enabling low-income city residents to secure jobs that offer a way out of poverty is to subsidize wages (or require a sufficiently high minimum wage[10]). Wage subsidies may take two forms. One is to subsidize some of the wages businesses pay to disadvantaged workers. As an incentive to hire these workers, government offers to reimburse businesses for a portion of these workers' salaries. In effect, the government augments the wages businesses pay to these disadvantaged workers. One example of this type of wage subsidy is the

Targeted Jobs Tax Credit, which was available to private businesses from 1978 through 1994. Another is the wage tax credit currently available in the nation's six Empowerment Zones.

The second type of wage subsidy goes directly to the worker. The government augments the earnings of low-wage workers with additional income. We argue that this second type of wage subsidy, exemplified by the Earned Income Tax Credit is greatly superior to the first for stimulating economic development and combating poverty.[11] Further, we contend that this second type of wage subsidy offers several major advantages over the other strategies considered so far. We develop this argument by comparing the Targeted Jobs Tax Credit (TJTC) to the EITC, with occasional reference to the new Empowerment Zone wage subsidy.

The Targeted Jobs Tax Credit was created in late 1977 to encourage private businesses to hire disadvantaged job seekers. Employers received a tax credit for hiring individuals from several groups, which at various times included disadvantaged youths, Vietnam-era veterans, ex-offenders, recipients of welfare, vocational rehabilitation clients, and high school cooperative extension students (Lorenz 1995). Disadvantaged youth and welfare recipients accounted for 80 percent of total TJTC participants (Katz 1998:33). Although the TJTC was not targeted to racial minorities, most of the eligible groups had high minority representation. Businesses were entitled to a maximum tax credit of $4,500--50% of the first $6,000 earned in the first year and 25% of the first $6,000 earned in the second. The Tax Reform Act of 1986 reduced the credit to $2,400--40 percent of the first $6,000 earned in the first year of employment.

The designers of the TJTC program hoped that firms would be more inclined to hire disadvantaged workers if the government subsidized some of the costs of their employment. The program did not require employers to pay more than the minimum wage. However, the program has failed to generate significant amounts of new employment. It never achieved high levels of participation and most of the companies that did participate claimed the credit for employees they had already hired (Bishop and Kang 1991; Bishop and Montgomery 1993; Lorenz 1995). According to Bishop and Kang (1991: 25), the "TJTC is perhaps the most outstanding example of an entitlement program with extremely low participation rates despite a very generous offer." Estimates for the participation of disadvantaged youth range from five to nine percent of the eligible population (Katz 1998: 33).

The evaluation literature identifies several flaws in the program's design and implementation that contributed to its low level of usage and meager job generation. First, it was difficult for businesses to actively recruit eligible workers because it is unlawful to ask job applicants whether or not they are "disadvantaged." (Telephone interview with John Bishop, Sept. 1995). The only way to do so would be for businesses to request referrals from designated state employment offices. Second, it was stigmatizing for disadvantaged workers to directly approach private businesses (Katz 1998: 33-34). Although these job seekers could get certified by the state employment offices that they meet the TJTC's eligibility standards, such certification often undermined the job search of these individuals since it signified to employers that they were problematic in some way.

To increase participation rates, private consultants emerged to help companies interested in maximizing their use of the credit by identifying which of their recent hires were eligible and by expediting their certification by government authorities (Lorenz 1995). As a result of this practice, the vast majority of the workers claimed for the TJTC would have been hired anyway.

According to Bishop and Montgomery (1993), less than three in ten jobs benefiting from the program were new.

Besides its low participation rates and poor record of job generation, it is also important to examine the program's capacity to augment low-wages beyond the poverty line. As noted above, the TJTC did not require employers to offer any particular salary. They could, and many did, hire at the minimum wage. In such cases, the effective cost of hiring eligible workers would be below the minimum wage. To the extent the minimum wage discouraged employers from hiring young adults and other disadvantaged workers, the TJTC has created employment opportunities for some job seekers. Even so, however, the TJTC did little to boost earnings beyond the poverty line (although the minimum wage was significantly higher in real dollars at the start of the program than it is today.) More important, the TJTC was temporary. Originally, employers could use it for only two years per eligible worker and after 1986 this was reduced to one year.

