

# Career Advancement Prospects and Strategies for Low-Wage Minority Workers

Harry Holzer

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## I. Introduction

It is well known that, on average, minorities in the U.S. have lower earnings than whites. Partly this is due to the lower educational attainment observed among members of minority groups. But, even when compared to whites with comparable levels of education and residing in comparable regions, African-Americans and other minorities earn lower wages and have lower employment rates.

What accounts for these differences across racial and ethnic groups? Do less-educated or lower-income minorities face additional barriers to skill development and career advancement beyond those faced by their white counterparts? If so, what are these barriers, and how might they be overcome?

[Section II](#) of this paper provides some evidence on the lower educational attainment of minorities relative to whites, and on the lower relative wages and higher unemployment rates of minorities, even at comparable levels of education. [Section III](#) then considers a variety of reasons for why these gaps persist, and what additional barriers minorities face in terms of career advancement, such as differences in educational quality and work experience, other disadvantages related to residential segregation, persistent labor market discrimination, and other factors.

[Section IV](#) then presents some discussion of strategies to improve the career advancement prospects of less-educated minority workers. While government policy can play some important roles in improving these prospects, the roles of private sector intermediaries and other organizations are explicitly considered as well. [Section V](#) provides some concluding comments.

Throughout this paper, we focus primarily on African-Americans and Hispanics when discussing minority groups, as these are the largest minority groups in the U.S., those for which data are most readily available, and those with the most serious and persistent labor market difficulties. However, when the data allow for comparisons between these and other minority groups in the U.S. (such as Asians), we will include the latter in our discussions as well.

## II. The Problem: Low Educational Attainment, Employment and Earnings of Minorities

The educational attainment of African-Americans and Hispanics in the U.S. continues to lag behind that of whites, and this clearly contributes to their worse labor market outcomes. During the past two decades, the gaps in earnings between more- and less-educated workers have risen quite dramatically (e.g., Katz and Murphy, 1992), and less-educated males have experienced large wage losses. Since blacks and Hispanics are more heavily concentrated than whites among these less-educated groups, these groups certainly have suffered disproportionately from the earnings losses experienced by less-educated workers. On the other hand, recent gains in educational attainment, at least among African-Americans (e.g., Mare, 1995), have likely rendered these losses less severe than they otherwise might have been.

[Table 1](#) presents recent data on educational attainment by race and gender in the U.S. For each race-gender group, we present the percentages of the relevant populations with high school degrees or higher and with college degrees or higher. The data are presented for all individuals in each group aged 25 and older, as well as those aged 25-34 (who more clearly reflect the most recent trends in enrollment and attainment).

The data indicate that blacks and Hispanics continue to lag behind whites in educational attainment, even among the younger cohorts. While blacks have achieved parity with whites in high school graduation rates, they lag behind in the attainment of college (as well as postgraduate) degrees. More disturbingly, Hispanics

lag well behind whites and blacks in graduation from high school as well as college. The lower rates of educational attainment among Hispanics only partly reflects the concentration of less-educated immigrants to the U.S. in that ethnic group (U.S. Department of Labor, 1999).

Table 1  
Educational Attainment by Race and Gender, 1998

	Whites		Blacks		Hispanics	
	M (%)	F (%)	M (%)	F (%)	M (%)	F (%)
<b>Age 25 and Above</b>						
High School Grads	83.6	83.8	75.2	76.7	55.7	55.3
College Grads	27.3	22.8	13.9	15.4	11.1	10.9
<b>Ages 25-34</b>						
High School Grads	86.5	89.5	87.1	86.9	59.7	63.7
College Grads	26.7	30.1	15.0	15.6	9.9	12.3

**SOURCES:** U.S. Department of Commerce, 1998

The extent to which educational attainment accounts for differences across ethnic groups in labor market success can be gauged in Table 2, where we present median hourly wages and unemployment rates by race and educational group. The data show that median wages of blacks and Hispanics are roughly 70% and 63% of those among whites, while the wages of Asians actually exceed those of whites. But, among high school graduates only, the median wages of all three minority groups are roughly 80% of those of whites; and, among college graduates, their wages range from 77-92% of whites. Clearly, the lower educational attainment of blacks and Hispanics accounts for some but not all of their lower wages compared to whites, while the (apparently) higher educational attainment among Asians more than fully accounts for their higher wages.

