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POSITION PAPER

SUBJECT: Social Affairs

ISSUE: Public Welfare Policy - Work Programs

EMPHASIS: What measures can be taken to assure that employable welfare recipients are placed in regular jobs? Describe an employment system which maximizes exposure of recipients to regular jobs, training, if necessary, and requires participation in community work assignments if regular jobs are not available. Emphasize participation of the private sector in the provision of regular jobs for employable recipients.

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THEORETICAL POSTIONS

1. There is a great need for an employment system which assures maximum placement of employable welfare recipients in regular jobs.
2. For maximum effectiveness, various income maintenance programs, such as unemployment insurance, disability insurance and welfare, and their relationships to unemployment, must be coordinated into a systematic approach.
3. A multi-disciplinary approach must be followed to remove barriers which prevent employable welfare recipients from full participation in our nation's economic systems.
4. Additional emphasis on job creation is necessary to provide increased levels of demand in the labor market where current emphasis is being placed on increased supply.
5. Business, labor, and government must coordinate efforts to stimulate economic activity.
6. The creation of jobs to provide opportunity for all employable recipients will require appropriate action by both private industry and government to expand the total economy - with emphasis on growth in the private sector.

DATA SECTION

I. Howard W. Hallman, President, Center for Government Studies, Jobs For All: Employment and Manpower Programs for the 70's.

"To reduce the rate of unemployment, it will be necessary not only to create jobs for those now out-of-work but also to provide new employment opportunities for an ever-growing labor force (1.5 million per year.) To cope with this growth, and at the same time make progress in reducing unemployment, let us aim to create 2.1 million new jobs a year."

The Total Picture

<u>Date</u>	<u>Civilian Labor Force Growing @ 1.5 mill/yr.)</u>	<u>Number Employed Growing @ 2.1 mill/yr.</u>	<u>Unemployment Rate</u>
Dec. 71	85. mill	80. mill	6.0%
Dec. 72	86.5	82.1	5.1
Dec. 73	88.	84.2	4.3
Dec. 74	89.5	86.3	3.6
Dec. 75	91.	88.4	2.9
June 76	91.75	89.45	2.5

II. Daniel P. Moynihan - Annals of Politics

"Income by Right" The New Yorker (January 13, 1973).

"Combining government employment with public assistance, Nicholas Kisburg, of the Teamsters Union, estimated that by 1972 there was one person living off tax moneys for every 1.5 persons in private employ."

"Income from welfare had become competitive with income from work."

III. Eli Ginzberg, Manpower Agenda for America

"Of all new relief cases, 25% are directly attributable to loss of employment; in another 30 percent, unemployment is a significant if indirect factor; and in another 30 percent - those in which illness is claimed - a considerable, if masked, number reflect economic failure."

DISCUSSION SECTION

Essential to any consideration of an employment system which has as its goal - maximum job placement of employable welfare recipients - are the concepts of employability and the law of supply and demand. No welfare system, no matter how complex its eligibility and grant determination procedures, can independently reach the desired goal of maximum recipient job placement. Resources and personnel responsible for needed manpower programs and job placements are currently outside the welfare system. Thus the welfare effort and the manpower effort are organizationally separated while basically sharing a goal of moving people into economic self sufficiency. Additionally, other income maintenance programs such as unemployment insurance and disability insurance and their relationships to unemployment have not been coordinated, along with welfare, into any kind of systematic approach. The result is a disjointed effort toward income maintenance, job placement, training and unemployment programming. Meanwhile unemployment continues and welfare costs increase, almost as if "echoing" a fear Sar Levitan expressed in his statement that ... "the alternative to finding useful employment opportunities for the hard-core unemployed is to expand welfare expenditures".

The fundamental issue of welfare cost reduction through increased economic self sufficiency is not a question of its merit, but rather, its method. Few would disagree with the simple logic that increasing an individual's economic self sufficiency would decrease his economic dependency on other resources. Neither would many disagree that an individual's earning capacity is often the barrier to his economic self sufficiency.

Recognizing these two points, attempts have been made to maximize the exposure of welfare recipients to the labor market and to provide programs for their assistance in increasing earning capacity. There remains, however, one very significant area which has not been given adequate attention. That is the area of providing sufficient numbers and types of new jobs. Resulting is an imbalance between supply and demand and, more significantly, a continuing emphasis on increasing the supply through manpower and training programs aimed at improving the employability of individuals when, in fact, there are no jobs to accommodate them.

If the manpower agency had as its function the development of additional job markets, instead of the current function of vocational training, counselling, and placement, there could possibly be an increase in the demand for labor ~~instead of an increasing level of supply with no demand.~~

The Talmadge Amendments to the Social Security Act support the exposure concept that employment potential is increased by greater exposure to available jobs. Therefore all employable welfare recipients, as a condition of eligibility, are required to register for manpower services. Recognizing that some of the employable recipients may have barriers to immediate employment, additional provision was made to deal with such individuals. The Work Incentive Program (WIN) continues to assist certain employable recipients in overcoming employment barriers through the provision of employment services, training, or other supportive services. Federal funding for services provided under the WIN program was established at a 90-10 sharing ratio, as compared to the 75-25 sharing for other social services, emphasising supportive recognition of the "employability concept" as a potential avenue to welfare savings.

Recognizing the significant role increased employment could play in decreasing welfare costs, California developed a state demonstration project which expanded the basic concept of the WIN program and provided for its implementation by inclusion in the Welfare Reform Act of 1971. The Community Work Experience Program (CWEP), was developed with a stated purpose of providing a system by which employable or potentially employable Aid to Families with Dependent Children (AFDC) recipients, for whom regular employment or training is not immediately available, accept work assignments with governmental and private, non-profit, nonsectarian, charitable organizations as a condition of continued eligibility for welfare. The goals of the project are to demonstrate that community work experience will facilitate recipients in obtaining regular employment because: (1) participants in the program will be better motivated and prepared to compete in the open labor market than welfare recipients who do not participate in such projects, and (2) community work experience will give participants the opportunity to show potential employers that they have work experience and are willing to work. However, without efforts to increase demands in the private sector labor market by creating additional job markets, the full value of this or other potentially successful work programs may never be realized.

In testimony before the Senate Finance Committee on February 1, 1972, Governor Reagan set forth, in addition to the Community Work Program proposal, a proposal for an "employables program". The primary objective of such a program is "to place employable AFDC recipients into self-sustaining employment under a program which combines welfare social services and manpower employment services by distinguishing between employable and unemployable applicants and providing employables with extensive job-seeking assistance. An employables program would

provide a single organizational structure under the overall direction of the state employment and manpower agency to resolve the special requirements of employable welfare recipients; maximize communication between welfare and employment services; and provide services required by the Social Security Act, to provide a full range of services stressing job information, placement, development, training, and search."

Currently the program entails the cooperative effort of several agencies, e.g., the state welfare department, the county welfare departments, and the state employment manpower department, with the latter agency administering services to certain AFDC recipients with emphasis placed on furtherance of Section 402 (a)(14) and (15) of the Social Security Act. Essentially, WIN services currently receive priority and therefore could influence the relative success of other "employables programs". Even so, in Ventura, California's first "employables county", approximately 40% of the employable recipients registered with the employables unit left the rolls as a result of the unit's efforts.