The federal Empowerment Zone program offers an Employer Wage Credit that is similar in some respects to the TJTC. Eligible private businesses operating in the six federally designated Empowerment Zones[12] can claim a tax credit for first $15,000 in qualified wages. For the first seven years (1994-2001), employers are entitled to a 20% wage credit. The credit then diminishes by five percentage points for each of the subsequent three years (2002-2004) (U.S. Department of Agriculture and U.S. Department of Housing and Urban Development, 1994: 69-70).The Empowerment Zone employer wage subsidy is available for a longer period than the TJTC, which could never be claimed for more than two years for any eligible worker. The Empowerment Zone program also differs from the TJTC in that it limits the geographic location of eligible employers--establishments claiming the credit must be situated within designated Empowerment Zones. Otherwise, the Empowerment Zone credit is similar in concept to TJTC. Although the Empowerment Zone subsidy does not explicitly target "disadvantaged" workers as the TJTC did, the credit can only be claimed for employees who are zone residents (and therefore are presumably "disadvantaged"). Most important, the Empowerment Zone program, like the TJTC, does not require employers to pay above the minimum wage. Neither wage subsidy program ensures that earnings exceed the poverty line.

The Earned Income Tax Credit provides a refundable tax credit to low-income families with at least some paid employment. Initiated in 1975 to offset the burden of increased Social Security payroll taxes on low-wage workers (Scholz 1993-94), the EITC has increased several times since. Most recently, the Clinton Administration raised the credit so that it would lift a family (with children) supported by a full-time minimum wage worker above the poverty line (HUD 1995).[13] The 1993 legislation also introduced a new but very small credit for childless households. At present, federal tax expenditures for the EITC now exceeds federal funding for AFDC, making it the nation's largest antipoverty program (U.S. House of Representatives 1994).

As of 1998 the EITC provides a family with two or more eligible children with $40 for each $100 of earned income until adjusted gross income reached $9,390, resulting in a maximum credit of $3,796. This credit is available to families with annual earnings of $9,390 to $12,260, For higher income households, the credit is reduced by $21.06 for each $100 of income above $12,260, with the credit completely phased out when income reaches $30,095. Low-income households with no qualifying children receive a credit of $7.65 for each $100 of income for a maximum credit of just $306.

The EITC offers several advantages over the TJTC and other wage subsidies for businesses, including those provided by Empowerment Zones. By not requiring employer participation and government certification, the EITC faces far fewer barriers to implementation. More over, it is far less stigmatizing to the recipient. These advantages lead to more widespread use and greater effectiveness as an anti-poverty tool.

One advantage of the EITC program is that it is structured to ensure much higher participation rates than the TJTC. Since it does not require employer participation, or government certification, it is much easier--and less intimidating--for qualified households to benefit. Moreover, the credit is available to a much broader spectrum of households since it is not limited to particular groups of workers (TJTC) or to businesses situated at particular locations (Empowerment Zones); it is available to all low-wage workers with incomes below a specified threshold. As a result, businesses not only do not have to certify the eligibility of EITC recipients, they may not even be aware that their employees' receive this government subsidy. Furthermore, the recipients themselves do not have to apply for the credit. As long as they file income taxes (which is the biggest barrier), the Internal Revenue Service will check for EITC eligibility and provide the credit, whether or not the tax filer actually applied for it. As a result of its easy implementation, EITC participation far exceeds that for all other income transfer programs. Scholz (1993) estimates that EITC participation falls between 75 and 90 percent of the eligible population, with the more sophisticated estimation models pointing to a participation rate in the range of 80 to 86 percent. In contrast, only about 70 percent of all eligible households participated in the AFDC program and only about 60 percent participate in the food stamp program (Scholz 1993: 18). As noted earlier, participation in the TJTC program was even lower, involving less than 10 percent of the eligible population of workers.[14]

A second major advantage of the EITC is its permanent status. Low-wage households continue to be eligible so long as their adjusted gross income does not exceed the program's annually adjusted income ceilings. By contrast, TJTC was never available for more than two years, and the Empowerment Zone credit phases out gradually over a ten year period.