Differences in unemployment rates across these groups tell a similar story. The unemployment rates of blacks are more than double those of whites, while those of Hispanics are almost double those of whites. Among high school graduates, similar differentials can be observed, though blacks with college degrees have rates much more similar to their white counterparts than to less-educated blacks. Blacks without high school diplomas suffer from the highest unemployment rates, along with the lowest rates of labor force participation (Juhn, 1992).

Table 2  
Labor Market Outcomes By Race/Ethnic Group and Education

	Whites	Blacks	Hispanics	Asians
<b>Median Hourly Wage, 1997 (\$)</b>				
All Workers	18.20	12.92	11.53	18.66
High School Grads	13.12	10.56	10.62	10.79
College Grads	21.45	16.53	17.37	19.86
<b>Unemployment Rates, 1998</b>				
All Workers	3.0	6.4	5.5	-
High School Grads	3.4	7.4	5.5	-
College Grads	1.7	2.9	3.2	-

**SOURCES:** Median wage figures are from Bernstein et. al., 1999; unemployment rates are from U.S. Department of Labor.

In sum, the lower educational attainment of blacks and Hispanics in the U.S. clearly contributes to their labor market difficulties, but does not fully account for those problems.

### III. What We Know About Other Causes of These Problems

#### A. Other Measures of Skills

Even among those with similar levels of educational attainment, differences along a variety of other dimensions of skill might still contribute to the labor market problems of minorities relative to whites. For instance, the labor market rewards for cognitive skills have apparently risen in the past two decades (e.g., Murnane and Levy, 1995), as employer demand for a variety of cognitive tasks on the job has steadily grown (Holzer, 1996). In this context, the relative losses experienced by those without these skills, particularly

among minorities, may have grown as well.

Furthermore, recent evidence suggests that, among those with similar levels of education, the scores of blacks on tests of cognitive achievement (such as the Armed Forces Qualifications Test, or AFQT) lag behind those of whites. While these gaps narrowed significantly between young whites and blacks during the 1980's, the progress after that point seems to have leveled off, and substantial differences in their performance remain (Grissmer *et. al.*, 1998). These differences account for large parts of the wage gap between young whites and blacks of similar levels of education, though less of the employment gaps between these groups (Johnson and Neal, 1998).

Differences in test scores can be interpreted as differences in the *quality* of education received by members of different racial and ethnic groups, even when the quantities are more similar. Certainly, the view that these differences reflect innate differences in average intellectual caliber across groups, as some (e.g., Herrnstein and Murray, 1994) have suggested, is not supported by a large body of evidence. On the other hand, the view that differences in test scores largely reflect racial biases in the structure and content of the tests themselves also receives relatively little support in the recent literature (Jencks and Phillips, 1998).

The lower test scores of blacks at least partly reflect various characteristics of their families and neighborhoods that limit their access to good schooling, and that some authors have dubbed "pre-market factors" (e.g., Neal and Johnson, 1996). But substantial differences in scores remain, even after accounting for these factors, that may reflect more subjective factors such as differences in teacher expectations of performance across white and black students (Jencks and Phillips, *op. cit.*; Ferguson, 1998).

Another dimension along which the skills of whites and minorities might differ is in the so-called area of "soft skills". While less clearly defined, "soft skills" appear to encompass a variety of attitudes towards work, as well as social and verbal skills. The latter seem to be particularly important in jobs that involve substantial contact with customers and/or coworkers. Furthermore, many employers express the view that black workers lag behind whites in these areas, particularly when it comes to attitudes about work (Moss and Tilly, 1996).

Of course, employer perceptions in this regard are quite subjective, and may reflect their own prejudices as well as the real skills of employees. On the other hand, Wilson (1996) notes that many black employers in Chicago report the same concerns about their young black employees as do white employers, which raises doubts about whether employer prejudice can fully account for their reported observations.

Another area in which minorities lag behind young whites is that of early work experience. At very early ages, young blacks (and, to a lesser extent, Hispanics) begin to fall behind young whites in the accumulation of work experience (e.g., Rothstein, 1999). While the barriers to gaining early work experience may initially have little to do with their relative skills, their slower accumulation of work experience contributes substantially to slower wage growth of minorities over time (Taber and Gladden, 2000).