Conceptually, the "employables" approach with its emphasis on the assessment of current employability and the provision of necessary assistance in overcoming a recipient's employment barriers is sound. The system has not achieved its full potential, however, because there remains a lack of centralized policy for manpower development. All states, including California, have found themselves in the roles of managing a variety of Federally - funded programs. These programs have rigid categorical restrictions and very little flexibility to readily adapt to current local needs. The solution appears to be, at least partially, to focus under a single manager the total responsibility and resources for moving employable welfare recipients into jobs. •

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The term "employable recipient" is used over and over. Just what is meant by being "employable"? On the surface employability appears to be established by a clearly objective determination made by an eligibility worker at the time of application based upon specific social and health criteria.

A welfare recipient who has no exempting deficiency to preclude his or her employment availability is labeled "employable" and referred to a separate agency for the next phase of the assistance process. The individual is financially assisted through welfare grants and the remaining efforts toward assisting him in becoming self sufficient member of society rest primarily with the manpower agency and a number of employment preparation and placement activities.

In reality, how "employable" are the majority of the recipients who are referred from the welfare office? Frequently multiple barriers are standing in the way of immediate job placement. A need is present for either training, employment services or other supportive services before the individual could even be ready to compete for a job. Numerous manpower programs have been established in an attempt to prepare and train unemployed individuals. But the lack of coordination of the numerous programs, the "reactive" nature of their emergence to meet an existing crisis, and their fragmentation, have prevented any large scale or permanent relief from unemployment and welfare costs.

The goal of reducing welfare costs requires that recipients become self-sufficient permanently, not just while employed in a temporary work training project or in government positions created solely for the purpose of employing welfare recipients; yet tax dollars are still being spent to preserve government work programs that provide a transition from welfare to productive

employment. These programs are of a temporary nature, usually in the public sector, and are instituted primarily for the purpose of training and preparing individuals for placement in permanent employment. Such transitional programs, for the greatest success, should be aligned as closely as possible with the private rather than the public sector. This places the private rather than public sector more squarely in the role of "ultimate employer".

The fact that overwhelming number of recipients are classified "employable", even though they are in need of training, retraining, or educating points up a very serious problem that may frequently remain hidden by the more obvious short-comings of our manpower programs at the adult level. That is the inadequate preparation many students receive in our schools. Much serious attention needs to be given to the areas of vocational, technical, and occupational training at the junior and senior high school levels, as ultimately the impact of education and training at that level will be felt by the whole economy.

Much of the burden of present manpower training and preparation, could be shifted to the specialized efforts of educators under a multi-disciplinary approach to our present economic crisis. Obvious to all is the essential interplay of education, vocational training, employment preparation, attitudes, health and the economic environment in which they all thrive. The public education system should be reoriented to include a strong career education concept, so that young people leave school prepared to hold a job.

At the present time efforts in welfare work programs have as their goal the reduction in welfare costs through an increase in the level of economic self sufficiency provided through increased employment of welfare recipients. It

has been too often believed by observers that work programs are instituted solely to require welfare recipients to "work for their grant". The longer-range goal of using this work experience to attain permanent employment, thus economic self-sufficiency, is a much more significant goal.

At the same time, efforts must be made to increase the demand for labor supply. As was indicated previously, artificial expansion of government employment is not the answer to cost savings in welfare. If the economy is going to benefit, and subsequent decline in welfare cost evolve, new areas of employment in the private sector of our economy must be found. Job creation in the private sector is essential and should become a primary objective of the State manpower agency as well as the Federal government. Realistic approaches are essential to the attainment of new jobs in the private sector. Incentives must be made available to private business if we hope to increase job opportunities in that sector.

Edward Banfield has suggested "one way to provide work and on-the-job training for low productivity workers would be to compensate private employers from public funds for the losses they would incur by employing them at the minimum wage. One advantage of this arrangement is that it would tap a limitless number of job possibilities; another is that employers would have incentive not to waste the labor on make-work projects".

The idea of government subsidy is not new. The economic development programs of many governments include subsidy arrangements, especially for industrial investors. Nachum Finger, in his book on The Impact of Government Subsidies on Industrial Management, has given valuable economic insight into use of

a variety of different types of subsidies, such as cash grants, tax refunds, loans at reduced rates, participation in work-force training, risk-reducing subsidies and others. Consideration of this type of incentive or any others that may increase the private sector's willingness to increase job opportunities certainly must be given consideration.

There will remain differing opinions on which is the soundest economic theory, but there can be little disagreement with the concept of job creation through economic development. The ultimate requirement for a successful manpower policy is a healthy and growing economy. Any state really wanting to solve manpower problems, must refrain from those activities which thwart economic growth and prevent the creation of new jobs.

The major thrust of this position paper is the belief that the ultimate success of any work program intended to reduce welfare costs rests, in the final analysis, in a multi-disciplinary systems approach to promoting economic self sufficiency. There are numerous agencies and departments at federal, state and local government levels whose activities directly or indirectly affect the employment capabilities of people or the employee absorption capabilities of the market-place. The closest possible liaison between these agencies must be established. Manpower objectives must be clearly defined along with policies for reaching those objectives.

Combining the concepts and goals of existing state welfare work programs into a single system was proposed by the Manpower Policy Task Force in its report to Governor Reagan. This system was actually treated by the task force as a

sub-system of a larger "Manpower System". It serves to demonstrate how maximum exposure of welfare recipients to the labor market might be accomplished through a systematic approach.

The focus of a new systematic approach to employment and manpower programs must be at the local level. The concept is one of unifying operations at the local level in order to provide effective services at minimum cost. This coordination or integration of programs would span present operations of the Human Resources and Social Welfare Departments, as well as the numerous training programs conducted under direct contracts with Federal agencies in Washington. In addition, there should be a close working relationship with the local school system.

~~The Local Manpower Services Unit as it is called~~ has the following main functions:

INTAKE - Anyone requesting public financial support or assistance in becoming employed would be interviewed.

ASSESSMENT - Each person would be evaluated to determine eligibility for public assistance and occupational abilities. Clients found to have marketable skills would be directed to the placement group. Clients found to lack immediate occupational ability would be further evaluated and routed to the appropriate group.

PLACEMENT - The placement group would perform current HRD placement activities and maintain close relationships with local industry and local schools. Schools, industry and labor groups would be provided with job market forecasting information.

REFERRAL - This group would assist clients eligible for an able to benefit from outside assistance, such as the Veterans Administration, military training, religious or fraternal organizations, rest homes, hospitals, schools, etc. These clients would be assisted to transfer to these agencies or to receive temporary or partial support from them.

VOCATIONAL TRAINING - Clients able to achieve employment through training would be assigned to the vocational training group. Following training, clients would be routed to placement. The vocational training group would develop and provide vocational training courses only in coordination with local industry. Local organizations should be used to provide the training under contract, with the understanding that they are responsible for placing trainees who successfully complete the course.

SOCIAL SERVICES - A support services group would provide transportation, child care, health care, counseling on personal problems etc., as requested by the vocational training or placement groups. The support services group would utilize clients where possible to provide services, e.g., transportation or child care in return for financial assistance.

FINANCIAL MAINTENANCE - This group would be responsible for those clients who are not employable and currently can not be made employable. Information on each client would be routed back to assessment and periodically for review.

QUOTATION SECTION

Daniel P. Moynihan, Annals of Politics, "Income by Right" The New Yorker, January 13, 1973, p. 36

"The issue of welfare is the issue of dependency. Dependency is different from poverty . . . Being poor is often associated in the minds of others with admirable qualities, but this is rarely the case with being dependent."