A recent Urban Institute study on work incentives under the new federal welfare program--Temporary Assistance for Needy Families (TANF)--highlights the importance of the EITC in boosting family income above the poverty line. The study estimated the work incentives under TANF for single parents with two children in 12 of the nation's largest states. Taking into account earnings, TANF grants, the cash value of food stamps, other public assistance programs, and tax liabilities, the study estimates total household income as a welfare recipient moves from not working, to a half-time job at minimum wage, to a full-time job at minimum wage, and finally, to full-time work at $9 per hour (Acs et al. 1998). When the mother moves from no work to half time, minimum wage work, median monthly income rises by 51 percent to $1,074. However, without federal and state EITC, median total income would have risen by just 27 percent. With the EITC, half-time part time work brought total income to at least 96 percent of the federal poverty line in nine of the 12 states (the exceptions: Alabama, Mississippi, and Texas). When TANF recipients move from part-time to full-time minimum wage work, total household income in the 12 states rises on average by 20 percent. Without federal and state EITC, total incomes would increase by just 11 percent. With the EITC, full-time minimum wage work brings total income above the poverty line in all 12 states--from 111 percent of the poverty line in Alabama to 134 percent in California, Massachusetts, and New York. Without the ETIC, families dependent on full-time minimum wage work would be much closer to the poverty line.

The one serious limitation to the EITC as an economic development and anti-poverty strategy for inner city communities is that it only helps households with qualified children--notwithstanding the new and quite minor credit for childless households. The full credit is not available for households without children 18 or under (22 if they are enrolled in school.) Wage earners taking care of aging parents do not qualify. Nor do low-wage workers with disabled adult children. Nor, of course, do single-person households qualify, including young minority workers. Perhaps the one advantage of the TJTC is that it entitles these other types of low-income workers, such as young African American adults, to a wage subsidy. However, this benefit is outweighed by the program's other problems, as outlined above.

Any expansion of the EITC to include these other types of low-wage households would, of course, be costly--and runs completely counter to recent efforts by Congress to roll back the credit's enhancements of 1993, including the new credit for childless households. Nevertheless, an EITC with universal eligibility for low-wage workers would go further than any other strategy in making it possible for the unemployed, the underemployed, and the never employed to earn enough in wages and wage subsidies to live above the poverty line.

We are by no means the first to emphasize the advantages of the EITC in combating poverty. Almost every advocate of the strategies reviewed in this paper also stress the importance of the EITC. For example, Mark Allen Hughes includes the EITC as a key component of his mobility strategy. Robert Giloth (1995), in his review of "targeted economic development strategies" emphasizes that all of these coordinated initiatives are premised on the EITC. In a different context, Harry Holzer (1994) suggests that the EITC might attract African American youth into the labor force, perhaps even enticing youth currently engaged in the drug trade.

We argue, however, that EITC is the only strategy with the realistic potential to achieve any scale in making work pay. While there are success stories in job training, business development, residential dispersal, and mobility, they are invariably small in scale and extremely labor intensive in their administration. More fundamental, they run against what are now long-term economic trends, i.e., stagnant or declining wages and increasing inequality. In the short term at least, only a wage subsidy such as the EITC can offset these secular trends. Equally important, by relieving organizations providing employment training and job development of the need to place low-skill people with decent-paying job, the EITC may allow them to produce more jobs and more job placements. Further, by not having to focus as much on jobs that offer a "living wage," knowing that the EITC will make up the difference, government agencies and nonprofit organizations can focus more on meeting other critical needs of low-wage workers, such as day care.

Of course, the EITC is not a long term or structural remedy for the problem of inadequate economic opportunity in the labor market. It does not require or encourage private employers to improve their wages and benefits. To the contrary, one may argue that the EITC relieves employers of pressure to increase the compensation for low-wage workers since the credit already augments these earnings.[15] More fundamental solutions would require legislated changes in the minimum wage, the length of the work week, and perhaps the rights of organized labor (Mishel 1995). Needless to say, such actions are highly unlikely in the current political climate.[16] In the meantime, the EITC appears to be most viable way for the poor to work and also move out of poverty.

**Conclusion**

As we noted at the start of this paper, while the problem of joblessness is concentrated in central cities and among members of racial and ethnic minority groups, policies aimed at addressing joblessness or low wage poverty are rarely targeted at groups particularly hard hit. For reasons both legal and political, universalistic, rather than targeted, approaches are favored. While this may be smart politics, it has also allowed the problem to be obscured. Looking at aggregate figures and trends in employment allows victory to be claimed for all when, in fact, the problem remains as acute as ever for some.