The lower accumulation of work experience among young blacks and Hispanics partly reflects their greater difficulties gaining employment, and partly their difficulties keeping (or retaining) employment (Ballen and Freeman, 1986; Holzer and Lalonde, 2000). But not all job turnover is detrimental to career advancement and earnings growth. In fact, voluntary job changes (or "job-to-job" changes) have much more positive effects on the earnings of young workers than do involuntary changes (or "job-to-nonemployment" changes), and the former account for a large part of the wage growth that occurs for young people (e.g., Topel and Ward, 1992). And it is only in the latter category that the rates of job changes observed among young minorities exceed those of young whites, with detrimental effects on the formers' career earnings prospects.

Finally, the earnings of immigrant groups (and perhaps their children) are often limited not only by very low educational attainment, but also by lack of facility with the U.S. language. In fact, a number of studies show that adjusting for both educational attainment and English language ability eliminates most of the differences in wages between native-born whites and a variety of ethnic groups (e.g., Reimers, 1983).

## **B. Residential Segregation by Race and Class**

Minorities are more likely to live in communities with other members of their minority group. This phenomenon, known as *residential segregation*, may partly reflect the desires and preferences of group members to live amongst themselves, as well as their lower income and wealth levels. But most analyses of this phenomenon (e.g., Massey and Denton, 1992; Farley *et. al.*, 1997) suggest that the racial segregation of residences also reflects continuing barriers to integration in the housing market, from discrimination by landlords and financial institutions to the tendency of whites to flee from changing neighborhoods.

Racial segregation between whites and blacks remains much higher than that between whites and any other ethnic group. While such segregation has been declining, slowly but consistently over the past several decades, it remains quite high by any absolute standard. Furthermore, segregation by *class* or income group seems to have risen over the past few decades, even while racial segregation has been declining (Jargowsky, 1996). Thus, while middle-class blacks increasingly relocate to moderately integrated city or suburban neighborhoods, the tendency of poor blacks and Hispanics to live in predominantly poor neighborhoods, where they are relatively isolated from middle-class residents, has been rising.

What are the consequences of continuing or even growing residential segregation by race and class for the career employment prospects of minorities? The most serious consequence is that young people appear to be affected in a variety of ways by growing up in poor and racially segregated neighborhoods. They attend weaker and more violent schools, are influenced by peer groups where a variety of less positive behaviors (such as crime, drug use, teen pregnancy, etc.) are more prevalent, and have less contact with potentially

more positive role models. Thus, the residence of young people in such neighborhoods is likely to limit their skill attainment, their early work experience, and their ability to "keep out of trouble" and maintain future chances for success.

The existence of "neighborhoods effects" on the educational and employment outcomes of the poor has been much debated in the empirical research literature. But empirical support for their existence and importance has certainly grown in recent years (e.g., Brooks-Gunn *et. al.*, 1998). Also, living in racially segregated neighborhoods clearly reduces the educational and employment outcomes of blacks in U.S. cities (Cutler and Glaeser, 1997).

Another effect of residential segregation is known as "spatial mismatch" - i.e., the tendency for jobs to be increasingly located in outlying suburban areas (often exacerbated by a lack of metropolitan-wide economic development policies) while at least some minorities remain concentrated in inner-city areas due to residential segregation. The latter are presumably disadvantaged in the process of seeking suburban employment, partly because of transportation difficulties (especially for those who lack their own automobiles), and partly due to limited information about opportunities in those outlying areas.

The "spatial mismatch hypothesis" has also been heavily debated for over 30 years, but most of the recent evidence suggest that these mismatches do limit employment opportunities for inner-city minorities (e.g., Ihlanfeldt and Sjoquist, 1998). Relative few opportunities for employment exist within predominantly poor and minority neighborhoods, and a variety of barriers limit employment options for minority and poor individuals in other neighborhoods (Stoll *et. al.*, 2000).

As noted above, information about job openings may also be related to the geographic location of people and jobs. More generally, the career options of poor minorities may be limited by their lack of "contacts" in the labor market, and especially in establishments that pay relatively high wages. Large percentages of workers find their jobs through friends and relatives, and the ability of these acquaintances to generate good jobs for low-income minorities will be limited by their low rates of employment in general and their concentration in low-wage firms and jobs when they are employed (Holzer, 1987).

