HISPANICS IN THE WORK FORCE, PART III: HISPANIC YOUTH

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HISPANICS IN THE WORK FORCE, PART III: HISPANIC YOUTH

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EXECUTIVE SUMMARY

Hispanics represent a young and growing subpopulation who face severe educational handicaps. In future years, the youthful Hispanic population will constitute a growing proportion of the nation's new entrants into the labor force. In 1985, Hispanics accounted for 6.7% of the total U.S. labor force and estimates show that by 1990, that figure will increase to 8-10%.

Minority youth bear a disproportionate burden of unemployment. In 1986, while the total annual unemployment rate for youth was 18.3%, the unemployment rate for Black youth was 39.3%, for Hispanic youth it was 24.7% and for White youth, 15.6%. Though the decline in the proportion of young workers should decrease the nation's overall unemployment rate, the growing proportion of minority youth, whose unemployment problems have been especially intractable, suggests that hard-core unemployment will endure into the future.

Among the barriers to successful participation in the labor market for Hispanic youth are low levels of educational attainment, a very high dropout rate, and a very high incidence of poverty. As of 1986, the median number of school years completed by Hispanics 25 years of age and older was 10.7 years, compared to 12.2 years for Blacks and 12.7 years for Whites. The proportion of high school graduates among Hispanics 25 and over was 48%, far below the 76% for non-Hispanics. Not only do Hispanics drop out at a higher rate than other groups, but they drop out of school earlier. Thus, Hispanic dropouts typically have lower educational attainment than do other dropouts.

Hispanic youth experience poverty in numbers far exceeding their representation in the overall population. While Hispanic children represented only 11% of all children in 1985, they represented 20% of all poor children in that year. A correlation exists between poverty and basic skill levels of a youth. The more severe the poverty, the greater chance the youth has of experiencing basic skill deficits, which lead to high unemployment and low wages.

Hispanic youth registered a lower labor force participation rate in 1986 than White youth (43.9% versus 57.8%). Black youth have the lowest labor force participation rate at 41.3%. However, the employment-population ratios (the percentage of the population actually employed) for Hispanic youth in 1986 was only 33.0%, with Puerto Rican youth experiencing the lowest employment-population ratios (25.1%) and Cuban youth the highest (34.1%) among Hispanic subgroups. The ratio for Black youth was 25.1% and for White youth 48.5%. The employment-population ratio for Hispanic youth declined 16.6% between 1978 and 1985, as compared to a 7.4% decline for White youth and a 2.0% decline for Black youth. This drop is evidence of a dangerous trend that must be halted and reversed if the nation is to achieve a healthy, prosperous economy.

The federal response to youth unemployment, particularly minority youth unemployment, has been inadequate and in recent years increasingly ineffective. The current primary federal employment and training legislation, the Job Training Partnership Act (JTPA), has been praised as an example of "New Federalism" as it unites the public and private sector in the delivery of employment and training services. Though Congress mandated certain expenditure levels to ensure adequate resources were spent on youth, JTPA implementation has not met JTPA intent. Youth have not been recruited in adequate numbers and short-term,

low-cost programs have been utilized for youth. Such programs cater to the needs of the most job-ready participants, rather than those in need of more extensive job training and basic education. These problems have led to significant underspending for youth services. Additionally, services for youth have been primarily targeted to in-school youth or high school graduates. Service to high school dropouts has declined considerably under JTPA and as a group they have been greatly underserved. For Hispanics, with the highest dropout rate of any major group in the nation, this is of particularly grave concern.

The cutbacks which have occurred in federal job training funds represent a reduction in human capital investment which will have costly long-term impact on federal revenues and entitlement expenditures for years to come. This disinvestment must be reversed to prevent high unemployment and an inadequately trained work force in future years. A well-trained future labor force, comcomprised increasingly of Hispanics, Blacks and women, will result in dual societal benefits -- increased revenues for programs such as Social Security and other domestic programs, and decreased expenditures for public assistance programs. The debate over the employment and training system and its intended beneficiaries is no longer limited to the issue of equal access. Demographic realities and economic consequences should be a strong inducement for achieving an effective federal employment and training policy responsive to the needs of Hispanics and other disadvantaged youth.

I. INTRODUCTION

Minority youth bear a disproportionate burden of unemployment. In 1986, the total annual unemployment rate for youth was 18.3%. Stark differences, however, appear along racial and ethnic lines. Black youth recorded the highest unemployment rate of 40.1%, followed by Hispanic youth at 25.1%, and White youth at 16.9%. The severity of minority youth unemployment does not bode well for the future. Demographics will favor higher productivity and lower unemployment over the next 12 years as prime-age workers make up a larger share of the U.S. labor force. The decline in the proportion of young workers, who have high unemployment rates, should decrease the nation's overall unemployment rate. But the growing proportion of minority youth, whose unemployment problems have been especially intractable, suggests that hard-core unemployment will endure into the future.

II. DEMOGRAPHICS

Hispanic Americans represent a young and growing subpopulation who face severe educational handicaps. In future years, the youthful Hispanic population will constitute a growing proportion of the nation's new entrants into the labor force.

A. Youth

Hispanic Americans are the nation's youngest major subpopulation. In 1985, Hispanics accounted for 7.2% of the total U.S. mainland population and approximately 7.4 million Hispanics 16 years and over were in the nation's civilian labor force. The March 1985 Current Population Survey reported the median age of Hispanics at 25.0 years, compared to 31.4 years for the total population. The youthfulness of the Hispanic community is further illustrated by the following chart:

YOUTH POPULATION:
ALL PERSONS AND PERSONS OF
HISPANIC ORIGIN BY AGE

BOTH SEXES	TOTAL POPULATION	HISPANIC POPULATION
Total (in thousands)	234,066	16,940
Percent	100.0	100.0
Under 5 years	7.7	10.7
5 and 6 years	2.9	4.3
7 to 9 years	4.1	5.8
10 to 13 years	5.7	7.9
14 and 15 years	3.2	3.6
16 and 17 years	3.1	3.6
18 and 19 years	3.2	3.7
20 and 21 years	3.4	4.0
Total 21 and under	33.3	43.6

Source: Current Population Reports, March 1985

The chart shows that 43.6% of the Hispanic population is 21 years old or younger, compared to 33.3% of the total population. Similarly, 20.8% of Hispanics are nine years old or younger, compared to just 14.7% of the total population. This age distribution pattern forecasts large cohorts of Hispanic youth for years to come, and these Hispanic children, along with other minority children, will form a growing proportion of the future labor force. Estimates indicate that by 1995, Hispanics will account for 8-10% of the labor force. The growing population of Hispanic youth requires effective policies in the areas of education and employment training.

B. Fertility Rates

The majority of Hispanic population growth in the next few decades is predicted to occur not through immigration, but due to a high Hispanic fertility rate. In 1985, the overall U.S. fertility rate was an estimated 68.6 births per 1,000 women 18 to 44 years old. The following chart shows the fertility rate by ethnic and racial category, indicating that White women have the lowest fertility rate, and Hispanic women the highest.

FERTILITY RATES: WOMEN 18-44 YEARS OLD
(Births per 1,000 women)

	1980	1985
Overall	71.7	68.6
White Women	68.5	66.9
Black Women	84.0	76.4
Hispanic Women	106.5	107.3

Source: U.S. Bureau of the Census, Current Population Reports, Series P-20, No. 401, Fertility of American Women: June 1985

Approximately 11.7% of all births in June 1984 were to Hispanic women. The high Hispanic fertility rate is well above "replacement" levels, guaranteeing larger cohorts of children for years to come. This high fertility rate stems partly from the high proportion of Hispanic women of childbearing age. In 1985, 44.0% of Hispanic women were between the ages of 20-34, compared to 34.6% of all U.S. women.

C. Education

A direct correlation exists between education and labor market success. Thus, any analysis of the labor market status of a particular group must include an assessment of the group's educational attainment and dropout rates.

Among the most pressing problems affecting Hispanic youth today is the dropout rate; Hispanics have the highest secondary school dropout rates in the country. According to Census data, in 1986, only 54.8% of Hispanic 18-19 year olds had graduated from high school, compared to 76.6% of Whites and 65.0% of Blacks. In March 1986, the proportion of high school graduates among Hispanics 25 and over was only 48%, far below the 76% for non-Hispanics.

Hispanics also appear to drop out of school earlier than do other groups of students. Census data from 1980 showed that 9% of Hispanics 14-17 years old had left school without graduating, compared to 5.3% of White youth and 5.2% of Black youth. Data from the National Commission on Secondary Schooling for Hispanics indicate that about 40% of all Hispanic dropouts leave school before the spring semester of the tenth grade. Thus, Hispanic dropouts typically have lower educational attainment than other dropouts; the rate of functional illiteracy among Hispanic adults 25 and over has been estimated at 56%.