In this review, we have discussed evidence regarding several strategies for moving workers out of poverty. We have found little evidence available to tell us how these strategies perform across racial groups. Mobility and dispersal strategies address the issue most directly—not surprising since they are stimulated by the racially-based segregation of the central city jobless from suburban jobs. Some workforce development programs are beginning to address issues of racial stereotyping and discrimination through "soft skills" training for workers and "supervisory training" for employers. While these tendencies are likely to improve job placement and retention for minority workers, they are not sufficient to ensure the attainment of living-wage employment.

## NOTES

[1] Funded by the Rockefeller Foundation, this demonstration ran between 1982-88 and was evaluated by Mathematica Policy Research, Inc.

[2] For more information and examples see Donna McGill, "Community-Based Employment Training: Four Innovative Strategies," National Congress for Community Economic Development, 1996.

[3] The exception is enterprise zone evaluations which do focus on highly localized employment effects (see below).

[4] According to Paul Sonn of the NAACP Legal Defense Fund, ordinances in cities within commuting distance of neighboring states are facing challenges as unconstitutional due to their exclusion of out-of-state residents. At the same time, cities spending block grants received from the federal government are more often being encouraged or even required to hire city residents, often from low-income neighborhoods. (Interview 11/25/96)

[5] Chicago's economic development agency under Rob Mier during the Washington administration provided a brief example of such an approach (Mier 1986; Giloth and Wiewel 1996).

[6] Such local opposition nearly forced the federal government to scuttle its Moving to Opportunity demonstration program, which is experimenting with variations of the Gautreax model (see note 8). Residents of several blue-collar communities outside Baltimore complained vigorously to their congressional representatives and senators that the program would inundate their neighborhoods with poor residents from Baltimore's public housing projects. (De Witt 1995).

[7] The participating cities are Baltimore, Chicago, Denver, Milwaukee, and St. Louis. For background see "Building Bridges to Work," *Public/Private Ventures News* (Fall/Winter 1996).

[8] M. A. Hughes, "A Mobility Strategy for Improving Opportunity," *Housing Policy Debate* 6, 1 (1995), 271-297; M. A. Hughes, "Antipoverty Strategy: Where the Rubber Hits the Road: Transporting Workers to Jobs," in G. T. Kingsley and M. A. Turner, (eds), *Housing Markets and Residential Mobility (*Washington: Urban Institute Press, 1993). See also Joseph Stillman, *Making the Connection: Economic Development, Workforce Development and Urban Poverty* (New York: The Conservation Company, 1994).

[9] The participating cities are Baltimore, Chicago, Denver, Milwaukee, and St. Louis. For background see "Building Bridges to Work," (1996).

[10] Like wage subsidies, minimum wages can help certain low-wage workers earn more income that what the private market would provide on its own. In 1996 the federal government raised the minimum wage to from $4.25 to $4.85 per hour and in September 1997, to $515 per hour. Although the total increases made the minimum wage 77 percent higher than it was during most of the 1980s, in real terms they restored only some purhcasing power that had been lost to inflation (Blank 1994, Mischel, Bernstein and Schmitt 1996). The minimum wage has therefore not been very effective at keeping low-wage workers out of poverty. Furthermore, the minimum wage is "badly targeted an antipoverty device since the majority of minimum wage workers are second or third earners in middle-income households (Blank 1994: 194). However, Card and Krueger (1995) find that minimum wage workers account for about half of their families' total earnings and that their families had substantially lower incomes than other workers.

[11] A related policy is the minimum wage. Like the EITC, minimum wages can help certain low-wage workers earn more income than what the private market would provide on its own. In 1996 the federal government raised the minimum wage from $4.25 to $4.85 per hour and in Sept. 1997 to $5.15 per hour. Though the latest increases make the minimum wage 77 percent higher than it was during most of the 1980s at $2.90, in real terms they only restored some of the minimum wage's purchasing power that had been lost to inflation (Blank 1994: 194, Mishel et al. 1996: 202). The minimum wage has therefore not been very effective in keeping low wage workers out of poverty. Furthermore, the minimum wage is also "badly targeted as an antipoverty device. . . .since the majority of minimum wage workers are second or third earners in middle-income households (Blank 1994: 194). These criticisms do not address the question of whether the minimum wage discourages employers from hiring teenagers and other low-skill workers (Card and Krueger 1995).