Overall, the tendency for minorities to live in poor and/or racially segregated neighborhoods seems to limit their career prospects substantially.

### **C. Persistent Racial Discrimination**

In the years since the passage of the Civil Rights Act of 1964, and the implementation of Executive Order 11256 (establishing "Affirmative Action" requirements of federal contractors) by President Lyndon Johnson in 1965, the most blatant and overt types of employment discrimination against minorities have been largely eliminated. But do more subtle forms of discrimination in hiring, pay and promotion continue to limit the career advancement prospects of minorities?

The answer appears to be "yes". While traditional statistical analysis of earnings and employment differences by race and ethnicity is not well-suited to identifying discrimination (since any observed disparities by race might simply be caused by differences in the characteristics of individuals for which we cannot control in our data), a number of other analytical techniques have recently strengthened our belief that discrimination persists. For instance, studies in which matched pairs of minority and white applicants with apparently equal credentials are sent to apply for jobs routinely show white applicants getting more interviews and job offers than either black or Hispanic applicants (Fix and Struyk, 1994). This evidence is consistent with the notion mentioned earlier that observed differences between blacks and whites in education and test scores account for most of their differences in wages, but not in employment rates. Thus, discrimination against African-Americans may be most severe at the hiring stage, with less bias occurring in the wage and promotion process once employment is attained.

Other studies indicate that not all employers discriminate equally. Instead, the worst offenders appear to be small establishments, who mostly hire informally (and therefore more subjectively in their evaluations of applicant quality) and who are less visible to law enforcement agencies and potential plaintiffs. Also, employers in suburban areas that predominantly serve white customers appear to discriminate against blacks and Hispanics in hiring for jobs that involve significant customer contact (Holzer, 1998; Holzer and Ihlanfeldt, 1998).

The ability of workers from particular race or ethnic groups to avoid being hurt by discrimination will depend on their ability to find enough non-discriminating employers in any area to avoid the discriminators. While non-discriminating employers and jobs may be available to Hispanic workers in sufficient numbers for them to avoid the labor market costs of discrimination, this appears to be less true for blacks (Holzer, 1996).

Furthermore, the degree of labor market tightness will strongly affect the ability of employers to engage in discriminatory behavior. Very simply, when employers cannot attract sufficient numbers of applicants from their most preferred groups to satisfy their hiring needs, they might have to consider applicants from other groups. Given the extraordinary tightness of U.S. labor markets at the end of the 1990's, and the reported difficulties employers are experiencing in finding acceptable applicants (Holzer, 1999), it seems logical that discrimination in hiring would be less pervasive now than in other time periods.

Furthermore, if such discrimination is indeed reduced, it may affect employment prospects of minority candidates over the longer term, as employers learn from their new hiring experiences, and as minority employees gain needed work experience. In fact, previous episodes of minority progress during very tight labor markets, during World War II and the late 1960's, led to permanent improvements in the economic

status of black Americans.

#### **D. Criminal Activity and Incarceration**

Earlier, we noted that growing up in poor neighborhoods may lead to poorer career prospects for young minorities for a variety of reasons, including their greater exposure to crime and violence. In fact, the high rates of criminal activity and incarceration of young males has seriously hurt their labor market prospects in a variety of ways.

For one thing, crime generates the possibility of alternative income sources that make it easier for less-skilled individuals to avoid accepting low-wage jobs in the regular labor market. But, once they do so, they will gain less labor market experience and wage growth over time. Furthermore, once an individual has been incarcerated, employers may be much more reluctant to hire them in the future.

The research evidence provides support for all of these hypotheses. Over one-third of all young black men and a majority of young black male high school dropouts are involved with the criminal justice system at any point in time (Freeman, 1992). The fraction of young men who perceive that they can make more "on the street" than in legitimate employment certainly rose in the 1980's and early 1990's, especially with the crack epidemic in major U.S. cities. Though the crack trade and crime rates more broadly have fallen significantly in the past few years, almost 2 million individuals are incarcerated at this time.