Daniel P. Moynihan, Annals of Politics, "Income by Right" The New Yorker, January 13, 1973, p. 36

"President Kennedy was convinced that training was the way to reduce welfare. His slogan was "Rehabilitation Instead of Relief..." During his first term, President Nixon called for still more expenditure for job training and advanced the slogan "Workfare Instead of Welfare".

Frank G. Gobel, Toward 100% Employment, American Management Association, 1973, p. 1

"Useful employment opportunities for all those able and willing to work", the objective of the Federal Full Employment Act of 1946 remains an excellent definition of 100% employment.

Frank G. Gobel, Toward 100% Employment, American Management Association, 1973, p's 1 and 2

"Unable to meet their responsibilities, the unemployed suffer erosion of self-respect while constituting an increasingly intolerable economic burden on the rest of American society."

Frank G. Gobel, Toward 100% Employment, American Management Association, p. 15

"Many executives . . . believe that insufficient incentive to risk capital expenditures is an important cause of unemployment."

"Professor C. Lowell Harriss, Columbia University Economist, believes that a shortage of risk capital is indeed a major cause of joblessness."

"It is estimated that it requires from \$10,000 to \$20,000 of capital investment to provide a job for one worker, sometimes much more."

"An important aspect of the problem of overregulation is the lack of coordination between various agencies and levels of government."

Frank G. Gobel, Toward 100% Employment, American Management Association, p. 29

Nathaniel Goldfinger and Lee Minton, the two labor representatives on President Nixon's Economic Growth Task Force, wrote:

"The goals of full employment should be a minimum amount of temporary unemployment in a free labor market... achievement of this objective requires fiscal and monetary policies to provide sufficient levels of demand, accompanied by appropriate public and private programs of education, training, and job market improvements."

Report of a special Task Force to the Secretary of HEW, Work in America, W. E. Upjohn Institute, MIT Press, 1971.

"Continued failure to provide decent job opportunities for everyone is to commit our society to a larger, intractable, and costly dependent population. And the costs are not merely the cost of public assistance payments but the incalculable, indirect costs of lost productivity, crime and public discontent and private misery. The solution to the "welfare mess", if there is one, is to be found in meaningful and dignified work, in our society's explicit revelation of need for each person's contribution."

"It should be noted that while in the short run, those various anti-inflationary measures for job creation must require expansion in the federal budget, in the longer run the increased employment should result in significant reductions in costs for welfare, unemployment compensation, manpower programs, crime protection and control and social services. There will be less need for continued growth in these essentially compensatory programs if we have fuller employment."

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19. Schweitzer, Stuart, "Occupational Choice, High School Graduation and Investment for Human Capital", The Journal of Human Resources, Summer 1971, Vol. VI, No. 3, p. 321-332.
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DATA SECTION

ISSUE:

Education for Jobs

EMPHASIS:

Discuss steps which can be taken to prevent school dropouts by educating for jobs. Such ideas as work study programs in public schools should be considered.

THEORETICAL POSITIONS:

1. Preventing school dropouts must be defined within the broad context of career education for all students. Lacking this it would be perceived as serving special interest groups through:
 - a. keeping the potential dropout out of the labor market;
 - b. protecting public school financing, which is based upon average daily attendance; and
 - c. continuing the status quo social stratification system in society by channeling the lower-class students into a certain type of education which precludes attending college.
2. The schools must seek and receive support of other community agencies, the family, and government for the "educating for jobs" approach to be successful in combating the dropout problem.
3. All educational jurisdictions (state, county, district, specific school) must be involved in the creation of a viable career education plan, and must then see that it is applied uniformly in dealing with all students.
4. Since the great majority of school dropouts are disadvantaged students, they often need a strong pupil personnel supportive services program of remedial education, counseling, and a basic education in social skills to compliment the "education for jobs" program.
5. It is necessary to develop a local advisory committee with representatives from business and industry, social agencies, parents, students, local government, school guidance personnel, and teachers to insure that the education for jobs program is well conceived and functioning as desired. This group should be responsible for the continual evaluation of the program.

6. Educational personnel must be trained in, and accept the validity of, the concept of career education for all students, and of the value of job training with actual work experience.
7. An effective job placement program must be operative in the community. The school should develop a cooperative program with other agencies and jurisdictions.

Supportive Information

A. Profile of the average dropout (Schreiber, Reference 18)

1. Male, age 16+ with slightly below average intelligence
2. Underachieving, in lower quarter of his class, not reading at his grade level
3. Slightly over-age for his ^{class} ~~year~~ due to a past failure
4. No trouble with the law, but a school discipline problem
5. Doesn't participate in extra-curricular activities, feels rejected by school and peers
6. Insecure, little respected by teachers because of academic inadequacies
7. Parents and siblings are also dropouts
8. Says he is quitting school due to lack of interest

B. School retention rates nationally (Digest of Educational Statistics, Reference 8)

1. The proportion of young people who graduate has risen during the past decade from less than two-thirds to more than three-fourths.
2. In 1969 about 45% of the young adult population (or close to 60% of the recent high school graduates) entered a degree-credit program in a college or university. A decade ago only about one-third of the approximate age group entered college.
3. As of 1971 in the total 14-19 year-old age group dropouts were identified as follows:

	<u>Dropouts</u>	
	<u>Male</u>	<u>Female</u>
White	6.9%	7.8%
Black	11.6%	10.5%

C. Dropout rates in California public schools (data is from a table available from Bureau of Pupil Personnel Services, California State Department of Education).

C. Cont'd.

DROPOUT RATES IN CALIFORNIA PUBLIC SCHOOLS

Enrollment statistics throw some light on dropout rates. For example, the 1967 high school senior class, as shown in the table below, represented 87 percent of the statewide enrollment that the class had as eighth graders in 1963, a decrease of 13 percent.

The actual dropout rate would be somewhat higher than 13 percent because of the effect on the decrease of in-migrating students. However, the factor of in-migration is thought to be less influential now than formerly, and the use of enrollment statistics in this manner may thus be more reliable as an indicator of change in dropout rates. A significant downward change in the 1957-67 decade is shown in the following data.

STATEWIDE ENROLLMENTS IN EIGHTH GRADE AND IN TWELFTH GRADE FOUR YEARS LATER, CLASSES OF 1957 TO 1967

<u>Class Of</u>	<u>Enrollment</u>		<u>Percent Decrease</u>
	<u>8th Grade</u>	<u>12th Grade</u>	
1957	134,999	101,389	25
1958	140,824	108,610	23
1959	152,900	120,994	21
1960	178,306	143,620	20
1961	188,760	152,355	19
1962	193,401	158,558	18
1963	194,864	163,553	16
1964	232,717	200,709	14
1965	252,179	218,488	13
1966	265,756	232,366	13
1967	273,843	237,891	13

NOTE: 1972

The present dropout rate in California schools, grades 9-12 is 16% - 18%, and the average age is 16 years.

D. Fluctuations in retention rates nationally. (Segal and Schwarm, Reference 20)

1. Variations in retention rate ranging from 45-89 percent have been reported. One of the major factors related to higher retention rates was found to be the appeal of the school programs.
2. The two primary reasons given for withdrawal were, entered employment (54.5%)-46% of these cases occurred in grade 10, and lack of interest in school (16.9%).
3. The study indicates that further increase in retention rates will ^{probably} ~~longer~~ have to come from improvements in the school program which will better ^{or} satisfy the requirements and characteristics of the dropouts.