[12] New York, Chicago, Detroit, Atlanta, Baltimore, and Camden/Philadelphia. Businesses located in the Enterprise communities are not eligible to receive this credit.

[13] The credit rate was first set at 10 percent from 1975-1984, raised to 11 percent for 1985-86, and to 14 percent for 1987-1990. In 1987 the credit was indexed for inflation. The Omnibus Budget Reconciliation Act of 1990 increased the credit rate to 17.3 percent in 1991 for a family with two children (16.7 percent for a family with one child), rising to 19.5 percent in 1993. The Omnibus Budget Reconciliation Act of 1993 set the credit rate for families with two children at 30 percent in 1994, rising to 40 percent in 1996. As a result of these increases and increases in the maximum amount of income subject to the credit, the maximum credit has grown from $400 in 1975 to $3,560 in 1996 (for a family with two children) (U.S. House of Representatives 1994).

[14] An unfortunate side-effect of the program's easy availability is its vulnerability to fraud. A significant, but declining, proportion of tax filers claiming the EITC overstate their earned income, or otherwise provide false information to establish their eligibility or increase their credit.

Fraudulent use of the EITC is especially prevalent among tax filers reporting self-employment income. Although still a problem, improper EITC claims have declined

[15] The EITC bears some resemblance to England's so-called Speenhamland Law, or allowance system, of the late 18th and early 19th centuries, which should be a source for caution. Enacted in 1795 at the dawn of the industrial revolution, Speenhamland established that "subsidies in aid of wages should be granted in accordance with a scale dependent on the price of bread so that a minimum income should be assured to the poor irrespective of their earnings" (Polanyi 1944: 78). Although the law was intended to provide a minimum standard of living, its effect was to impoverish much of England's rural population. Since the government assured a minimum income, "employers had little incentive to raise wages above the scale set by Speenhamland" (Polanyi 1944:79).

[16] Even in the unlikely event such measures are taken, their success is far from assured. Unless they are implemented in concert with similar actions in other nations, they could prompt companies to shift investment and jobs elsewhere.

## REFERENCES


Acs, G., N. Coe, K. Watson, and R. I. Lerman. 1998. "Does Work Pay? An Analysis of the Work Incentives Under TANF." Washington, D.C.: The Urban Institute, Occasional Paper Number 9.

Barnekov, T. & D. Rich. (1989). Privatism and the Limits of Local Economic Development Policy, *Urban Affairs Quarterly* 25, 2, 212-238.

Bishop, J. H. & M. Montgomery. (1993). Does the Targeted Jobs Tax Credit Create Jobs at Subsidized Firms? *Industrial Relations* 33,3, 289-306

Bishop, J. H. & S. Kang. (1991). Applying for Entitlements: Employers and the Targeted Jobs Tax Credit. *Journal of Policy Analysis and Management* 10, 1, 24-45

Blank, R. M. (1994). The Employment Strategy: Public Policies to Increase Work and Earnings. In Sheldon H. Danziger et al., (Eds), *Confronting Poverty: Prescriptions for Change.* Cambridge: Harvard University Press.

"Building Bridges to Work." (1996). *Public/Private Ventures News* (Fall/Winter).

*Business Week*. (1995). The Wage Squeeze, (July 17).

Card, D. and Alan B. Krueger. (1995). *Myth and Measurement: The New Economics of the Minimum Wage*. Princeton, N.J.: Princeton University Press.

Clarke, S. E. & G. L. Gaile. (1989). Moving towards Entrepreneurial State and Local Development Strategies: Opportunities and Barriers, *Policy Studies Journal* 17, 574-98.

Community Service Society of New York. (1996). New York City's Work Experience Program. Urban Agenda Issue Brief, no. 1, October.

Davis, M. (1993). The Gautreaux Assisted Housing Program. In G. T. Kingsley & M. A. Turner, (Eds), *Housing Markets and Residential Mobility.* Washington: Urban Institute Press.

Dewar, T. & D. Scheie. (1995). *Promoting Job Opportunities: Toward a Better Future for Low-Income Children and Families*. Baltimore: Annie E. Casey Foundation.