Hispanic educational attainment levels reflect not only this high dropout rate but also a low college entry and completion rate. As of 1986, the median number of school years completed by Hispanics 25 years and older was 10.7 years -- or less than high school graduation -- compared to 12.2 years for Blacks and 12.7 for Whites. Only 5.3% of Hispanics aged 22 to 29 had completed at least four years of college, compared to 9.1% of Blacks and 19.0% of Whites.

Education is inextricably linked to labor market success. Improved education for Hispanics would not only raise wages, but would also lower the probability and duration of unemployment spells, which ultimately translate to lower earnings and higher costs for unemployment benefits and other entitlements and social services.

D. Poverty

Another serious problem affecting Hispanic youth today is a very high incidence of poverty. In 1985, 29.0% of Hispanic families had incomes below the poverty level, compared to 11.4% of White families and 31.3% of Black families. From 1978 to 1983, the number of poor Hispanic children rose by over 46%. While Hispanics represented only 11% of all children in 1985, they represented 20% of all poor children in that year.[1] Demographic factors contributing to high poverty rates among Hispanic children are the very low levels of high school completion by their parents, a relatively large number of children per family, an above-average proportion of children being raised by mothers alone and a relatively large proportion of children with young parents.

One analysis by the Congressional Research Service demonstrated that "if neither parent in a married couple had completed high school, more than 41% of Hispanic children were likely to be poor, a rate more than four times above that of children whose mother and father had completed high school." In 1985, 72.4% of Hispanic children in female-headed households were poor, compared to 66.9% of similarly situated Black children and 45.2% of White children.

A correlation exists between poverty and the basic skill level of a youth. Andrew Sum, author of "One Fifth of the Nation's Teenagers: Employment Problems of Poor Youth in America, 1981-1985," determined that the lower the family income of a young person, the greater chance the youth has of experiencing basic skill deficits. Given the severity of poverty in the Hispanic population, this problem has very serious implications for Hispanic youth. A lack of basic skills will lead to high unemployment, low wages, and ultimately, a continuation of this very destructive cycle.

III. LABOR MARKET STATUS OF HISPANIC YOUTH

Labor force participation rates and employment-population ratios are two measures of the labor market success -- or lack thereof -- for a particular population group. The following section illustrates the status of Hispanic youth relative to other groups.

A. Labor Force Participation Rates and Employment-Population Ratios

The labor force participation rate measures the percent of those persons aged 16 and over who are either employed or actively seeking employment. In 1986 the overall labor force participation rate for youth 16 to 19 of both sexes was 54.5%. Differences exist, however, among the major population groups. For the same year, White youth registered the highest labor force participation rate of 57.8%, compared to 43.9% for Hispanic youth and 41.3% for Black youth. Among Hispanic subgroups, Mexican Americans had the highest labor force participation rate of 46.4%, Cubans were next at 43.9%, and Puerto Ricans were lowest at 35.4% (See Figure 1). This pattern has been consistent over the past eight years.

A more accurate measure of the employment status of individuals is the employment-population ratio. Unlike the labor force participation rate, this variable measures only the percentage of the population that is actually employed, and over time shows the stability of this employment. The employment-population ratio is vulnerable to changes in levels of employment and population growth. Employment levels must keep pace with a growing population base if the employment-population ratio is to remain stable.

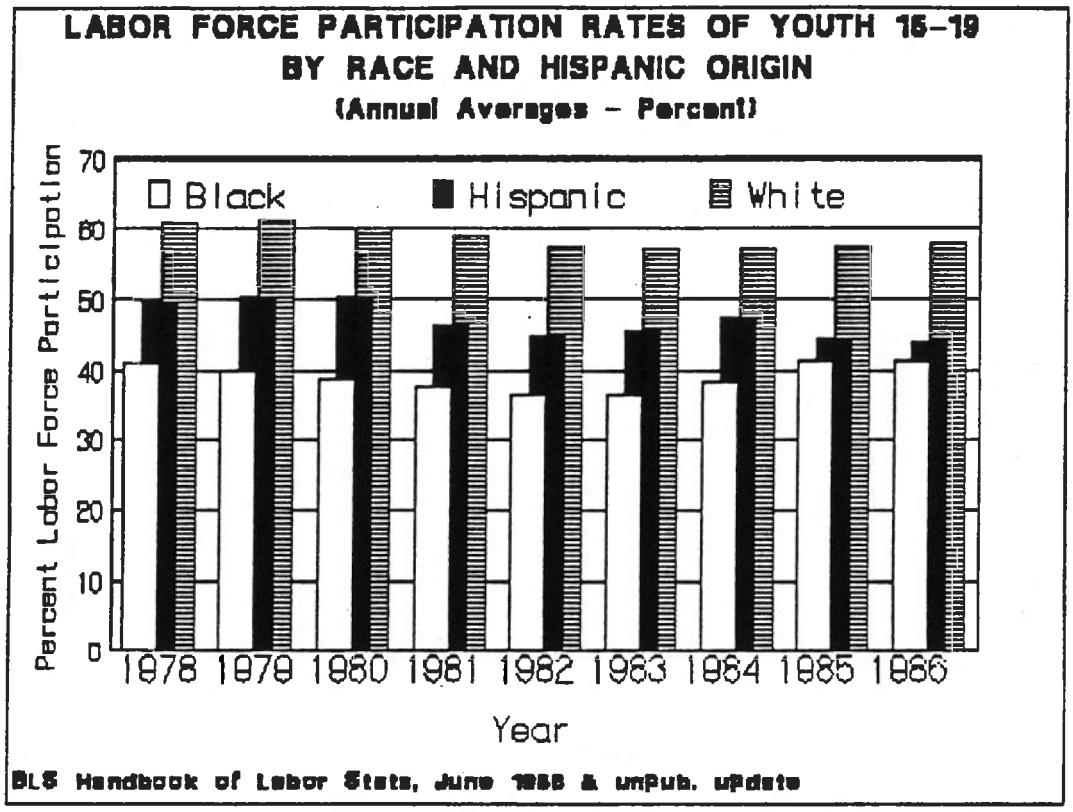
This ratio is key in measuring the employment levels of the growing Hispanic population. When the increase in numbers of employed Hispanics is less rapid than the pace of their population growth, then their employment-population ratio declines. The attached chart reveals the employment-population ratios for youth for major groups (See Figure 2).

A decline in employment levels was experienced by all groups during 1982-1983 recession. Between 1978 and 1985, the employment-population ratio for White youth declined by nearly four percentage points. Despite this decline, close to half of White youth 16 to 19 years old were employed in 1986. On the other hand, only about one-fourth of Black youth and one-third of Hispanic youth were employed. The burden of youth unemployment is disproportionately borne by minority youth.

Among Hispanic subgroups, Mexican Americans had the highest percentage of employed individuals in 1986, with 34.8% employed, Cubans followed with 34.1% employed, and Puerto Ricans had only 25.1% employed.

The employment-population ratio of Hispanic youth reveals interesting patterns. Between 1978 and 1986, it declined by over six percentage points; most of this reduction occurred after 1980. Between 1984 and 1986, an unusual fluctuation occurred. While the employment-population ratio of White youth increased slightly from 48.0% to 48.8%, the ratio for Black youth increased by over three percentage points, and the ratio for Hispanic youth decreased by three percentage points, from 36.0% to 33.0%. The decline could be explained by

FIGURE 1


LABOR FORCE PARTICIPATION RATES OF YOUTH 16-19
BY RACE AND HISPANIC ORIGIN
(Annual Averages - Percent)
Percent Labor Force Participation
70
60
50
40
30
20
10
0
Black
Hispanic
White
1978 1979 1980 1981 1982 1983 1984 1985 1986
Year
BLS Handbook of Labor Stats, June 1988 & unPub. update