E. Department of Labor forecasts indicate that for now, and in the foreseeable future, 80% of the nation's jobs will be handled by employees with less than a BA. (Morland, Reference 13)

F. Belitsky's study of private vocational schools noted the following:

1. Characteristics of vocational schools
 - a. more adaptive to change than public vocational schools
 - b. concentrate on job training with minimal related material
 - c. smaller classes of shorter duration than public schools
 - d. success measured in job placement rather than traditional academic grades
 - e. flexible admissions requirements and class schedules
2. Characteristics of students
 - a. highly motivated
 - b. diverse skills and experiences
3. The schools were highly successful working with the handicapped and disadvantaged, 92% of the students gave favorable reports of their training experience.
4. Time, motivation, inspiration and clarity of presentation are important to both school and student.
5. About 80% of the schools follow up their graduates for one or more years to determine placement and school satisfaction.
6. Eighty percent offer life-time placement services to their students.

G. The McClymonds Project in the Oakland Unified School District has achieved a 45.8% reduction in their dropout rate. Project components included:

1. instruction within a career education program focusing on work experience, classroom occupational orientation and basic skills;
2. supportive services providing guidance and counseling, health services and student activities; and
3. a coordinated management effort tying all aspects of the program together.

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1. "In the past a youth had alternative paths for growing up. A young person could quit school, find a job, discover what he was good at, and eventually become a successful participating adult; or, he could reach adulthood by remaining in school and graduating. Today there seems to be only one way--the school way. The dropout, never really learning in school what he is good at, leans into adulthood confused, bewildered, insecure and unsure of himself, wondering whether he is good at, or for that matter, good for anything. The United States, no matter how productive and affluent it is, cannot afford to have almost one million youths dropout each year only to become unwanted and unemployed. The accumulation of the millions of excluded and alienated youths and young adults, unceremoniously relegated to the ever increasing slag heap, cannot and will not remain there without causing serious dislocation in our society."
- Page 6 (18)
2. "Recent statistics indicate that eight out of every ten students who get as far as fifth grade eventually leave formal education without a marketable skill."
- Page 7. (17)
3. "Dropout studies of every level of sophistication and from every locale of the country are virtually unanimous in finding dropout rates to run very significantly higher among lower-class youths--among youths from lower-income families and especially among underprivileged minority group youths."
- Page 140 (18)
4. "Because work is basic to the existence of any society, it is difficult, if not impossible, to think of an individual fitting into society without a work role."
- Page 245 (18)
5. "...schools bring little influence to bear on a child's achievement that is independent of his background and general social context, and that this very lack of an independent effect means that the inequalities imposed on children by their home, neighborhood, and peer environment are carried along to become the inequalities with which they confront adult life at the end of school.

For equality of educational opportunity through the schools must imply a strong effect of schools that is independent of the child's immediate social environment, and that strong independent effect is not present in American schools."

- Page 325

(5)

6. "Career development is person centered. It is developmental and continuous and has no terminating points. Career development is viewed as a series of experiences, decisions, and interactions which, when taken cumulatively, assist in the formulation of a viable self-concept and provide the means through which that self-concept can be implemented.... Self-concept has become a key construct in career development. Individual values have been treated as the major synthesizing force in self-concept and the major dynamic force in decision making."

- Page 3

(6)

7. "In addition to a saleable skill in his chosen field of work, the student needs to acquire general skills. In the past, these were characterized as the "three R's", today they are known as the "four C's": comprehending, computing, communicating and copying. This is not an arbitrary shift in nomenclature on the part of professional educators, it is a more precise definition of the supplemental skills students need to make their way in the world."

- Page 35

(1)

8. US Commissioner of Education
Sidney Marland, Jr.

"The purpose of elementary and secondary education in the United States is to prepare all students as well-developed people to enter successfully either a job or some form of post-secondary education...."

- Page 35

(13)

9. "It has been shown that there is a higher correlation between income and education at all age levels for whites than for nonwhites."

- Page 19

(12)

10. "...the present value of lifetime earnings attributable to completion of high school is computed, both for broad demographic groups and for specific occupational categories.... the return to high school graduation is indeed high, but what is true generally is found not to be true for specific occupations. For students who have some specific occupations in mind, high school graduation does not appear justified on economic grounds...."

- Page 321

(19)

DISCUSSION SECTION

Q → Career education is a comprehensive educational approach focused on careers, beginning in early childhood and continuing throughout a person's working life. It provides for a broad approach to preparation for the responsibilities of full citizenship, career development and for life. This educational approach involves all students and educators. There is an emphasis on self-assessment, guidance from the school and other community agencies and full participation by the student and his family. Career education permits each student to align aspirations, aptitudes, and interests together with a vigorous exploration of occupational opportunities. This eventuates in the necessary instruction allowing for the development of "salable skills".

Q → Vocational education is one aspect of career education. It relates to specific job education, and most often involves work/study experience where the individual has the dual advantage of theoretical and informational classroom experience, coupled with the opportunity to develop and exercise specific job-related skills.

Q → Career education programs at the elementary school level could be designed to increase career awareness of students to the broad range of options available in the "world of work". An effort should begin at this level to help students develop positive attitudes about himself and others, and acquire the necessary skills that ultimately are so important to the occupational world. At the junior high level, the program should be designed to provide the student with career orientation and meaningful exploration. After this, from the senior high to community college to adult education programs, these efforts should provide job preparation in a wide variety of occupational areas. An emphasis may be placed on providing an opportunity for work experience for all students.

4 → The Career Education Task Force, of the State Department of Education, has identified ten very meaningful goals for a career education program. These include:

CAREER AWARENESS

- (1) Students will demonstrate early and continuing awareness of career opportunities and relate them to their aptitudes, interests, and abilities.

SELF AWARENESS

- (2) Students will develop a positive attitude toward self and others, a sense of self-worth and dignity, and motivation to accomplish personal goals.

ATTITUDE DEVELOPMENT

- (3) Students will develop a positive attitude toward work and appreciate its contribution to self-fulfillment and to the welfare and productivity of their family, community, the nation and the world.

EDUCATIONAL AWARENESS

- (4) Students will recognize that their educational experiences are a part of their total career preparation and development.

ECONOMIC AWARENESS

- (5) Students will understand the economic systems of our society and become aware of the relationship of productive work to the economy, and their own economic well being.

CONSUMER COMPETENCIES

- (6) Students will achieve sufficient economic understanding and consumer competencies to make wise decisions in the use of their resources.

CAREER PLANNING AND DECISION-MAKING SKILL DEVELOPMENT

- (7) Students will engage in their own career making development process.

Students will increase their self-knowledge and their knowledge of the "World of Work" and of the society that affects it, and accept responsibility for a series of choices that carry them along the career development continuum.

CAREER ORIENTATION

- (8) Students will gain career orientation that will increase exposure of the options available to them in the "World of Work."

CAREER EXPLORATION

- (9) Students will plan and participate in a program of career exploration which will contribute to personal and career satisfaction.

CAREER PREPARATION

- (10) Students will acquire skills leading to entry-level employment in one or more careers with provision for advance training and continuing education.

→ In the past when great numbers of Americans didn't complete high school, let alone consider college, the high school diploma was not a "work permit" and many could find a job, discover what they were good at and eventually become successful. Today, school has become a tool for screening employees. The dropout, typically from a disadvantaged background, and one who never really succeeded in the traditional school program has become insecure, failed to learn necessary basic skills and developed a negative perspective of himself and of society.

→ In order to implement a meaningful career development program with a strong vocational education aspect, the schools must cooperate with local community agencies, state, local, and sometimes the Federal Government and student's families. The McClymonds project was federally funded through Title VIII, ESEA and provided several hundred thousand dollars. Though not all goals of the project were achieved, they were able to demonstrate remarkable success in reducing their dropout rate by a little over 45%.