De Witt, K. "Housing Voucher Test in Maryland is Scuttled by a Political Firestorm." *New York Times* (March 28): B10.

Donahue, J. (1989). *Shortchanging the Workforce: The Job Training Partnership Act and the Overselling of Privatized Training*. Washington, D.C.: Economic Policy Institute. *Economic Report of the President* (1996). Washington, D.C.: U.S. Government Printing Office.

Edin, K. (1994). The Myths of Dependence and Self-Sufficiency: Women, Welfare, and Low-Wage Work. New Brunswick, NJ: Center for Urban Policy Research, Rutgers University, Working Paper No. 67.

Ellwood, D. T. (1988). *Poor Support: Poverty in the American Family.* New York: Basic Books.

Fainstein, S. S. (1994). *The City Builders: Property, Politics, and Planning in London and New York*. Cambridge: Blackwell.

Feiock, R. C. (1991). The Effects of Economic Development Policy on Local Economic Growth, *American Journal of Political Science* 35, 3, 643-655.

Fitzgerald, J. (1993). Labor Force, Education, and Work. In R. Bingham & R. Meir (Eds), *Theories of Local Economic Development.* Newbury Park, CA: Sage.

Foley, P. (1992). Local Economic Policy and Job Creation: A Review of Evaluation Studies, *Urban Studies* 29, 3/4, 557-598.

Friedlander, D. & G. Burtless. (1995). *Five Years After: The Long Term Effects of Welfare-to-Work Programs.* New York: Russell Sage Foundation.

Furdell, P. (1994). *Poverty and Economic Development: Views of City Hall*. Washington, D.C.: National League of Cities.

Galster, G. C. & R. B. Mincy. Understanding the Changing Fortunes of Metropolitan Neighborhoods: 1980 to 1990. *Housing Policy Debate* 4, 1, 303-354.

General Accounting Office (GAO). (1995). Earned Income Tax Credit: Targeting the Working Poor. Washington, D.C.: GAO/GGD-95-122-BR.

Giloth, R. (1998). *Jobs and Economic Development: Strategies and Practices*. Thousand Oaks, CA: Sage.

Giloth, R. (1995). Social Investment in Jobs: Foundation Perspectives on Targeted Economic Development During the 1990s. *Economic Development Quarterly* 9, 3, 279-289.

Giloth, R. (1992). Stalking Local Economic Development Benefits: A Review of Evaluation Issues. *Economic Development Quarterly* 6,1, 80-90.

Giloth, R. & W. Wiewel. (1996). Equity Development in Chicago: Robert Mier's Ideas and Practice. *Economic Development Quarterly* 10, 3, 204-216.

Goodman, R. (1979). *The Last Entrepreneurs: American's Regional War for Jobs and Dollars*. Boston: South End Press.

Grant, J. A. (1990). Making Policy Choices: Local Government and Economic Development. *Urban Affairs Quarterly* 26, 2, 148-169.

Greenstein, R. (1995). *The Earned Income Tax Credit: A Target for Budget Cuts?* Washington, D.C.: Center on Budget and Policy Priorities.

Handler, A. M. (1993). Empowerment Zones and Other Business Incentives May Produce Only Limited Benefits. *The Journal of Taxation*.

Harrison, B. and M. Weiss. (1998). "Labor Market Restructuring and Workforce Development: The Changing Dynamics of Earnings, Job Security, and Training Opportunities in the United States," in R. Giloth (ed.) *Jobs and Economic Development.*

Harrison, B. and L. Gorham. (1992). Growing Inequality in Black Wages in the 1980s and the Emergence of an African-American Middle Class. *Journal of Policy Analysis and Management.*

Holzer, H. J. (1994). Black Employment Problems: New Evidence, Old Questions. *Journal of Policy Analysis and Management* 13, 4, 699-722.

Holzer, H.J. (1996). *What Employers Want: Job Prospects for Less Educated Workers.* New York: Russell Sage Foundation.

Home Care Associates Training Institute. (1995). *Building Community in the Workplace: Home Health Care as a Rapid Transition from Welfare to Work*. New York: HCATI.

Howell, D. (1995). "The Collapse of Low-Skill Wages: Technological Shift or Institutional Failure?" Graduate School of Management and Urban Policy, New School for Social Research.