Furthermore, the vast majority of employers state a reluctance to hire young men with criminal records, except perhaps in very tight labor markets (Holzer, 1996). And the experience of having been incarcerated reduces one's future employment prospects substantially, and for as much as ten years into the future (Freeman, 1992).

Also, the fear of crime among middle-class whites and blacks alike leads to negative consequences for young blacks that hurt even those who do not engage in any illegal activities. For a fear of crime drives middle class residents as well as employers out of inner-city areas, thus exacerbating some of the spatial imbalances and concentration of poor minorities in poor neighborhoods described above. And, since employers may often not be sure exactly who is or is not an ex-offender, they may tend to penalize an entire class of potential workers (i.e., young black males) among whom they cannot distinguish those who have criminal records from those who do not.

### **IV. What We Know About Policies to Advance the Career Prospects of Less-Educated Minorities**

The above discussion suggests that less-educated minorities face a wide range of barriers to their achieving career success in the labor market. Accordingly, a wide range of policy prescriptions need to be considered to improve their prospects. Policies and strategies need to emphasize the following:

- Improving the basic skills as well as educational attainment of minorities;
- Improving early work experience and resulting attitudes towards work;
- Improving physical access to jobs and to safer, more integrated neighborhoods;
- Providing effective employment and training programs for the disadvantaged out-of-school population, especially those with particular needs (such as ex-offenders); and
- Reducing persistent discrimination.

#### **A. Improving Educational Outcomes and Early Work Experience**

Given the large effects of skill deficiencies on the relative earnings of minorities that we noted above, improving the quantity and quality of education received by young minorities needs to be the highest priority of strategies designed to improve their career prospects. But, since we don't have a good understanding of why gaps in cognitive skills persist between young whites and minorities of the same education or family background, our policy prescriptions are somewhat limited in this regard.

Given the negative effects of family poverty on early childhood development (Duncan and Brooks-Gunn, 1998), a sensible starting point might be to improve the access of poor minorities to high-quality early childhood programs, and perhaps to make pre-school programs universal. Unfortunately, some recent studies have suggested that programs such as Head Start have positive long-term effects on labor market outcomes for white and Hispanic children but not for blacks (Currie and Thomas, 1995).

However, the failure of early positive effects to persist among poor young blacks seems at least partly tied to the poor schools that they subsequently attend and poor neighborhoods in which they reside. Therefore, a sensible approach would be to make Head Start universally accessible and then to complement it with special tutoring programs in the elementary and secondary schools of low-income areas. Some examples of individualized tutoring programs, such as Success for All and Reading One-to-One, appear to be quite cost-effective (Crane, 1997).<sup>1</sup> Mentoring programs for youth adolescents, such as Big Brothers Big Sisters, have generated promising results as well.

For secondary students, improving the links between schools and the job market might be an important way of raising student performance motivation and their early accumulation of work experience. Many questions remain about exactly what the most successful "school-to-work" approaches really are, though a few specific

models (such as "Pro Tech" in Boston and "Career Academies") have been evaluated and generate positive outcomes.<sup>2</sup> The usefulness of vocational instruction and various kinds of skills credentialing and certification in the schools remains unclear as well, though these should continue to be explored.

Overall, lowering the high school dropout rate is critically important, particularly among Hispanic youth. Indeed, preventive approaches while students remain in school are likely to be more successful than the body of "second chance" programs for out-of-school youth (that we describe below), once they have failed in the educational system. Any of the above approaches that improve the long-term motivation and success of young people within the school system might help reduce dropout rates, though these efforts might also be complemented by other programmatic approaches (such as the well-known "Quantum Opportunities" project).<sup>3</sup> Beyond dropout prevention, encouraging greater pursuit of post-secondary education by minorities, perhaps by improving their awareness of and access to Pell grants, should be critically important as well.

A few other approaches to improving the overall quality of schools in poor neighborhoods deserve mention. For one thing, the causal link between the spending of educational resources on reducing class size or improving teacher certification, on the one hand, and student performance on the other, continues to be explored but remains controversial. The use of financial incentives to improve school system performance within the public school system has been under study as well in a variety of contexts.