→ Studies documenting the importance of family involvement in ^{the} educational process abound. This is a particularly important factor in working with the disadvantaged.

→ A key element in the success of career development, vocational education and the resultant reduction in dropout rates has to do with a plan, ideally to be devised and implemented by a broad cross-section of educational jurisdictions. Such a plan was recently developed by a task force of California educators under the auspices of the Bureau of Pupil Personnel Services of the State Department of Education, entitled Career Development: A California Model for Career Guidance Curriculum K-Adult. It provides a sense of direction for what must be realistically viewed as a very demanding task.

→ The success of the McClymond Project, the Coleman report and much of the recent literature reinforces the conviction that pupil personnel support services are a must if the disadvantaged are to be drawn into a career development/ vocational education program, learn an ^{optimal} ~~optional~~ amount from it, and actually complete the entire program. Without counseling, remedial education, and basic social training, the program would be like a fully developed human body, but with no blood circulating through the veins, arteries and capillaries.

→ The development of a local advisory committee for the career development/vocational education package not only insures the broadest possible input of valuable information, it increases acceptance of the program where it must receive acceptance.

→ The teachers and guidance personnel must be trained and more than that, convinced of the validity of the career development/vocational education program. If this occurs, vocational education will not, at least not to the degree that it is now, be viewed as the exclusive route for those unable to go to college. Vocational education may be viewed in the context of the new thrust toward independent study, work experience for college credit, and the new legitimacy that has come to "post-secondary education". This works to the advantage of the disadvantaged student, providing him and his efforts in vocational education with a broad societal stamp of approval.

Bilitsky's study of private vocational schools noted several elements of their programs which seemed to have been responsible for their great success in attracting students. One of the most important was their record of placing their graduates and their follow-up of their former students. Eighty percent communicated with their graduates and this same percentage offered life-time placement service to their graduates. It is absolutely essential that all the foregoing elements are incorporated into a coordinated, well-planned, career development/vocational education program. But without follow-up for continuing feedback, and without being able to demonstrate that the products of the program are themselves "salable" on the labor market, there is little advantage in completing such training over being a dropout. School dropouts can be prevented, indeed must be, for the good of society and for the good of the individuals involved. If an adequate career development/vocational

education program is developed, we can, in keeping with a contemporary popular phrase, "make them an offer they can't refuse".

13 A2

January 15, 1974

POSITION PAPER

SUBJECT

SOCIAL AFFAIRS

ISSUE

PUBLIC WELFARE POLICY - WORK PROGRAMS

NO. 13 A2
EMPLOYMENT DEVELOPMENT DEPARTMENT

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STATEMENT OF FACTS

1. Mandatory requirements that all employable and potentially employable welfare recipients register with the State Employment Service for work, job training, or participation in Community Work Projects, as a condition for welfare eligibility, maximizes exposure of such persons to regular jobs.
2. Public Assistance work projects increase the employment opportunities for employable welfare recipients.
3. Development of incentives for employers to train and hire welfare recipients encourages the private sector to participate in manpower programs, providing regular jobs for employable welfare recipients.'

During fiscal year 1972, California's Employment Development Department accounted for 25,448 welfare placements. During this period, the only manpower training program designed specifically for the state's welfare recipients was WIN. The Talmadge Amendments to the Social Security Act became operational beginning August 1, 1972. In addition to these requirements, California expanded the Employables Program during the same period, and welfare placements were increased to 57,178, or 125%. California's CWEP Program became operational during fiscal year 1973 to augment the Employables Program. As of November 1973, welfare placements totaled 34,416 as compared to 20,626 for the same period in fiscal year 1973 for an increase of 66%.

Past Federal legislation placed emphasis on providing work incentives for welfare recipients. This was principally based on the common assumption that jobs exist for all recipients who are ready and able to seek them. Empirical studies suggest that there is a tremendous gap between this public assumption and labor market realities. One federally funded survey demonstrated that while all employers expressed the belief that jobs were available for welfare recipients, only two percent of these same employers had appropriate job vacancies. The conclusion was reached that the poor work about as much and as often as job opportunities and family circumstances will allow. So by creating incentives for employers of WIN enrollees, the private sector (provider of approximately 80 percent of the nation's jobs) is encouraged to develop more meaningful job opportunities for welfare recipients, improving their competitive position in the labor force. One recently adopted approach provides for a tax credit in two forms: (a) A 20 percent tax credit based on the wages the employer pays to the WIN employee. This is an actual reduction in the amount of tax which must be paid. Coupled with a WIN/OJT contract, the 20 percent WIN tax credit will usually result in a 70 percent savings in the wages paid. (b) A fast write-off provision allowing an employer to write-off at a faster rate, the cost of building or renovating his plant. This latter form is obviously aimed at the larger employers who may need to provide on-the-job training and day care facilities for their employees.

Unlike previous attempts to encourage employers to hire the disadvantaged which appealed to an employer's sense of social responsibility, the WIN Tax Credit is aimed at the employer's self-interest: A lower tax bill.

The new approach is contained in Public Law 92-178, known as the Revenue Act of 1971. 3,244 California employers took advantage of the new incentive during the 1972 fiscal year for an average of 270 per month. From July to October 1973, 1,700 additional employers have participated for a monthly average of 425, representing a 160 percent increase.

INTRODUCTION

Since this paper addresses itself to public welfare policy as it relates exclusively to work programs, discussion at the federal level will focus on the Work Incentive (WIN) Program (the only existing federal manpower legislation whose major efforts are aimed solely at welfare recipients) and the Aid to Families with Dependent Children (AFDC) category of the welfare system, the only category that contains employable and potentially employable recipients. For a clearer perspective, a history and background section is offered covering Manpower efforts and welfare growth.

At the state level, California and New York are the two largest and most progressive states in the areas of welfare work programs and welfare reform, and their current efforts in these areas will be discussed.

HISTORY AND BACKGROUND

The Evolution of Manpower Efforts

Congress first declared in the Employment Act of 1946 that every American should be able to get a job commensurate with his abilities, but no funds were appropriated. This amounted to no more than a statement of resolution. But a high unemployment rate during the 1960 election year, the specter of technological obsolescence, the "rediscovery" of poverty, and the question of racial equality, spawned a flood of new programs to aid individuals, experiencing difficulties in securing employment, to find and hold a job. The first commitment in the 1960's was contained in the Area Redevelopment Act, which sought to improve the economic conditions in depressed areas of high chronic unemployment. This piece of legislation envisioned a retraining situation which would turn an unemployed coal miner into a highly paid automotive mechanic.

A year later the Manpower Development and Training Act of 1962 emerged out of congressional fear that technological changes were making jobs obsolete. As in the ARA legislation, the concept was retraining and upgrading the skills of individuals whose skills were outmoded by machines.

The Economic Opportunity Act of 1964 was perhaps the start of the "War on Poverty". The concept here was not only to retrain individuals with outmoded skills, but was also designed to reach the "hard core" unemployed including unskilled youth to middle aged and older members of minority groups who had no skills.

As new problems cropped up, new programs and approaches were designed. In 1968, the Work Incentive (WIN) Program was begun, building on the experience of two smaller attempts. The major effort was to restore relief recipients to self-sufficiency, cutting the cost of overloaded welfare rolls. The continual shortage of skills in a tight labor market made feasible a hire now - train later approach. Hence, the Job Opportunities in the Business Sector (JOBS) Program, emphasizing government subsidy of private industry for hiring the hard-core unemployed. The Emergency Employment Act of 1971 creating the

Public Employment Program (PEP) is the most recently enacted manpower legislation, largely the result of the fact that unemployment was not responding to the administration game plan.