Hughes, M. A. (1995). A Mobility Strategy for Improving Opportunity. *Housing Policy Debate* 6, 1, 271-297.

Hughes, M. A. (1993). Antipoverty Strategy: Where the Rubber Hits the Road: Transporting Workers to Jobs. In G. T. Kingsley and M. A. Turner, (Eds), *Housing Markets and Residential Mobility.* Washington: Urban Institute Press.

Jacobs, S. & E. Roistacher. (1980). The Urban Impacts of HUD's Urban Development Action Grant Program, or Where's the Action in Action Grants? in N. Glickman (Ed) *Urban Impacts of Federal Policies* Baltimore: Johns Hopkins University Press.

Judd, D. & M. Parkinson. (1990). *Leadership and Urban Regeneration*. Newbury Park, CA: Sage.

Kasarda, J. D. (1993). Inner-City Concentrated Poverty and Neighborhood Distress: 1970 to 1990. *Housing Policy Debate* 4,3, 253-302.

Katz, L. (1998). "Wage Subsidies for the Disadvantaged." In R.B. Freeman and P. Gottschalk, eds., *Generating Jobs: How to Increase Demand for Less-Skilled Workers*. New York: Russell Sage Foundation.

Krumholz, N. (1991). Equity and Local Economic Development. *Economic Development Quarterly* 5, 4, 291-300.

Lafer, G. (1992). Minority Unemployment, Labor Market Segmentation, and the Failure of Job-Training Policy in New York City. *Urban Affairs Quarterly* 28, 2, 206-235.

Lafer, G. (1991). The Politics of Job Training: Urban Poverty and the False Promise of JTPA. *Politics and Society* 22, 3, 349-388.

Lehman, J. S. (1994). Updating Urban Policy. In S. H. Danziger et al., (Eds), *Confronting Poverty: Prescriptions for Change.* Cambridge: Harvard University Press.

Long, N. (1986). Getting Cities to Keep Books, *Journal of Urban Affairs* (Spring): 1-7.

Lorenz, E. C. (1995). TJTC and the Promise and Reality of Redistributive Vouchering and Tax Credit Policy. *Journal of Policy Analysis and Management* 14,2, 270-291.

Lugar, M. & H. Goldstein. (1990). Research Parks as Public Investments. In R. Bingham et al. (Eds) *Financing Economic Development.* Newbury Park, CA: Sage.

Lynch, R. G., G. Fishgold, D. L. Blackwood. (1996). The Effectiveness of Firm-Specific State Tax Incentives in Promoting Economic Development: Evidence for New York State's Industrial Development Agencies. *Economic Development Quarterly* 10, 1, 57-68.

Marlin, M. R. (1990). The Effectiveness of Economic Development Subsidies. *Economic Development Quarterly,* 4, 1, 15-22.

Mathematica Policy Research, Inc. (1993). *More Jobs and Higher Pay: How An Integrated Program Compares with Traditional Programs. The Minority Female Single Parent Demonstration*. New York: Rockefeller Foundation.

McGill, D. (1996). *Community-Based Employment Training: Four Innovative Strategies*. National Congress for Community Economic Development and Community Development Research Center.

McRoberts, Flynn. 1998. "Move from CHA High-Rise Can Involve a Leap of Faith." *Chicago Tribune* (Sept. 2): 1, 8.

Mishel, L. (1995). Rising Tides, Sinking Wages. *The American Prospect,* 23 (Fall): 60-65.

Mishel, L., J. Bernstein, and J. Schmitt. (1996). *The State of Working America 1996-97.* Washington, D.C.: Economic Policy Institute.

Mier, R. (1993). *Social Justice and Local Development Policy*. Newbury Park, CA: Sage.

Molina, F. (1998). *Making Connections: A Study of Employment Linkage Programs.* Washington, D.C.: Center for Community Change.

Mueller, E. and A. Schwartz. (1998). "Why Local Economic Development and Employment Training Fail for Low-Income Communities," in R. Giloth (ed.) *Jobs and Economic Development*.

Oden, M. et al. (1993). *Changing the Future: Converting the St. Louis Economy.* Working Paper no. 59, PRIE, Center for Urban Policy Research, Rutgers University.

National Governors' Association. (1998). "Meeting Employer Demands: Emerging State Practices in Workforce Development," NGA Online, NGA Issues Briefs.