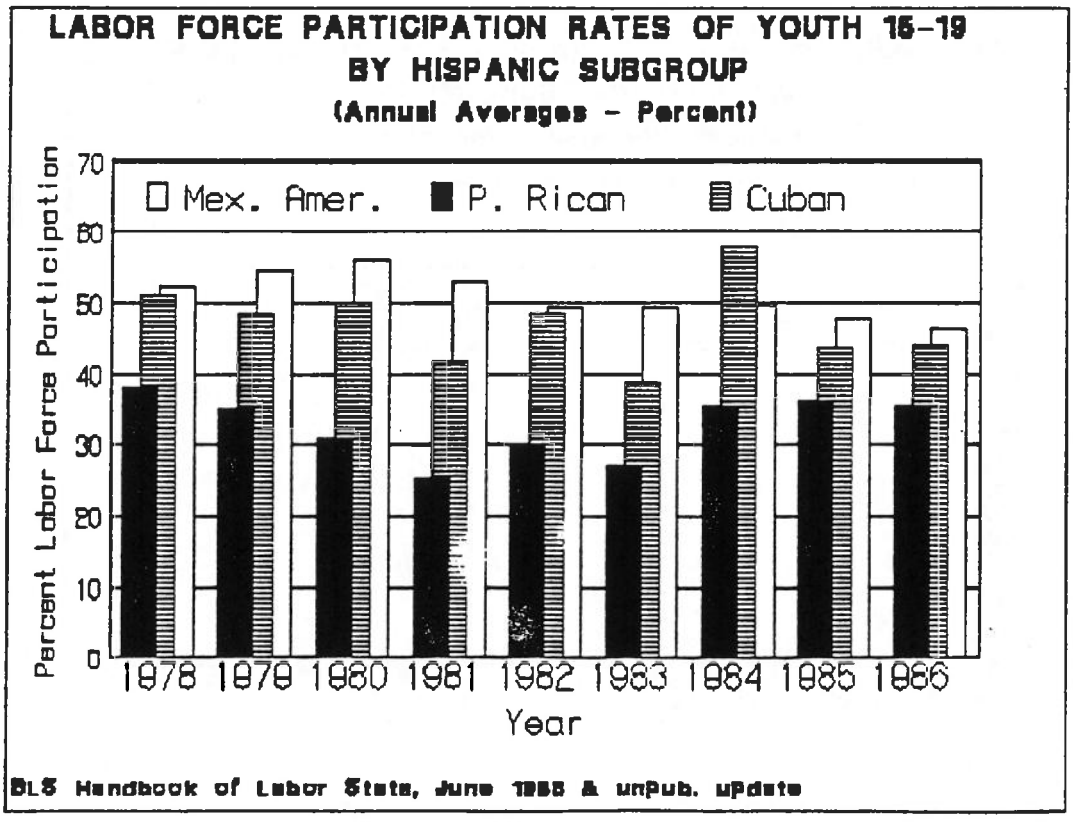
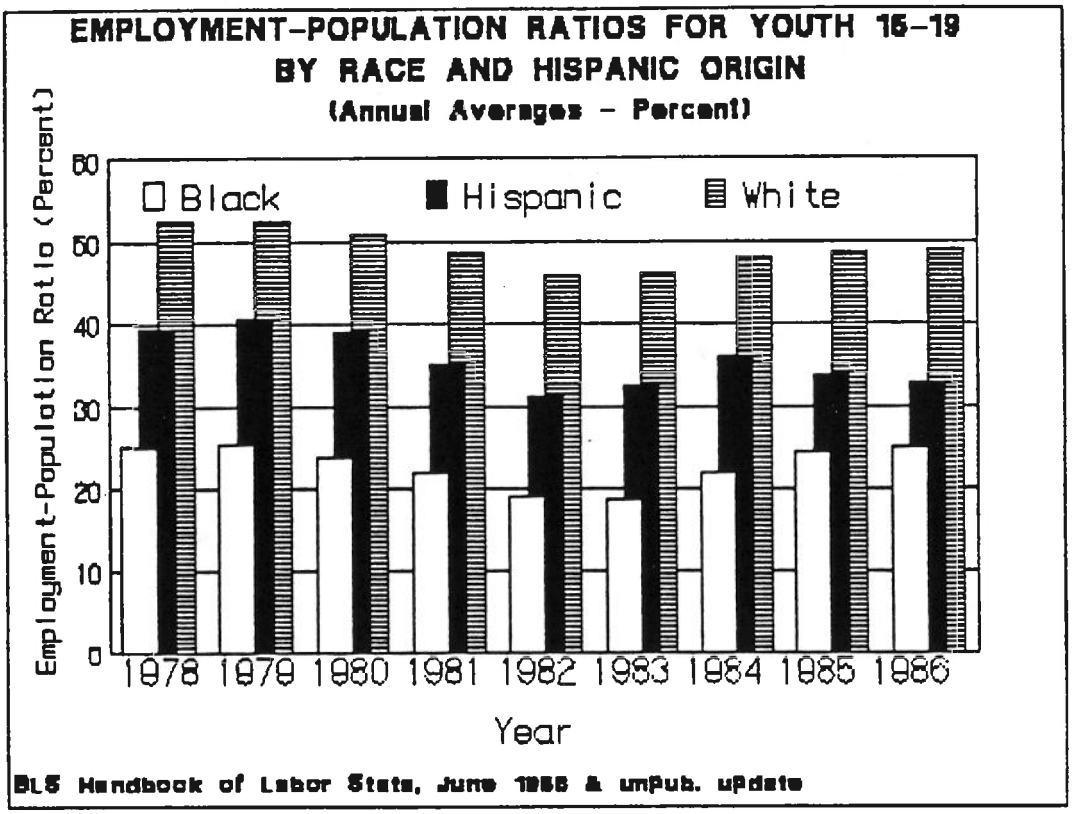
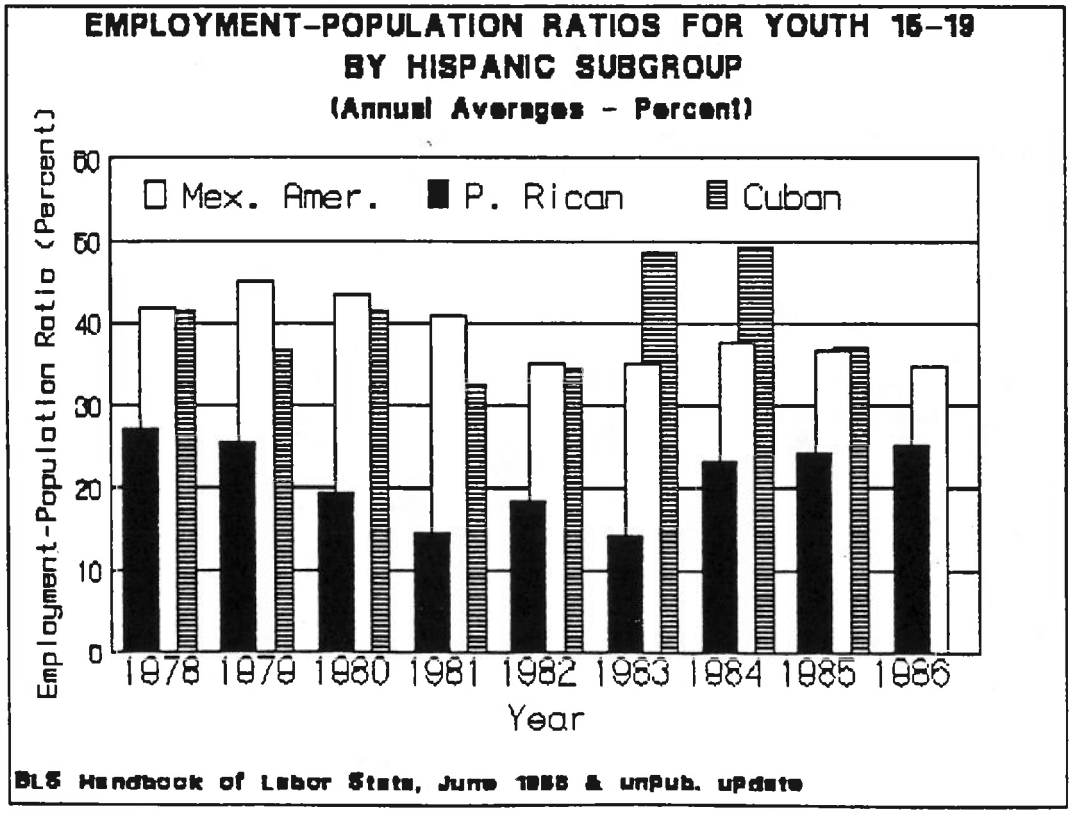

LABOR FORCE PARTICIPATION RATES OF YOUTH 16-19
BY HISPANIC SUBGROUP
(Annual Averages - Percent)
Percent Labor Force Participation
70
60
50
40
30
20
10
0
Mex. Amer.
P. Rican
Cuban
1978 1979 1980 1981 1982 1983 1984 1985 1986
Year
BLS Handbook of Labor Stats, June 1988 & unPub. update

FIGURE 2


EMPLOYMENT-POPULATION RATIOS FOR YOUTH 16-19
BY RACE AND HISPANIC ORIGIN
(Annual Averages - Percent)
Black
Hispanic
White
Employment-Population Ratio (Percent)
0
10
20
30
40
50
60
1978 1979 1980 1981 1982 1983 1984 1985 1986
Year
BLS Handbook of Labor Stats, June 1988 & unPub. update


EMPLOYMENT-POPULATION RATIOS FOR YOUTH 16-19
BY HISPANIC SUBGROUP
(Annual Averages - Percent)
Mex. Amer.
P. Rican
Cuban
Employment-Population Ratio (Percent)
0
10
20
30
40
50
60
1978 1979 1980 1981 1982 1983 1984 1985 1986
Year
BLS Handbook of Labor Stats, June 1988 & unPub. update

the fact that the Hispanic youth population is growing rapidly, and the labor market is not providing jobs at a fast enough pace. This conclusion is supported by the fact that all Hispanic subgroups had lower employment-population ratios in 1986 than in 1978. The employment-population ratio for Hispanic youth declined 16.0% between 1978 and 1986, as compared to a 6.9% decline for White youth and no decline for Black youth.