Finally, all of the above approaches emphasize improvement of educational outcomes for young minorities within the schools and neighborhoods that they currently attend. But improving the access of poor young minorities to quality schools outside their own communities has recently been explored through a variety of school choice mechanisms, such as public charter schools in many states and "voucher" systems in several U.S. cities, notably Milwaukee and Cleveland. While parental satisfaction with the latter programs appears to be high and at least some improvements in test scores result (Rouse, 1997), little is known about what would result (both for those who choose non-neighborhood schools and for those left behind in these schools) if such systems were implemented on a much larger scale.

## **B. Improving Access to Better Neighborhoods**

Another approach to improving the access of young minorities to better schools as well as neighborhoods involves *residential mobility*, in which the poor receive Section 8 housing vouchers and supportive services for moving to middle-income neighborhoods. The results of the Gautreaux program (begun in Chicago in 1976) were highly positive for both parents' employment and earnings as well as children's educational attainment (e.g., Rosenbaum and Popkin, 1991), though some methodological questions plagued the evaluation of this program. In 1994, the U.S. Department of Housing and Urban Development (HUD) launched the Moving-to-Opportunity pilot program in several U.S. cities. Parents and children generally report satisfaction with safer schools and neighborhoods in the early evaluations of this program, though positive effects on earnings or employment of adults have yet to be found (e.g., Katz *et. al.*, 1998).

Alternatively, efforts can be made to improve the quality of existing low-income communities, either by attracting businesses and jobs or by improving the quality of housing and services in those areas. On the former approach, most state-level "Enterprise Zone" programs in the 1980's appear to have been quite cost-ineffective, as large amounts of money were spent per new job created for zone residents (Papke, 1993). The current generation of programs, such as the federal Empowerment Zone and Enterprise Community efforts (currently funded by HUD in several dozen U.S. cities and rural areas), focuses more on the latter approach, and may yet prove to be somewhat more effective than merely attracting businesses back to these neighborhoods.

## **C. Employment and Training for Out-of-School Youth**

For young people, and particularly minorities, who remain in poor neighborhoods and have already left school with weak educational credentials and poor early work experience, a variety of "second chance" programs have been developed to enhance their training and employment outcomes.

Of course, it is well known that many such programs, such as those funded by the Job Training Partnership Act (now becoming the Workforce Investment Act, funded by the U.S. Department of Labor but administered by local Workforce Investment Boards) are modestly successful with improving outcomes for adults (particularly women) but are quite ineffective among youth (Lalonde, 1995). Training which is too short-term and does not deal with the wide range of disadvantages faced by youth in poor neighborhoods appears unlikely to generate improvements for them.

One approach that did appear successful in earlier evaluations was the Department of Labor's Job Corps program, a much more intensive approach which provides roughly a year of remedial education and skills-related training in over 100 residential centers throughout the U.S. While the residential component of this program greatly adds to its costs, it also seems to be a major reason for the relative success of Job Corps (which is currently being reevaluated by DOL).

But an alternative approach to taking low-income youth out of neighborhoods is to try to change the neighborhoods themselves, by saturating them with a comprehensive array of educational and employment services. Earlier models of such efforts, such as Youth Fair Chance and Youth Opportunities Unlimited, were never carefully evaluated. A much broader effort along these lines is currently being implemented through the Labor Department's Youth Opportunities Grants, in which roughly 30 low-income neighborhoods will receive \$1B in funding over the next four years.

Of course, training is only one type of service that can be provided to disadvantaged minority youth, and private sector intermediaries can provide a wider range. Other services that can be useful include assistance with *job search and placement, retention, and mobility*. Job search and placement assistance might help young minorities to overcome barriers to job finding that are associated with "spatial mismatch", particularly transportation and informational limitations. For instance, HUD's "Bridges to Work" demonstration project (currently operating in several large cities) focuses on the placement and transportation components that improve the mobility of inner-city workers to outlying suburban jobs, though many other programs provide search assistance as well that is generally inexpensive and cost-effective.

Effective forms of job retention assistance have been more difficult to identify. For instance, the Post-Employment Services Demonstration, in which support services are provided to individuals employed in private-sector jobs, is currently being evaluated at several sites nationwide. More broadly, private labor market intermediaries can work with employers to improve the quality of worker-job matches, or to help low-skilled workers achieve career advancement over a sustained period and through mobility across several job placements. Of course, access to affordable child care is also critical for low-income female workers in order to promote job retention.