___________. (1999). "Strategies to Promote Education, Skill Development, and Career Advancement Opportunities for Low-Skilled Workers," NGA Online, NGA Issue Briefs.

Peddle, M. (1993). Planned Industrial and Commercial Developments in the U.S. *Economic Development Quarterly,* 7, 1, 107-124.

Pitkin J. R. and P. A. Simmons. (1996). The Foreign Born Population to 2010: A Prospective Analysis by Country of Birth, Age, and Duration of U.S. Residence. *Journal of Housing Research*. 7, 1, 1-31.

Polanyi, K. (1944). *The Great Transformation*. Boston: Beacon Press.

Polikoff A. (1994). "Housing Policy and Urban Poverty." Paper presented at the 16th Annual Conference of the Association for Public Policy Analysis and Management, Chicago, IL, Oct. 10..

Porter, M. (1995). The Competitive Advantage of the Inner City. *Harvard Business Review*, May-June: 55-71.

Pugh, Margaret (1998). "Barriers to Work: The Spatial Divide Between Jobs and Welfare Recipients in Metropolitan Areas." Washington D.C.: Brookings Institution Center on Urban and Metropolitan Policy, Discussion Paper 98:5.

Riccio, J., et al. (1994). *GAIN: Benefits, Costs and Three-Year Impacts of a Welfare to Work Program*. New York: Manpower Demonstration Research Corporation.

Robinson and Wren. 1987. [cited in Foley].

Rosenbaum, J. E. 1995. Changing the Geography of Opportunity by Expanding Residential Choice: Lessons from the Gautreaux Program. *Housing Policy Debate* 6,1, 231-271.

Rosenbaum, J. E. and S. J. Popkin. (1991). Employment and Earnings of Low-Income Blacks Who Move to Middle-Class Suburbs. In C. Jencks & P. E. Peterson. (Eds), *The Urban Underclass*. Washington, DC: The Brookings Institution.

Saxenian, A. (1989). The Chesire Cat's Grin: Innovation, Regional Development and the Cambridge Case. *Economy and Society* 18, 4, 448-477.

Scholz, J. K. (1993-94). Tax Policy and the Working Poor: The Earned Income Tax Credit. *Focus* 15, 3, 1-12.

Scholz, J. K. (1993). *The Earned Income Tax Credit: Participation, Compliance, and Antipoverty Effectiveness*. Madison, WI: Institute for Research on Poverty, Discussion Paper #1020-93.

Servon, L. J. (In press). Microenterprise Programs in U.S. Inner Cities: Economic Development or Social Welfare? *Economic Development Quarterly*.

Stillman, J. (1994). *Making the Connection: Economic Development, Workforce Development and Urban Poverty.* New York: The Conservation Company.

Squires, G. (Ed). (1989). *Unequal Partnerships: The Political Economy of Urban Redevelopment in Postwar America*. New Brunswick, N.J.: Rutgers University Press.

Waldinger, R. (1996). *Still the Promised City? African Americans and New Immigrants in Postindustrial New York*. Cambridge: Harvard University Press.

U.S. Bureau of the Census. (1994). *Statistical Abstract of the United States (114th Edition.)* Washington, D.C.

U.S. Department of Agriculture and U.S. Department of Housing and Urban Development. (1994). *Guidebook for Community-Based Strategic Planning for Empowerment Zones and Enterprise Communities*. Washington, D.C.

U.S. Department of Housing and Urban Development. (1995). *Empowerment: A New Covenant With America's Communities. President Clinton's National Urban Policy Report*. Washington, DC.

U.S. Department of Labor, Office of the Chief Economist. (1995). *What Works and What Doesn't: A Summary of Research on the Economic Impacts of Employment and Training Programs* (January).

U.S. House of Representatives, Committee on Ways and Means. (1994). *The Green Book: Background Materials and Data on Programs Within the Jurisdiction of the Committee on Ways and Means* (CD ROM edition). Washington, D.C.: U.S. Government Printing Office.

White, S. B. & W. F. McMahon. (1995). Why Have Earnings Per Worker Stagnated? *Journal of Urban Affairs* 17, 1, 33-52.

Wilson, W. J. (1987). *The Truly Disadvantaged.* Chicago: The University of Chicago Press.