These are but a few of the numerous manpower programs created, principally at the Federal level. Countless other efforts join the seemingly never-ending list. It is most important to emphasize the rising costs of this proliferating alphabet soup: From about \$200 million in 1961, to \$789 million in 1965, to \$2.3 billion in 1969, and to \$4.3 billion in 1972.

The Welfare Explosion

The Great Depression of the 1930's gave impetus to a series of temporary emergency relief measures and to the passage of the Social Security Act of 1935. This signaled a major change in federal social policy from administering aid largely through such institutional auspices as "the county hospital", "orphanages", and "old folks homes" to providing increased financial support for "token operations", and in 1937 it became the keystone of the social welfare program, introducing:

- (a) Social insurance for the aged and a federal - state funded unemployment compensation system;
- (b) Categorical public assistance supported by federal grants-in-aid for the aged, blind, and dependent children; and
- (c) Welfare services providing for mental and child health, services to crippled children and child welfare services.

Over the years, these programs have been broadened by Amendments to cover additional persons and increase benefits, but the "categorical" approach to providing assistance has remained as the primary feature of the welfare system. National rolls which approximately doubled each decade between 1936 and 1966, doubled again between 1966 and 1970. Among the many forces which have contributed to the growth of welfare, were legislative extensions of eligibility to new groups such as unemployed fathers and working mothers, court decisions that struck down barriers to relief, and vigorous outreach efforts by welfare rights groups. The national welfare picture by 1970 was

being extremely complex, confused, and chaotic. State governments were finding the system totally unmanageable and growing uncontrollably.

In an attitude of despair the States were urging a complete federal take-over that would relieve them of managing the unwieldy system, and that a national welfare system be substituted.

DISCUSSION

Since 1962, the federal government has established a number of programs designed to find employment for welfare recipients. Some of these programs are little more than experimental projects limited to a specific location and a relatively small number of persons. Others, such as WIN and MDTA, involve large-scale training and placement efforts. Nearly all are funded through the United States Department of Labor, Department of Health, Education, and Welfare, and the Office of Economic Opportunity, and are administered by the various States through their Employment Service Agencies. The largest and perhaps the most ambitious of these federally-funded programs is the WIN Program.

After feeble attempts in 1962 (CWT) and 1964 (WET) to "rehabilitate" employable welfare recipients and reduce the welfare caseload, Congress enacted the WIN Program in 1967 as part of the 1967 Amendments to the Social Security Act. Unlike its two predecessors, WIN provided work and training incentives for its participants. Along with these inducements for participation, WIN also featured a work requirement. This ambitious new effort was hailed by federal administrators and congressmen alike as a new plan which would enable thousands of welfare recipients to get off relief and into productive employment. The theme became: "Get them off the welfare rolls and on the payrolls" and "make tax-payers out of tax receivers." Four years later in September 1971, the Comptroller General, reporting to Congress on the findings of a study of WIN by the General Accounting Office concluded:

"Because of its limited size in relation to the soaring AFDC rolls, WIN does not appear to have had any significant impact on reducing welfare payments. The success of WIN is determined largely by the state of the economy and the availability of jobs for its enrollees. WIN is not basically a job-creation program and, during periods of high unemployment, encounters great difficulty in finding permanent employment for its enrollees."

Since then, WIN has become one of the most studied of all federal-state programs, and all studies have produced similar conclusions. A recent report by Cal-Tax on WIN in Alameda County, California, found WIN to be a "more expensive, elaborately bureacratized package wrapped up in a catchy title," but less effective in placing AFDC recipients in jobs than the Community Work and Training Program it replaced. Finally, a report by the California Assembly Ways and Means Committee published in January 1972, stated flatly that "WIN is failing in the basic goal of preparing people for work and finding them jobs."

The logical questions then, are: What has caused a program that supposedly had so much hope and such a bright future for the tax-payer and welfare recipient alike, to become meaningless and costly? Have we as administrators of these programs learned anything from these experiences? What can be done to salvage the original concepts and goals? Or were they too unrealistic to begin with? What other "realistic" measures can be taken to assure that employable welfare recipients are placed in regular jobs and the welfare rolls reduced?

Day care being a necessary ingredient in increasing the employability of most AFDC heads, in many ways is the most crucial component of WIN. Former Secretary of HEW, Robert Finch stated that a lack of adequate day care provisions contributed in great part to the failure of WIN.

By 1971, women represented roughly 38 percent of the labor force. Two fifths of them worked if their husbands were around, more than half if he was absent, and nearly three fourths if they were divorced. Since female-head-of-household families account for nearly 45 percent of the AFDC caseload, the need for child care is obvious. Yet, while fiscal year 1972 WIN funds were increased by 66 percent over the previous fiscal year, disbursements for child care increased by only 17 percent during the same period.

In the past, social services for WIN enrollees were funded on a 75 percent federal and 25 percent State/County matching formula. During fiscal year 1973 the federal contribution was increased to 90 percent reducing the matching requirement to 10 percent. The only result that can be expected is a savings to the states. It is highly doubtful that additional resources will develop, since child care and preschool centers, both public and private, already maintain "waiting lists," that exceed their current enrollment. Changing the federal-state funding formula will not enhance the development of additional centers.

The Revenue Act of 1971 which provides a Tax Credit for employers of WIN enrollees, allows such employers to write-off at a faster rate, the cost of building or renovating their plants to provide day care facilities for their employees. This approach has been hailed as a definite step in the right direction toward providing employers with an incentive to hire welfare recipients. However, it can only be expected that the larger employers which hire in greater numbers will be the ones taking advantage of this incentive. It seems impractical for a smaller "Community employer" to undertake such a costly project when he will hire only one or two enrollees.

Another important aspect of the Act provides for other incentives that both large or small employers can count on: a 20% tax credit based on wages paid to a WIN enrollee, which is an actual reduction on the amount of tax which must be paid. This 20% tax credit can also be used in conjunction with an employer's WIN/OJT contract which could result in a 70% savings in the wages paid.

A very interesting development began to take shape during the late 1960's among industry and labor. Due largely to the rise in social unrest, racial disturbances, the demand for higher wages, and increased union activity, larger plants found it more economically feasible to close down and relocate their key management personnel to smaller communities and rural areas. By relocating, they could take advantage of a tremendous labor source that was increasingly being displaced by farm technological advances, hiring at a much lower wage than they were paying in the cities. They could look forward to from four to five union free years. Some of the more progressive communities and local governments that identified the trend in its early stages provided further local incentives, creating "industrial parks".

In contrast, families being displaced by the same automation began to invade the larger cities. Young persons going away to school remained in the cities rather than return to the smaller communities and rural areas.

The current WIN funding formula for the states is based entirely on the number of placements for WIN participants during the previous fiscal year. Due largely to these recent developments in industry and labor force, the heavier populated, urban areas are experiencing greater difficulty in WIN placements than the rural, sparsely populated areas. Under the present funding formula, those states experiencing more difficulty are receiving far less than their actual need for continuing their efforts. A more realistic approach to WIN appropriations for states would be based on the previous fiscal year's costs per WIN placement for the respective state and the number of placements projected in their individual plans of service or operating plans. In keeping with the concept of revenue sharing, WIN grants to state governments should be made on the same basis.