B. Unemployment

When labor market demand is not sufficient to meet the needs of the labor market supply, or when labor force skills do not fit labor market needs, unemployment results. Minority youth unemployment is a major national problem, as shown in Figure 3. Black youth unemployment in 1986 measured 39.3%, a 1.6% increase over the 1978 rate, White youth unemployment 15.6%, a 12.2% increase over 1978, and Hispanic youth unemployment 24.7%, a 19.3% increase over 1978. There are significant differences between Hispanic subgroups. Mexican Americans had an unemployment rate of 25.0% in 1985 and Puerto Rican youth unemployment measured 29.5%. Data for Cuban Americans was unavailable for 1986. These data do not include those teenagers who have become "discouraged" and stopped actively seeking employment -- individuals who believe, for various reasons, that they cannot get a job. If these "discouraged" teens were included, then the youth unemployment rate would rise dramatically.

C. Conclusion

Hispanic youth are part of a segment of the population characterized by explosive demographics and poor performance in certain labor market indicators because of inadequate education, poverty, and other factors.

The cycle from unemployed youth to structurally unemployed adult is an expensive one, draining the public treasury because of increased expenditures in public assistance and human services programs. This cycle, moreover, is likely to be the path followed by minority youth who lack the skills necessary to compete in the labor market.

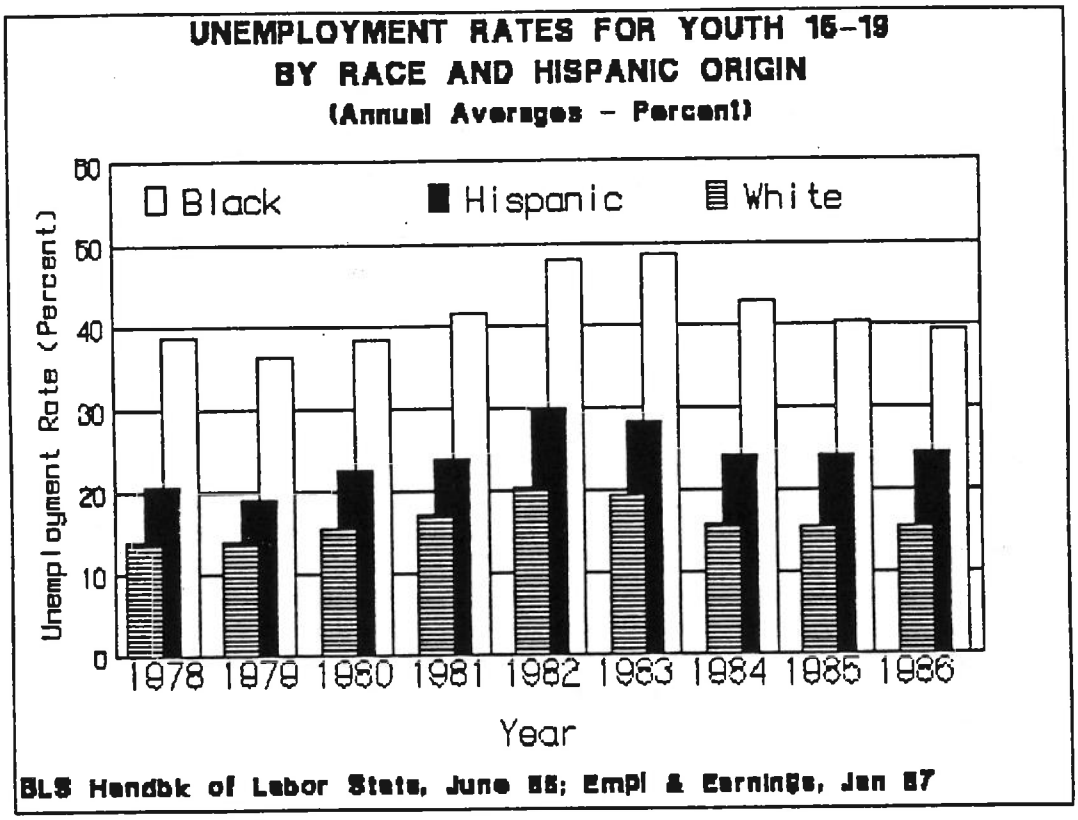
IV. THE FEDERAL RESPONSE TO YOUTH UNEMPLOYMENT

A. Programs Predating the Job Training Partnership Act

Employment and training programs of previous decades have sought to improve the employability of jobless and low-income workers of all ages, and most have included special youth provisions or components. In 1962, the Manpower Development and Training Act (MDTA) was signed into law. The statute initially provided vocational training for unemployed adult workers displaced by automation; however, in 1963 the Act was amended to increase program funding for youth training and allowances. From this point on, a large percentage of participants were young people.

In 1964, the Economic Opportunity Act (EOA) created two important programs geared specifically toward youth: the Neighborhood Youth Corps, which emphasized work experience in public and private nonprofit agencies; and the Job

FIGURE 3


UNEMPLOYMENT RATES FOR YOUTH 16-19
BY RACE AND HISPANIC ORIGIN
(Annual Averages - Percent)
Black
Hispanic
White
Unemployment Rate (Percent)
0
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20
30
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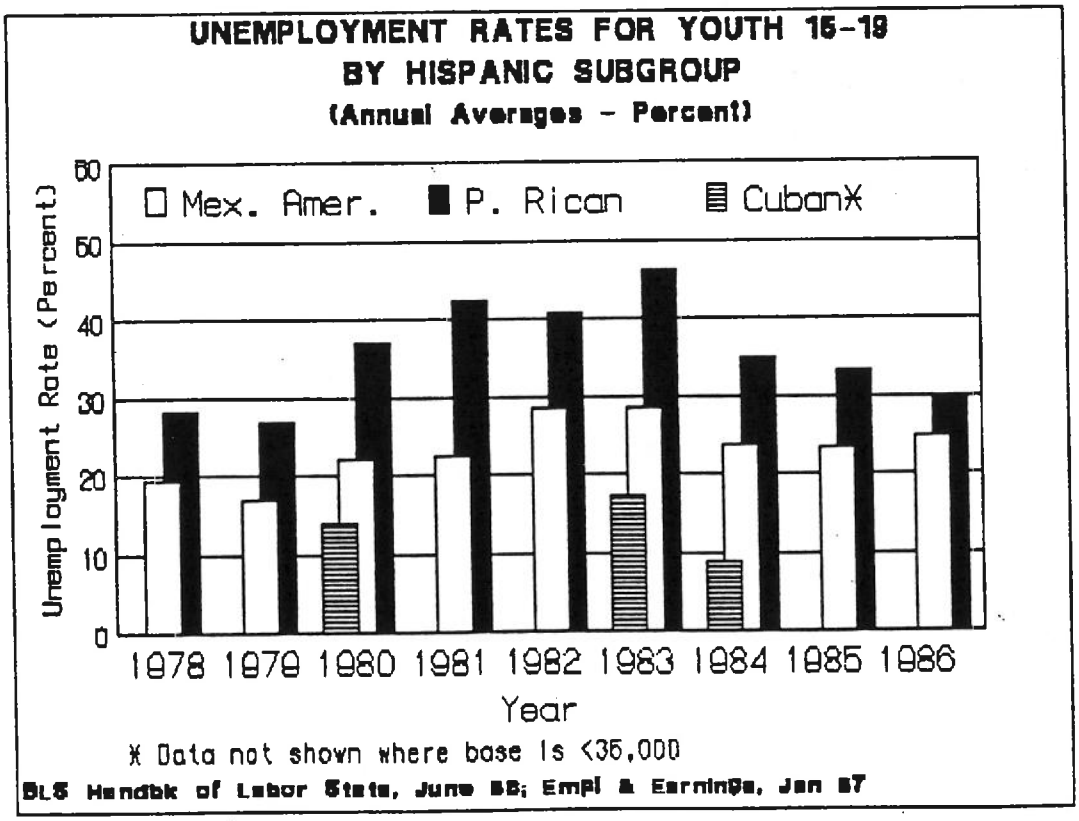
50
60
1978 1979 1980 1981 1982 1983 1984 1985 1986
Year
BLS Handbk of Labor Stats, June 86; Empl & Earnings, Jan 87


