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Title: EMPLOYMENT AND TRAINING UPDATE 3

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EMPLOYMENT AND TRAINING UPDATE

Legislative activity has recently been generated around the issue of youth unemployment. For the Hispanic community, this is an area of great concern since Hispanics are the youngest population group in the country and Hispanic youth unemployment rates are over 20%. Two legislative proposals that have received a great deal of attention are the Youth Incentive Employment Act, introduced by Rep. Augustus Hawkins (D-CA) and Sen. Edward Kennedy (D-MA), and the subminimum wage proposal entitled the Youth Employment Opportunity Wage Act, introduced on behalf of the Administration by Sen. Orrin Hatch (R-UT) and Sen. Charles Percy (R-ILL) and Rep. Ron Packard (R-CA). Analyses of these two bills follow.

I. Youth Incentive Employment Act (H.R. 5017)

The Youth Incentive Employment Act builds on the positive experiences of the Youth Incentive Entitlement Pilot Projects (YIEPP), operated from 1978 to 1980 in 17 local areas by CETA prime sponsors. YIEPP offered minimum wage jobs to eligible 16- to-19 year olds part-time during the school year and full-time during the summer months, on the condition that they stay in school or an equivalent program.

The Hawkins bill, H.R. 5017, would continue the pilot project concept by providing \$2 billion in wage subsidies for one million youth for part-time jobs during the school year and full-time jobs during the summer. The teenagers would have to maintain minimum attendance and performance levels in school or an equivalent program leading to a high school diploma, or remedial education or training.

Eligible employment could be part-time, not to exceed 20 hours per week during the school year, part-time work in the summer combined with remediation or training, or full-time summer work of 40 hours per week for eight weeks.



To be eligible, youth must be 16-19 years old, unemployed, and economically disadvantaged (coming from a family whose income is 70% or less of the Bureau of Labor Statistics' lower living standard income level). Youth would receive the minimum wage or the prevailing wage, whichever is higher. The wage would be subsidized up to 100% for the first six months of employment and 75% thereafter.

The funds would be allocated through the Job Training Partnership Act (JTPA) service delivery areas (SDAs), with a 20% local match. In order to qualify for such monies, SDAs would have to submit Youth Incentive Plans to the Secretary of Labor. These plans would have to outline coordination with JTPA, vocational and adult education programs, and be approved by the Private Industry Councils (PICs). As with JTPA, a 15% cap would be placed on administrative costs. There would also be a 15% limitation on funds for "worksite supervision, supplies, training aids, and alternate or remedial education."

As of this writing, it appears that Rep. Hawkins will hold mark-up proceedings on his bill in the House late July. However, action in the Senate appears unlikely.

II. Subminimum Wage

The Administration has once again introduced a proposal for a youth subminimum wage. Known as the "Youth Employment Opportunity Wage Act," the proposal would amend the Fair Labor Standards Act by allowing employers to hire youth under 20 years of age from May 1 to September 30 at a wage of not less than either 75% of the otherwise applicable minimum wage or \$2.50 per hour, whichever is less. This program would terminate on September 30, 1987, and thus the Administration considers it a "demonstration" effort. However, the program would apply to all youth, without targeting or certification requirements, and would be implemented nationwide.

The National Council of La Raza has had extensive discussions with the Administration about the proposed legislation, and has concluded that it cannot endorse the Administration's proposal for several reasons. Among them are the lack of certification and targeting and the Council's concern that a subminimum wage -- as opposed to a stipend -- would set an undesirable precedent. (See NCLR Issue Update on Subminimum Wage, attached.) Though the proposal has received the endorsement of the National Conference of Black Mayors, Opportunities Industrialization Centers, individual board members of SER-Jobs for Progress, and the American G.I. Forum, it is opposed by labor, the Congressional Black Caucus, and other civil rights groups.

As of this writing, hearings have been held in the Senate on this proposal. Sources on Capitol Hill report that Rep. George Miller (D-CA), chairman of the House Subcommittee on Labor Standards, does not plan to hold hearings on the bill.

III. JTPA Update

The first of several reports of a two-year Independent Sector Study of the Job Training Partnership Act (JTPA) was released in March 1984. The study utilized for this report field research and telephone surveys in a total of 57 Service Delivery Areas (SDAs) and 35 states. The information for this report was collected in late October through early December, 1983, shortly after JTPA became operational.

The study focuses on several issues which are the sources of debate over the efficacy of JTPA:

- Policy decisions by the Private Industry Council (PIC) members which stress labor market needs rather than target group needs;
- "Creaming" in client selection -- selecting the least-disadvantaged individuals because they are easiest to place;
- The extent to which JTPA is likely to fully serve disadvantaged youth; and
- Minimal participation by community-based organizations (CBOs) in policy decisions and service delivery under JTPA.

These are issues of great significance to the Hispanic community. The enclosed NCLR Issue Brief entitled "A Review of the Implementation of the Job Training Partnership Act: The Implications of the Grinker-Walker Report for Hispanics" analyzes the findings of this survey.