This combination of providing training with sustained placement, retention and mobility assistance has been the basis of the success of the Center for Employment and Training in San Jose (CET), and other well-known programs (such as STRIVE).<sup>4</sup> But also critical to these efforts are strong linkages between the labor market intermediary and local employers, so that the services provided are responsive to employer needs and the intermediary retains credibility with those employers. In any event, an effort to replicate CET's success in other project sites is currently under evaluation by the Department of Labor. Basing the intermediaries in the neighborhoods themselves, such as in the Jobs-Plus effort (funded by HUD and the Rockefeller Foundation in several sites), also deserve more study.

Finally, we note that *work experience* programs (or "Community Service Jobs") can sometimes be useful and effective ways of providing transitional assistance to the disadvantaged and also providing needed services to low-income communities. Programs such as Youth Corps and YouthBuild, which combine education/training with community service jobs, offer promising models of transitional assistance.<sup>5</sup> And the National Supported Work Demonstrations (funded by the Department of Health and Human Services in the late 1970's) generated strongly positive effects on post-program outcomes for welfare recipients.

Work experience programs may be particularly important for those individuals who would have great difficulty finding private sector employment on their own, even in very tight labor markets. Such individuals would include those with very poor cognitive skills, and those with other kinds of disabilities or health problems (physical or emotional - See Danziger *et. al.*, 1998).

If some type of credential could be developed for those who successfully complete such programs, they might provide a useful transition to private sector employment. Alternatively, particularly for those with disabilities, the "sheltered-workshop" approach to employment might need to be longer-term in nature. Work experience programs might also be particularly important in recessionary periods in the economy, during which private sector employment for the unskilled becomes increasingly scarce.

Finally, the particular labor market problems of young and middle-aged men with criminal records (i.e., ex-offenders) need to be considered separately, as increasingly large numbers of minority men will fit into this category over the next decade or two. This group is an important subset of the category of non-custodial low-income fathers, who are eligible for funds under "welfare-to-work" programs and are the target group for various "fatherhood" efforts that have been much discussed.

Poor fathers, and especially the ex-offenders among them, suffer from very serious skill deficiencies and lack of work experience, as well as some major stigmas in the eyes of employers. Efforts to overcome these problems will require combining remedial education and training with work experience, as well as changes in child support rules that encourage both greater work and participation in child-rearing on their part. Improving their access to wage supplements or their eligibility for the Earned Income Tax Credit might also be considered.

#### **D. Further Reducing Discrimination**

As we noted earlier, hiring discrimination against minorities (particularly African Americans) remains most serious at small establishments and those that mostly serve white customers - presumably those in predominantly white suburban neighborhoods.

Effective strategies to reduce such discrimination may be difficult to develop, since small establishments are by their very nature difficult to monitor. Given the larger numbers of workers employed in large establishments, and the "economies of scale" in enforcement that are created by these concentrations, it would probably be a mistake to shift large amounts of resources away from enforcement in these firms towards smaller ones. Also, those in suburban areas often receive few minority applicants to begin with, making antidiscrimination efforts even more problematic there.

Still, discrimination at small and/or suburban establishments matters enough so that it likely contributes to the weaker career prospects of young blacks. Thus, strategies that combine job placement/transportation efforts, which can deliver more minority applicants to businesses in these areas, with closer monitoring of employer hiring decisions once these workers apply for jobs, might be a useful approach. Greater use of "audit" or "tester" studies, using matched pairs of white and minority applicants, might also be incorporated into enforcement practices that target the small establishments of various suburban areas.

## V. Conclusion and Policy Implications

The research evidence that we reviewed above suggests that the career employment prospects of less-educated minorities are impaired by a variety of problems, such as: 1) Poor quantity and quality of education in many low-income areas; 2) The limited early work experience of young minorities; 3) Their limited access to jobs in suburban areas; 4) Continuing discrimination (especially in small establishments or those with mostly white customers); and 5) Participation in illegal activity that result in high rates of incarceration of youth. The residence of many young minorities in highly segregated and isolated poor neighborhoods compounds all of these difficulties. The limited access of many low-income young women to adequate child care no doubt exacerbates their problems as well.