UNEMPLOYMENT RATES FOR YOUTH 16-19
BY HISPANIC SUBGROUP
(Annual Averages - Percent)
Mex. Amer.
P. Rican
Cuban*
Unemployment Rate (Percent)
0
10
20
30
40
50
60
1978 1979 1980 1981 1982 1983 1984 1985 1986
Year
* Data not shown where base is <35,000
BLS Handbk of Labor Stats, June 86; Empl & Earnings, Jan 87

Corps, which focused on both educational and skills shortcomings of severely disadvantaged youth. Also in the 1960s, the federal-state employment service system began to place increased emphasis on serving persons with particular job disadvantages, including youth, who received counseling and testing to help them find and enter appropriate career fields, and obtain referrals to needed training and placement in jobs when they were ready for employment.[2] In the late 1960s, the Department of Labor concentrated on efforts to help minority youth become apprentices through the Apprenticeship Outreach Program which was "designed to help blacks and other minorities ...(gain) access to apprenticeable trades, especially in the building construction industry."[3]

In 1973, the Comprehensive Employment and Training Act (CETA) was signed into law. This was to be the major federal legislation governing employment and training programs for the coming decade. CETA attempted to establish a comprehensive framework within which employment and training programs could operate and transferred administrative responsibility from federal to state and local authorities, although federal oversight remained and was strengthened by subsequent amendments.

Youth were served through virtually all the statute's titles. They constituted a large portion of the participants in comprehensive programs authorized by Title I; they took part in the public service employment programs authorized by Titles II and VI; and they were one of the groups designated for special services under Title III. CETA also authorized separate youth programs such as Job Corps, the Summer Program for Economically Disadvantaged Youth, and the various programs created by the Youth Employment and Demonstration Projects Act (YEDPA) of 1977 under Title IV.[4] The programs of YEDPA were enacted to alleviate the youth unemployment crisis generated by the recession of 1974-75. The four major components of YEDPA were:

1. Youth Employment and Training Programs, which authorized youth activities with the aim of improving quality and coordination of various youth services;

2. Young Adult Conservation Corps, designed to help overcome the problems of jobless 16-24 year-olds;

3. Youth Incentive Entitlement Pilot Projects, which tested the feasibility of providing enough meaningful jobs to employ all eligible youth who wanted them, to determine the costs of a nationwide entitlement and assess the impacts of a job guarantee on school retention and return; and

4. Youth Community Conservation and Improvement Projects, geared to providing jobs for out-of-school youth 16 to 19 years old.[5]

Thus YEDPA included major provisions to establish a variety of employment, training and demonstration programs to assist unemployed youth. One analysis of the youth entitlement noted that enrollees were largely Black and female and had prior participation in CETA programs. Only a small percentage (8%) were Hispanic, and these were concentrated in geographic areas with very large Hispanic populations. In an assessment of resources under research,

evaluation and demonstration projects, Dr. Gilbert Cardenas and Dr. Richard Santos concluded that "very few resources...have been allocated solely for Hispanic youth and Hispanic youth issues. Virtually none of the demonstration projects is related to Hispanic youth. Research activities also have excluded the Hispanic youth population."[6]

Data on Hispanic youth participation in employment and training programs is very limited prior to 1978. After that time, CETA targeting and operating standards were tightened, and despite a lack of specific targeting for Hispanic youth under the YEDPA programs of CETA, it appears that Hispanics were served in proportion to their incidence in the eligible population. The first chart in Figure 4 shows that Hispanic participation in CETA Title IV increased a great deal in Fiscal Year 1982. The second chart shows that under the Job Training Partnership Act (JTPA), as described below, services to Hispanic youth have declined, while the population continues to grow at a rapid rate.

B. The Job Training Partnership Act

The Job Training Partnership Act replaced CETA in October 1983 as the nation's primary federal employment and training legislation. JTPA's focus is a complete reversal of past federal employment and training policies. Whereas CETA reflected a strong federal presence (particularly after amendments strengthened federal oversight), JTPA reflects the "New Federalism" philosophy -- decentralized mechanisms with minimal federal oversight. JTPA is highly praised by its supporters as an example of a major policy initiative which unites the public and private sectors in the delivery of employment and training services. It had been anticipated that this partnership would be successful in providing training and reducing unemployment. Independent analyses of JTPA, however, indicate that it has achieved mixed results and has failed to effectively serve disadvantaged youth and especially school dropouts.[7] Areas of Hispanic concern related to JTPA are discussed below.