Since AFDC is administered largely by the states, the responsibility for the delivery of WIN services should remain at the state level. Further, the mandatory registration requirements contained in the Talmadge Amendments, places the states

in a more favorable position in formulating a state-wide comprehensive manpower plan for employable and potentially employable welfare recipients. They should be allowed this flexibility within broad federal guidelines and appropriate funding levels.

A program for work relief is probably what President Franklin D. Roosevelt had in mind when he wrote to one of his colonels in November 1934: "What I am seeking is the abolishment of relief altogether. I cannot say so out loud yet but I hope to be able to substitute work for relief."

Programs providing cash relief grants, as well as goods and services reduces poverty, but this alone does not attack the cause of dependency. Programs providing opportunities for self-sufficiency and permanent independence from the dole are also needed. An old proverb places the entire situation in clearer perspective by moralizing "Give a man fish and you feed him for a day. Teach him how to catch fish and you feed him for life."

Throughout the history of welfare and AFDC, we have witnessed different approaches at attempts to provide for the truly needy while ensuring that persons who should not be on the dole, because they are able-bodied and employable, are provided with opportunities that will enable them to become self-sufficient.

In his 1935 State of the Union Message, President Roosevelt spoke of relief as a "narcotic" and a "subtle destroyer of the human spirit" and continued dependence upon relief as inducing "a spiritual and moral disintegration fundamentally destructive to the national fibre." In 1962, when President Kennedy signed the Amendments to the Social Security Act, he spoke of "rehabilitation instead of relief, and training for useful work instead of prolonged dependency." In 1964, President Johnson talked about "opportunity and not doles" upon signing the Economic Opportunity Act.

A variety of programs have been created chiefly aimed at the poor and disadvantaged. These programs are categorized as: Training and remedial (supply side) and job creation (demand side). While some programs concentrate on emphasizing the supply side, others approach both demand and supply efforts. Yet not a single program has been developed that concentrates totally on the demand side of the scale.

It is obvious that AFDC was always meant to be a program which would provide temporary relief for families of parents who, due to circumstances beyond their control, were unemployed. Yet we have seen that every time a new incentive to work is created and new opportunities for those on the dole are developed, the AFDC caseload increases monumentally, and so we now have approached a situation of multiple programs originating with different funding sources, with separate guidelines and eligibility criteria--a situation most complex surrounding an uncontrollable AFDC program with run-away costs.

In his message to Congress on August 11, 1969, President Nixon called the system a failure, fostering family break-up, providing little help in many states, and deepening dependency by "making it more attractive to go on welfare than to go to work."

There is no doubt that well-designed training can effectively prepare many welfare recipients for regular jobs. But much as we would dislike admitting it, the fact remains that there will always be a residual "hard core" who cannot compete for steady employment in an open market. Our local Employment Office files indicate a great number of these persons are being shuffled from one training program to another, which only adds to their bewilderment, frustration, discouragement, and serves no real purpose. They should be offered a "sheltered workshop" type of employment, either with the aid of tax credit or by government acting, to a limited extent, as their "employer of last resort."

Work relief (such as sheltered workshops) will give its recipients the dignity of having earned their keep. Taxpayers at least, will receive some return on their

investment and, above all, assurances that only those genuinely in need will be aided. Few will argue that government owes anybody a living. But organized society certainly owes its members an opportunity to earn a living. Work relief for those unable to hold a job in an open market seems a better way to provide aid than to provide relief without work.

The recently enacted Talmadge amendments to the Social Security Act require that employable or potentially employable heads of households on AFDC register for employment or training as a condition for welfare eligibility. The states of New York and California have taken one step further by passing legislation requiring registration for employment, training, or assignment to community work projects, bringing us full circle to the work relief programs of the 1930's.

We have recently witnessed a complete federalization of all welfare programs related to the aged, the totally disabled, and the blind. This federal take-over should prove to be of great assistance to the states, since they will now be able to concentrate their efforts toward improving only one phase of the welfare system: AFDC.

The federal government could further assist the states in many ways where AFDC is concerned. Approximately two million fathers have left their families to the tender care of AFDC and most of them contribute nothing. This failure to support should be made a federal offense--because federal funds are involved--and should be strictly and uniformly enforced throughout the country. At a time when 44 percent of all women are in the labor force (38 per cent of the labor force is female) and half of all the mothers of children six to seventeen years of age work, mothers should be equally responsible for the support of their offspring.

The New York State Legislature recently enacted several laws aimed at improving the employability of welfare recipients and reducing the welfare caseload:

- New York Social Services Law Section 131.4: enabling legislation for the Work Referral Program.
- New York Social Service Law Section 164: enabling legislation for the Public Works Program.
- Chapter 603 of the State Laws of 1972: allows the Work Relief Employment Program to be operational.

Work Referral and Public Works Programs:

These two far-reaching laws are considered an important aspect of welfare reform. Sec. 131.4 requires employable welfare recipients to register with the state's Employment Service as a condition for welfare eligibility. In addition, they must file with the Department of Social Services at least once semi-monthly, a certification from the State Employment Service Office that such office has no order for an opening in part-time, full-time, temporary or permanent employment.

Section 164 requires social services districts to establish Public Works Projects for assignment of employable welfare recipients. Persons are assigned to any state agency, city, town, or village requesting assignments.

Recipients are required to pick-up their public assistance checks in person at the local office of the State Employment Service. Persons not complying with the reporting or referral requirements are disqualified from eligibility and denied public assistance for 30 days and until such time as they are willing to comply with the requirements.

In those districts where WIN is operational, WIN referral of ADC and ADC-U recipients receives priority and takes precedence over other manpower services available.

Work Relief Employment Program (WREP):

WREP is currently operating in New York City as a one-year demonstration project, for Home Relief (general assistance) recipients. Recommendations have been made to extend it for an additional three years. Legislation establishing WREP waives the requirements in Section 164 and 131.4 for the enrollees.

Under a joint cooperative effort by and between the State and New York City, regular jobs are created within the various existing city agencies and departments. Positions are made available on a minimum half-time to full-time basis. Enrollees are paid the equivalent wage rates for the respective positions in lieu of welfare grants. The positions are funded 50 percent by the state and 50 percent by the city up to a maximum equivalent to the recipient's grant. Any expense in wages above the grant amount is absorbed by the city.

The system has a short term built-in preparatory training component which is preliminary to WREP jobs. Currently, 8,000 people are working and 700 are enrolled in the training component.

Additionally, enrollees must continuously be available and accept referrals to other jobs. Quarterly interviews are conducted for all participants to evaluate performance, progress, change in attitudes, etc.

Since the program was established in June, 1973, initial reaction from the participants has been favorable. They are happy with their assignments and do not consider themselves on welfare anymore.

An evaluation report submitted in November, 1973 by the City Administration to the State Legislature concluded it would take three years to evaluate the full impact of WREP. However, the initial study found that the project has spent \$2.9 million while reducing Home Relief expenditure by \$2 million below

official projections. Disposable income increased by \$390/year per enrollee, and costs were \$1200 per year more to employ the average HR recipient, than public assistance without a work requirement.

A major effort toward welfare reform in California has been the implementation of a Community Work Experience Program (CWEP), combined with an Employables Program. The CWEP Program provides employable welfare recipients an opportunity to perform useful temporary public work activities. The Employables Program continuously provides recipients an exposure to employment and manpower training opportunities before and during participation in CWEP.