Our highest priority in this area needs to be a long-term effort to improve the educational attainment, basic skills, and early work experience of these young people. This can be done either through approaches that improve the access of young minorities to high-quality schools or residences outside of their neighborhoods, or through improvements within their current schools and neighborhoods; both approaches need to be pursued. But concerted efforts to raise the basic skills of minority children early on, maintain early progress through tutoring efforts in the elementary schools, and generate work-related skills and other links to the workforce for teens (through various vocational education or "School-to-Work" models) deserve strong support.

For disadvantaged minority youth who are out of school, we are developing a greater sense of what actually works as well. At a minimum, successful approaches need to recognize the multiple barriers associated with residence in high-poverty communities, and to address these barriers either through removal of individuals from these neighborhoods (as in Job Corps), or through saturation of their communities with a comprehensive array of educational, employment and training services. Efforts that combine job training, placement/retention assistance, job mobility and perhaps work experience seem to offer the greatest promise. On the other hand, prevention of educational and labor market failures in the first place would likely be more effective than any "second chance" effort after the failures have already occurred.

In addition, creative efforts to further reduce discrimination in small and/or suburban establishments, perhaps combined with efforts to improve the access of minority youth to such establishments, need to be explored. Also, the special needs of low-income fathers, and especially the ex-offenders among them, will require some combination of remedial education and training, work experience, income supplementation and child support reforms.

Of course, our ability to successfully implement such an ambitious array of efforts will be greatly impeded by two obvious factors: 1) The budgetary costs associated with such investments; and 2) Our limited understanding of what actually works in many contexts.

Regarding the former issue, it might be well to remember not only the budgetary costs of these programs, but also the enormous costs imposed on society by our failure to address these problems. For instance, Freeman (1996) has estimated that the social costs of crime alone among non-employed young men has been as high as 4% of GDP in recent years, or roughly \$300B. Thus, even modestly successful prevention efforts could have very large social payoffs, though the costs of the investment in prevention must be paid well in advance of reaping those returns. Furthermore, the investment required will likely be much greater than can be made strictly by the public sector alone. Expenditures of public funds must therefore be leveraged with matches from the private sector, through partnerships with foundations, community groups, and other entities.

Regarding our limited understanding of what works, continued experimentation and careful evaluation of a variety of approaches must continue, as we grope towards a better understanding of effective models. The areas that are most in need of continued experimentation and evaluation include: 1) The different approaches to improving student performance, school quality and school choice in low-income areas; 2) The school-to-work transition, and especially the usefulness of different efforts to develop specific job market skills and credentials of those in school; 3) Work experience programs that attempt to generate credentials that private sector employers might take seriously; and 4) Community-wide efforts to improve educational and employment services in very low-income neighborhoods.

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## Notes

1 As of 1997, Success for All programs had been implemented in 750 schools nationally and Reading One-to-One in 70 schools. Both are funded primarily through Title I (or Chapter 1) of the Elementary and Secondary Education Act.

2 For general evidence and discussion of School to Work programs, see Hershey *et. al.* (1997) and the Jobs for the Future website ([www.jff.org](http://www.jff.org)). The Pro-Tech program, begun in three Boston high schools, is a youth apprenticeship program that combines classroom learning and internships in specific fields, such as allied health or telecommunications. Career Academies are based on a "school within a school" concept that provides academic and career-oriented instruction in over 300 high schools nationwide.

3 Quantum Opportunities was originally funded by the Ford Foundation at five sites nationwide. It provides a comprehensive range of services to students over a full 4-year period, including mentoring by an adult.

4 CET has been funded both by the U.S. Department of Labor and privately (by the Rockefeller Foundation), while STRIVE is mostly privately funded. STRIVE began in East Harlem and has since spread to several other sites nationwide, including Chicago and Pittsburgh.

5 Youth Corps operates programs in roughly 200 sites nationally with funding from the National and Community Service Act. Participants spend roughly four days a week in community service projects and one day a week in education or training activities. YouthBuild, originating in New York but now operating at roughly 100 sites (funded by HUD), combines remedial education, life skills training and "leadership development" with work on housing rehabilitation projects.

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## Other Publications by the Authors

- [Harry Holzer](#)

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