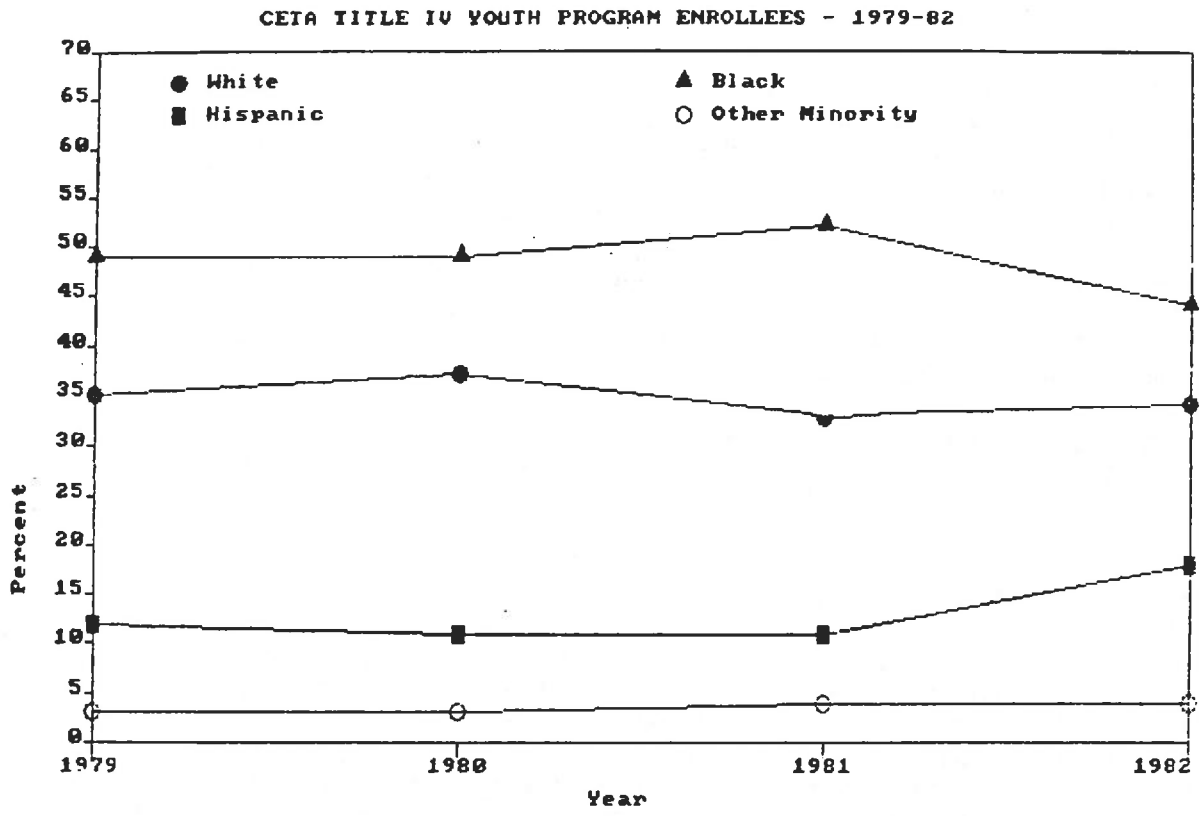
1. Services to Youth

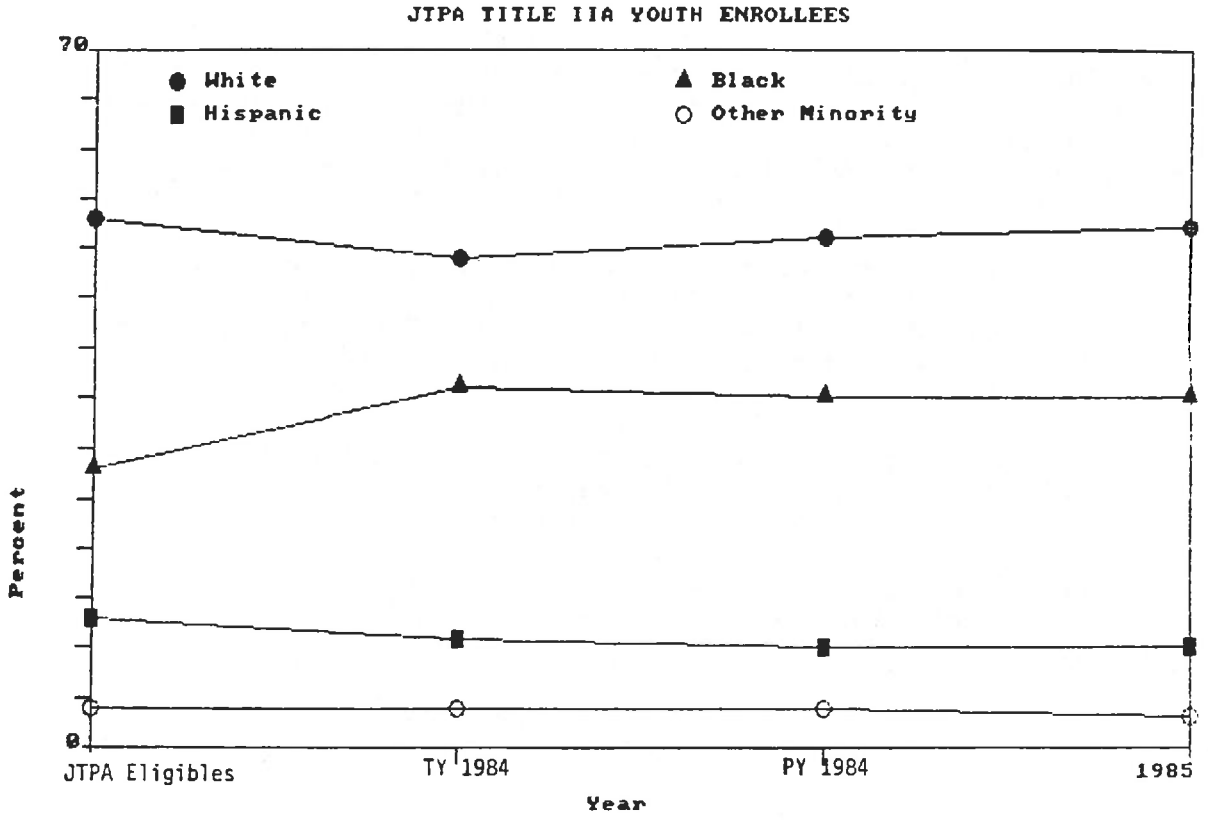
JTPA defines the term "youth" to mean an individual aged 16 through 21. JTPA has specifically targeted youth as beneficiaries of employment and training services in many sections of the legislation. The applicable provisions are as follows:

- Section 2: Identifies the beneficiaries and intent of the Act by stating that "it is the purpose of JTPA to establish programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals facing serious barriers to employment, who are in special need of such training to obtain productive employment."

- Section 203: Identifies three target groups, including youth, by stating that "service delivery areas shall spend not less than 40% of their funds to provide services to eligible youth." This section also targets school dropouts, who shall be served "equitably,"

FIGURE 4





* JTPA Program Year 1985 for first quarter only.
Source: U.S. Department of Labor, Division of Performance Management and Evaluation; "Summary of JTLA Data for JTPA Title IIA Enrollments and Terminations"

taking into account their relative incidence in the JTPA-eligible population. JTPA does not distinguish between young and older dropouts. It merely defines a dropout as an "individual who is neither attending any school nor subject to a compulsory attendance law and who has not received a secondary school diploma...."

- Section 205: Identifies exemplary youth programs which may be included in local job training plans. Exemplary youth programs include "world of work" programs, pre-employment skills training, entry employment experience, and school-to-work transition programs.

- Title II-B: Authorizes funds for the Summer Youth Employment and Training programs. These funds may be used for basic and remedial skills training, on-the-job training, work experience programs, outreach and other activities.

Youth were specifically identified by drafters of the JTPA legislation as a vulnerable group requiring specific service mandates. Congressional intent was to ensure that adequate resources were spent on youth. Thus, the youth requirement was stated in terms of expenditure levels rather than participant levels. Drafters of the JTPA legislation were concerned about the possibility of inexpensive and short-term services being used as a means for building up an impressive number of youthful participants without achieving lasting results; requiring a set level of service delivery area (SDA) expenditures on youth was seen as an effective way to prevent that.

However, independent analyses of JTPA indicate that JTPA implementation has not accomplished JTPA intent. The "Grinker-Walker Report: Round II," published in January 1985, highlights two JTPA implementation problems regarding youth: (1) SDA difficulty in attracting youth; and (2) use of short-term, low-cost programs for youth. Both these problems have led to underspending for youth services. The report states that:

> ...only eight of the 25 field sites surveyed expended 90% or more of the JTPA funds allocated for youth. The other 17 sites fell short, many significantly. Fully half of the field sites expended less than 60% of their youth allocation.[8]
>
> ...the average duration of a youth's participation in JTPA at the field sample SDAs was 12.2 weeks -- almost ten weeks shorter than had been planned.[9]
>
> ...the average cost per positive youth termination was $3,105, well below the federally established standard of $4,900.[10]

The Grinker-Walker Report also points out that services to youth have been predominantly targeted to in-school youth or high school graduates. The report shows that:

> ...the field study SDAs, on average, had in-school programs which constituted 31% of their total youth

> enrollment. The youth population, besides its 31% in-school group, was composed 43% of youth with high school degrees or higher education, and 26% of youth who had dropped out of school.[11]

2. Services to Dropouts

It is not suggested that in-school youth should not be served by JTPA; however, out-of-school youth should be just as actively recruited. JTPA requires that school dropouts be served in proportion to their incidence in the eligible population. This requirement has no age limitation, and thus both older and younger dropouts are served; clearly they require different training strategies.

The Grinker-Walker Report found that programmatic efforts and contracting strategies at most of the SDAs in the study reflected a general lack of emphasis on incorporating dropouts into JTPA programs. The report states that:

> ...Forty-six of the 57 total sample SDAs had no separate training programs for non-high school completers and provided only minor allocations
>
> for remedial education. Eighteen of the 25 field study SDAs did not set specific goals for enrolling dropouts in their contracts with service providers.[12]

It is unclear how SDAs intend to serve dropouts "equitably." The Grinker-Walker analysts cite SDA administrators' concerns about this shortfall; however, there were few indications of intent to alter training programs, contractors, or other major program components to rectify the situation. The Grinker-Walker report concludes that as of June 30, 1984:

> ...for the most part SDAs had not yet begun to devise specific strategies for increasing the enrollment of dropouts.[13]

The relevant JTPA sections on dropouts are ambiguously written. This ambiguity was increased by implementing regulations which remained silent on the issue of targeting specific groups of the eligible population. It should be no surprise, therefore, that the proportion of dropouts being served has declined since JTPA replaced CETA. A recent General Accounting Office (GAO) study states that:

> ...the dominant trend observed in 118 SDAs was a percentage decrease in the number of dropouts served. Overall, the proportion of school dropouts being served decreased from 29% during CETA Fiscal Year 1982 to 23% during JTPA Transition Year 1984.[14]

Hispanics have the highest dropout rate of any major group in the nation. Because of this, they will suffer a disproportionate impact if dropouts are not adequately served in employment and training programs.

3. Prohibition of Training Stipends and Limited Supportive Services

An analysis of the JTPA legislation reveals dichotomous philosophies. On the one hand, there is the intent to serve the economically disadvantaged. On the other hand, this intent is largely undermined by the elimination of training stipends and by limited supportive services. Supportive services can be viewed as access mechanisms for the economically disadvantaged, who are likely to require services such as child care and transportation in order to attend training sessions. Since these provisions have been eliminated or financially restricted under JTPA, it is now more difficult to serve the intended beneficiaries.