A unique aspect of the California approach is the co-location of County Welfare Department (CWD) social workers and State Employment Development Department (EDD) staff. Under contractual agreements between CWD and EDD, county social workers are physically placed in the local offices of EDD. They maintain their county status while EDD is completely responsible for their functional supervision. This arrangement provides for the delivery of a wide range of social, manpower and employment services at one location by specially trained experts in these fields.

Immediately upon application for benefits, the appropriate County Welfare Department (CWD) refers all employable persons to the local office of the State Employment Development Department. Such persons are required to register with EDD as a condition for eligibility to receive public assistance.

Following registration, the individual's employment potential is evaluated, and an employment plan is developed. If no job is available, the person is referred to specialized training, if appropriate, such as WIN. If neither a job nor training is available, the recipient is expected to participate in the Employables Program which requires him to conduct job search efforts, reporting bi-weekly to EDD on such efforts and their results. In addition, he is expect-

ed to participate in CWEP. The program requires participants to work a maximum of half-time (80 hours a month) in useful public service projects which include activities in the fields of health, social service, environmental protection, education, welfare, recreation, etc.

The basic objective of CWEP is aimed at preparing AFDC recipients for self-sufficiency, demonstrating that mandatory non-salaried work-experience will result in more recipients securing regular employment. Within this general objective, the goals of this project are to demonstrate that mandatory participation of employable AFDC recipients in a community work experience program:

- is administratively feasible and practical
- will reduce the extent of welfare dependency
- will reduce the rate of new applicants by encouraging potential employable applicants to seek out other means of support
- will result in a reduction in overall welfare costs. (Reductions in aid payments or caseload growth rates will be greater than costs incurred in CWEP and will result in a savings.)

CWEP in itself is not a job creation effort. Nor was it meant to be. It is intended to operate as a part of a system for providing employable recipients opportunities to gain valuable work experience and develop a work reliability history. Additionally, community work experience will contribute to the improvement of the community by providing services that otherwise would not be provided.

Past governmental efforts in manpower planning among the private sector leaves a little to be desired. The resultant development has been the setting up of a system to place welfare recipients in public service jobs where they provide work in-kind on a long-term basis. This too, could become a way of life.

For the most part, it is in the self-interest of firms in the private sector to train, develop, and retain their own high-talent and manpower as well as those with other skills required by efficient enterprises aimed at reducing unemployment.

Three types of programs aimed at reducing unemployment among those on the dole are: Opening existing jobs to the disadvantaged by lowering standards, removal of artificial barriers to employment, and revising hiring practices; developing new jobs in or near economically depressed areas; and promoting business ownership by minority and other disadvantaged groups.

There are inherent limitations to develop large-scale entrepreneurship efforts among the disadvantaged. Business opportunities and qualified potential entrepreneurs are in short supply. This effort cannot be encouraged much beyond the present rate without drastically raising cost and failure rates. Economic development efforts offer more potential, but vast resources are required to make any significant impact, while peacemeal efforts produce few measurable results. The costs of operating in economically depressed areas are discouraging and large businesses are reluctant to locate there. Only large scale programs in this effort could create growth in these areas so that fewer incentives would be needed later on. It seems the only viable approach of the three strategies is increased access to existing jobs. The means by which this can be most effectively accomplished is by providing increased incentives to private employers to hire, train, and retain welfare recipients.

Despite current difficulties, the approach is not without promise. Where direct incentives have induced employers to lower their hiring standards, the costs have not been prohibitive. But where those on the dole are excluded from jobs because more qualified workers are abundantly available or because they are more expensive to hire and train, considerably larger incentives are required.

The conclusion seems to be that all three strategies are justified at their present scale, and only the employment incentives approach could be beneficially expanded. Businessmen can be induced to work for socially desirable goals, but only if those goals do not threaten the profitability of their firms. Incentives must be provided for doing extraordinary things that involves high risk and a large chance of failure.

Individually, these three efforts can offer only marginal improvement. Combining the three resources, and coupling public skill training and basic education with guaranteed but privately supplied jobs through expansions of hiring incentives is a challenge facing government administrators, and those with a sincere desire for reducing the presence of able-bodied employable persons on the welfare rolls will take advantage of the recent flexibility allowed through revenue sharing and the Revenue Act of 1971 in combining these efforts toward desirable, realistic and attainable goals.

By obtaining special waivers from the federal government and expanding the requirements of the WIN Program to include community work projects, California has implemented a meaningful program that provides employable welfare recipients an opportunity to become self-sufficient. The combination of an Employables Program with a Community Work Experience Program has proven successful toward assuring that employable welfare recipients are continuously being exposed to and placed in regular jobs and, where necessary, meaningful training. While providing needed public services in community improvement (which otherwise would not be provided), participants are exposed to an environment of "real work" experiences, while maintaining their self-respect. In addition, the taxpayer receives a service for his contribution, at no additional cost, and with an over-all savings.

Local governments can build on the "California Experience" by exercising their influence with the private sector to provide regular jobs for welfare recipients. By expanding on the WIN Tax Credit provisions in the Revenue Act of 1971, further local incentives to hire should be considered.

In assuring that private industry in non-WIN counties are extended the benefits of the WIN Tax Credit for hiring welfare recipients, the state can continue to show the way for local government to develop local projects toward this end.

QUOTATIONS

"The lessons of history...show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fibre. To dole out relief is to administer a narcotic, a subtle destroyer of the human spirit."

President Franklin D. Roosevelt
1935 State of the Union Message

"We are not content to accept the endless growth of relief or welfare rolls. We want to offer the forgotten fifth of our people opportunity and not doles. This is what this measure does for our times."

President Lyndon B. Johnson,
upon signing the Economic Opportunity Act of 1964

"The system should be aimed at rehabilitation instead of relief, and training for useful work instead of prolonged dependency."

President John F. Kennedy, upon signing the 1962
Amendments to the Social Security Act.

"The present system has failed us - it has fostered family break-up, has provided very little help in many states, and has even deepened dependency by all too often making it more attractive to go on welfare than to go to work."

President Richard M. Nixon in his message to the Congress on August 11, 1969

"If the cash incentive is low or non-existent, as it is in most cases, ADC recipients with little or no occupational skill will tend to avoid employment unless more force is placed behind requirement to work provisions."

Roger A. Feeman, Stanford University
(Senior Fellow, the Hoover Institution on War, Revolution and Peace)-
Testifying before the U. S. Senate Committee on Finance Hearings on H.R. 1
Jan., 1972

"If a job puts bread on the table, if it gives you the satisfaction of providing for your children and lets you look everyone else in the eye, I don't think that it is menial."

President Richard M. Nixon - Governor's Conference, April 19, 1971

"Conceptually, it should be possible to measure the costs of any government program and to compare them with the benefits derived. In practice, such measurements are nearly unattainable. The taxpayer is often not a beneficiary, and a calculus has not yet been devised to compare the costs to a millionaire taxpayer with the benefits that accrue from these taxes to a destitute mother on relief."

Sar A. Levitan, Research Professor of Economics and Director of the Center for Manpower Policy Studies, George Washington University
"The Federal Social Dollar in its Own Back Yard," 1973

"We know how to accomplish this reform. We are confident that we can show the rest of our country the way. All we need is for the Legislature of California to do its duty and afford us this last chance, which I regard as a golden opportunity, and we can begin this great effort. Even if it should fail to be fully effective in all areas, we will unquestionably be in better shape financially and morally for having tried. And try we must. It is nothing less than our sworn duty, yours and mine. The truly needy deserve that much. The taxpayers deserve no less."

Governor Ronald Reagan, of California in his March 3, 1971 message to the California Legislature introducing the Welfare Reform Act of 1971

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