JTPA's restrictions on training stipends and limited supportive services have hampered efforts to serve the most disadvantaged youth, as has the use of strict performance standards which provide payments to contractors based on placement of participants into unsubsidized jobs. One result is "creaming" -- selecting the least-disadvantaged individuals because they require less training, minimal supportive services, and are easiest to place in unsubsidized employment. The Grinker-Walker Report states that:

> ...Most SDAs did not pay any substantial attention to the act's broad mandate to serve those most in need of and able to benefit from its services. They felt that mandate was undercut by the act's restrictions on support services, stipends, and work experience, its strong focus on performance standards and its major role for the private sector.[15]

The JTPA legislation requires SDAs to spend 70% of their funds on training activities, not more than 15% on supportive services and 15% on administrative costs. The Grinker-Walker Report found, however, that these percentage limitations have been implemented in such a way that supportive services are minimized. On average, the sample SDAs spent 76% of their funds on training, 8% on supportive services, and 16% on administrative costs in Program Year 1984.[16]

4. Reduced Federal Expenditures

Title II-B of JTPA (the summer youth employment program) and the Job Corps are the only programs which provide federally-funded services exclusively to disadvantaged youth. Under JTPA, these programs have experienced significant funding reductions. In light of the overwhelmingly youthful Hispanic population, and its relatively low level of education and high level of unemployment, the Hispanic community would be particularly hard-hit by further reductions in these programs.

a. Title II-B: The Summer Youth Employment Program

There has been a philosophical departure in JTPA from direct job creation strategies. Federally-funded jobs for both the cyclically and structurally unemployed -- called Public Service Employment -- formed the cornerstone of CETA, but have been totally eliminated under JTPA. During Fiscal

Year 1979, over 40% of all Black youth age 14-19 and almost 25% of all Hispanic youth found their work opportunities in a CETA program. Not surprisingly, then, the 60% reduction in subsidized youth employment which occurred between 1979 and 1982 had a dramatically adverse effect on employment prospects for disadvantaged youth. Detailed analyses of changes in job program enrollments and overall employment declines for youth during the 1979-82 period indicate that cutbacks in federally-funded jobs accounted for one-seventh of all job losses for all 14-to 19-year-olds and over one-half of the job losses experienced by non-White youth.[17]

Data indicate that summer jobs have a long-term impact, which makes cutbacks a special concern. The only remaining federal job creation programs for youth, though minimal in scope, are provided by the summer youth program, which the Reagan administration has requested be cut back by an additional 50%. Research on summer job creation initiatives reveals that summer youth employment programs increase the likelihood that teenagers will return to school in the fall, with dropout rates for participants one-third below those found in control groups.[18] The primary victims of a decreasing federal financial commitment to youth employment activities are minority youth, especially the youthful and rapidlygrowing Hispanic population, which cannot be accommodated in the labor market at a fast enough pace to match its population growth.

b. Job Corps

Another component of JTPA which provides employment and training opportunities for disadvantaged youth is the Job Corps (Title IV-B). Though listed as part of JTPA, the Job Corps is a separate national program with its own standards and procedures for selecting enrollees. The Job Corps establishes residential and nonresidential centers in which enrollees participate in intensive programs of education, vocational training, work experience, counseling, and other activities. The Job Corps is a popular program, enjoying strong bipartisan support in Congress. Although the Department of Labor has acknowledged the success of the Job Corps in serving some of the nation's most disadvantaged youth, the administration has repeatedly proposed severe funding cuts for this program.

The Job Corps, with its successful track record in both short-term and long-term gains, documents the positive outcomes which stem from a continuous federal effort in addressing the educational and employment preparation deficiencies of disadvantaged youth. A 1985 study conducted by Dr. Bruce Baird of the University of Utah showed that the Job Corps returns $1.38 to the Treasury in only three years for each $1.00 invested by the federal government. The returns come from continuing taxes paid by the Corpsmembers once they begin employment, and from reduced welfare payments. At a time when minority youth unemployment is at record levels, employment specialists argue that Job Corps, one of the few successful programs targeted to disadvantaged youth, should be continued and strengthened, not cut.

5. Hispanic Youth Participation in JTPA

Data on JTPA youth participation rates indicate that Hispanic youth are underrepresented among participants. In the transition year 1984, Hispanic youth

represented 13% of eligibles, but only 11% of participants. Though JTPA mandates specific services to youth, those mandates are not being met. As mentioned earlier, few SDAs attempt to serve those most in need and able to benefit from JTPA services. For the most part, SDAs are favoring short-term, low-cost programs, and choosing participants from those who are most job-ready.

Hispanic youth are among those who are most in need of JTPA services, including longer-term (and hence more expensive) programs. Remedial education and English literacy services are particularly crucial; one study indicated that approximately 80% of Hispanic high school seniors cannot read well enough to understand their textbooks.[19] Because providing English literacy services and basic education is not a priority activity, Hispanic youth are not likely to be adequately served under JTPA.

Another cause for concern in regard to services to Hispanic youth is the shift in emphasis toward the private business sector and toward meeting its labor market needs, rather than addressing participants' training and job-preparation needs, in spite of stated Congressional intent to serve those who face serious obstacles to employment.

Under JTPA, a high priority among local decision makers during the early months of the program was determining which organizations would operate JTPA activities. The process of contractor selection in most SDAs focused on prior performance in placement and cost under CETA. According to Grinker, Walker and Associates, "...it did not favor organizations which had in the past enrolled 'high-risk' individuals -- those with multiple support service needs or with backgrounds seriously lacking in work histories or skills."[20] The Grinker-Walker report notes that youth expenditures fell far below spending requirements in many areas because "potential contractors -- even many who had traditionally served youth -- were not eager to serve a group with whom they thought it would be difficult to meet prevailing performance standards."[21]

Thus, Hispanic community-based organizations, who in the past have been the employment service providers best able to meet the needs of "high-risk" Hispanic youth, are now faced with a very difficult situation. In many cases, these groups felt that if they wished to participate as JTPA contractors, they had to abandon their traditional commitment to the hard-to-serve and alter their programs to serve better-qualified individuals in short-term programs. Some groups have dropped out of competition for JTPA funds because they are unwilling to change their targeting to meet JTPA performance standards.

V. POLICY IMPLICATIONS

A. Services to Hispanic Youth

Demographics are causing a profound change in the composition of the U.S. labor force. The "baby bust" shrinkage of the labor force is most marked among Americans 16 to 24 years old, many of whom are entering the labor market for the first time. The Bureau of Labor Statistics projects that from 1984 to 1990, the number of workers in the 16-to-24 age bracket will decrease by 2.7 million, to 21.3 million; from 1990 to 1995, the size of that group is expected to drop by an additional 1.1 million. The demographic decline in young workers, however,

is not projected for minority communities. The youthfulness and high fertility rates among minorities, especially Hispanics, will guarantee a large cohort of individuals in the 16-to-24 age bracket, and the growing proportion of minorities in that age group indicates that minority workers will account for an increasingly large segment of the future labor force.

The growing demands of disadvantaged youth for the limited employment and training resources available will severely test the capability of the Job Training Partnership Act and its decentralized system. As the youngest population group with the highest dropout rate in the country, Hispanics have a special need for youth employment programs. Most importantly, Hispanics will suffer a disproportionate impact if they are not adequately targeted as recipients of employment and training services. A special concern with the JTPA legislation and its implementation is that even where youth programs are available, a lack of training stipends, supportive services, and adequate educational and skill training components may minimize opportunities for disadvantaged Hispanic youth to participate. Without these access mechanisms, JTPA's legislative intent and specific youth targeting provisions amount to no more than symbolic and unenforceable efforts.

Untrained youth are likely to follow the cycle of underemployment, structural unemployment, and frequent use of welfare services. Economists have observed that victims of chronically high unemployment rates do not get the job experience and good work habits that job holders have, making it still more difficult for them to find employment in the future. This problem is particularly acute with young people, who generally have higher unemployment rates than adults. Their lack of work experience reduces productivity and the ability to obtain stable employment. Therefore, the rate of structural unemployment will rise over time, regardless of economic conditions, unless action is taken to address this problem.

Preventive measures which must be implemented include the training of the present and future labor supply and the stimulation of labor market demand. Employment specialists contend that public employment programs providing part-time or summer jobs, often in cooperation with the nongovernmental sectors, have been successful in accelerating the entry of poor and minority youth into the labor market. Work experience programs, combined with remedial education and job placement, have had a positive long-term impact on disadvantaged youth. Clifford Johnson, in "Direct Federal Job Creation: Key Issues," states,

> [public job creation efforts] yield the greatest returns when combined with intensive training, remediation for basic skills development, and job search or placement assistance. In addition, they generally provide the most lasting gains among youth with little or no prior work experience, developing positive work habits and offering a base of relevant references and employment referrals. For many disadvantaged youth in particular, public sector jobs provide the only realistic avenue for securing this essential foothold in the labor market.[22]

The Youth Incentive Entitlement Pilot Projects, funded as part of CETA (1978-80), are an example of a successful youth work experience program which prescribed school attendance and academic performance standards. The projects provided a summer, full-time private-sector job to disadvantaged youth upon

their promise to stay in school during the academic year. Participants were also provided a part-time job during the school year. Evaluations of this effort reveal the strong motivational force of subsidized employment opportunities, triggering a 50% increase in labor force participation rates among Black youth and inducing nearly three in four eligible Black teenagers to accept and hold jobs for a year or more.[23] This program was possible only because of the financial commitment of the federal government, and provides a model which should be replicated.

A major concern among some researchers is that there are few data on Hispanic youth and there has been very little support for analyses of youth programs as they affect the ability of Hispanic youth to overcome barriers to employment. In order to implement effective youth programs for Hispanics, it is necessary to develop a greater understanding of the causes and problems whch preclude their successful participation in the labor market. Dr. Richard Santos recommends that "research findings...should be closely tied to the development of youth policies in general, and policies for Hispanic youth in particular." An increase in such research "would make good economic sense."[24]

"Hispanic Youth Employment: Establishing a Knowledge Base," published by the National Council of La Raza, proposed "the establishment of a national Hispanic youth employment demonstration program...which would conclusively elevate the plight of Hispanic youth in the field of employment to national significance and attention, and establish a testing ground for innovative programs and strategies designed to address the special problems and needs of Hispanic youth."[25]

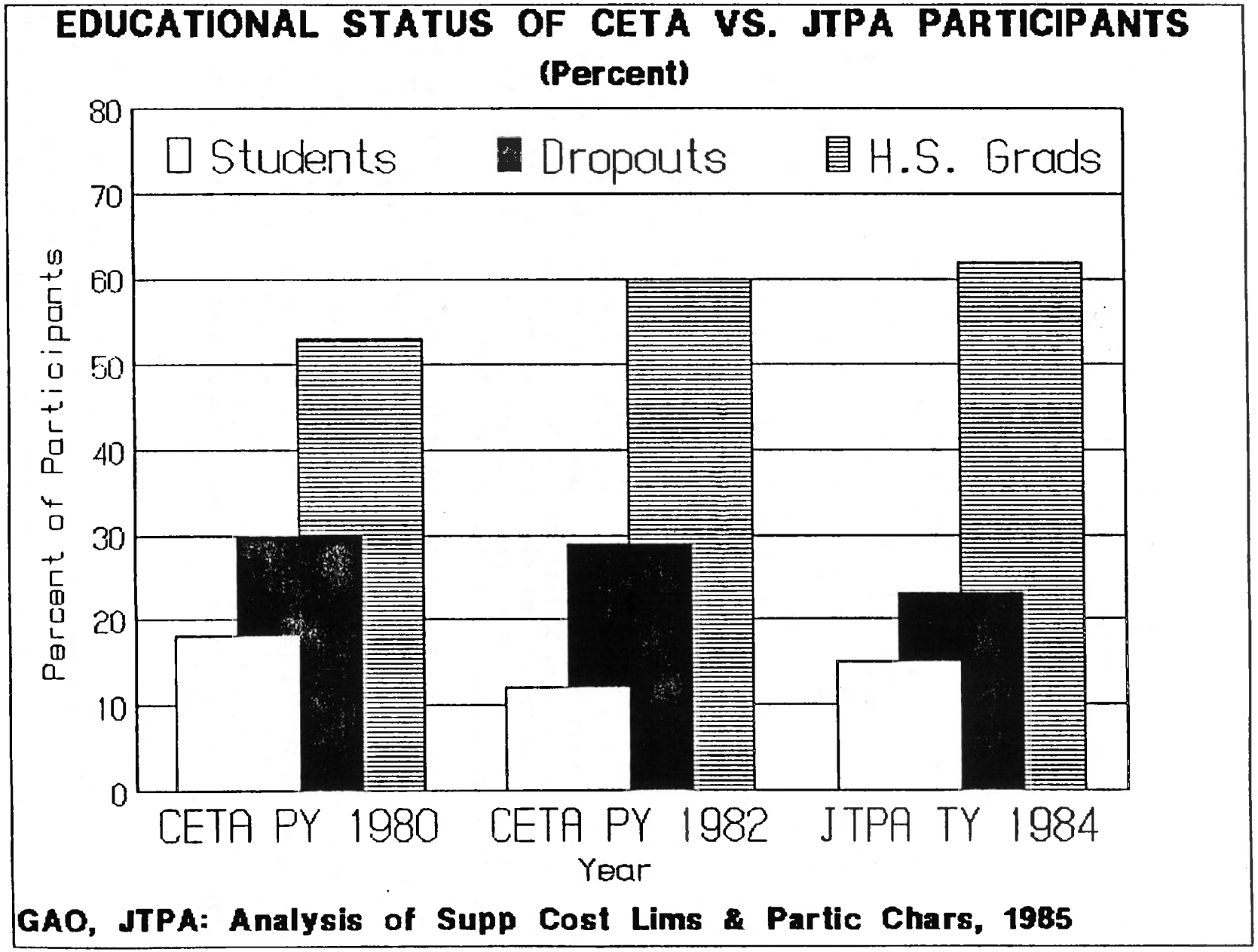
In addition, in order to effectively serve Hispanic youth, Hispanic communitybased organizations should be utilized as service providers. These community-based groups provide a crucial link between Hispanic youth and mainstream education and employment and training institutions. Bilingual/ bicultural programs should also be available as a part of employment and training activities, both to help limitedEnglish proficient youth learn English and to improve youths' self-esteem. As noted in "Hispanic Youth Employment," "Hispanic community-based organizations again play a key role in this aspect of the program, mainly providing for language proficiency and supportive services." [26]

B. Services to Dropouts

Under JTPA, employment and training services to dropouts have declined considerably from CETA levels (See Figure 5). Many reasons have been cited for this, most notably JTPA's emphasis on low-cost training and high placement rates.

Dropouts are among the most difficult group to serve, because they typically require the longest-term and most expensive training in order to be adequately prepared for entry into the labor market. In order to meet performance standards, many SDAs and service deliverers have implemented stringent entrance requirements for participants in employment and training programs. These include fluency in English, a certain level of math and reading ability, a high school diploma or GED, or a driver's license. One study by Westat, Inc., notes that "Applicants who do not meet any requirements may be referred to social agencies, or just sit in the applicant pool. A PIC planning document,

FIGURE 5


EDUCATIONAL STATUS OF CETA VS. JTPA PARTICIPANTS
(Percent)
Students
Dropouts
H.S. Grads
Percent of Participants
80
70
60
50
40
30
20
10
0
CETA PY 1980
CETA PY 1982
JTPA TY 1984
Year
GAO, JTPA: Analysis of Supp Cost Lims & Partic Chars, 1985

for example, states that in the first half of program year 1984, '60 percent of the high school dropouts applying for JTPA services...were not enrolled in any activity.'"[27]

One administrator of a large, urban SDA noted that barriers exist which make outreach to dropouts difficult. The SDA uses resources that are school-affiliated, and since dropouts are not connected to these networks, often they are not served. One program which does focus on outreach to dropouts is that city's "gang intervention network." However, the official noted that the training programs offered, with few support services and no stipends, appear trivial to gang members who are out of school and in some cases have been on the streets pushing drugs.

One successful program addressing the needs of dropouts in the Chicago area has as its main focus an alternative high school. While the agency administering the program is not entirely governed by the regulations and standards of JTPA (it does receive some JTPA funds), its pattern of success is worth noting as a possible model for others. The program is small, serving only 65 students per quarter. The graduation rate is relatively high and several participants went on to college last year. The agency is also very well-established in the community, having been in operation for 11 years. Because of this, the administration asserts that outreach is not a problem. The program requires payment of a small tuition fee of $50 per quarter. Students are offered work exchange opportunities to cover tuition expenses while enrolled in the program, and many are assisted in finding part-time employment as well. Part of the success of the program is attributable to the non-traditional classes offered. The dropouts were disillusioned or bored with traditional programs in the high schools they left and are not likely to take an interest in something which replicates that experience, so the school uses a different approach. Additionally, because the program is small, participants receive one-on-one assistance and each student has a personal advisor. For this institution, the main concern appears to be funding, particularly for the acquisition and development of adequate facilities.

The problem of reaching and serving the dropout population is complex, but the situation within JTPA could be improved through establishing more effective outreach programs and offering some sort of stipend while dropouts are involved in basic education and skills training. Also, policy makers must be more understanding of the high costs of training dropouts and make adequate provision for this in the employment and training budget. In the long run, these programs will be less expensive than maintaining individuals on public assistance -- or in jail. Finally, SDAs and service providers need some relief from the unrealistically high performance standards imposed upon them, especially with regard to dropouts. These standards need to be flexible and sensitive to the population that is to be served.

C. Conclusion

Federal job training funds have been slashed by 58% during the past six years. These cuts represent a reduction in human capital investment which will have costly long-term impact on federal revenues and entitlement expenditures for years to come. This disinvestment must be reversed to prevent high unemployment and an inadequately trained work force in future years. A well-trained future labor force, comprised increasingly of Hispanics, Blacks and

women, will result in dual societal benefits -- increased revenues for programs such as Social Security and other domestic programs and decreased expenditures for public assistance programs. The debate over the employment and training system and its intended beneficiaries is no longer limited to the issue of equality of access. Demographic realities and economic consequences should now be a strong inducement for achieving an effective federal employment and training policy responsive to the needs of Hispanics and other disadvantaged youth.

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