CENTER ON BUDGET AND POLICY PRIORITIES

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E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N T

12-Apr-1994 07:10pm

TO: (See Below)

FROM: Lori L. Victor
Office of Mgmt and Budget, EG

SUBJECT: Reverse Commuting

I have rescheduled this meeting for 4/21 from 4-6 in rm. 180 OEOB.

Attendees/Invitees:

Bob Greenstein, Center on Budget and Policy Priorities
Dan Bloom, Center on Budget and Policy Priorities
Karen Lightfoot, Center on Budget and Policy Priorities 202-408-1080
Mark Elliott, Ford Foundation
Bob Giloth, Annie F. Casey Foundation
Mark Hughes (and one other person), public/private ventures

Belle Sawhill (and staff)
Joe Stiglitz
Sheryll Cashin, NEC
Michael Deich
Mike Stegman, Asst. Sec. for Policy and Research, HUD
Margaret Turner, Deputy
Larry Katz, Chief Economist, Department of Labor
Isaac Shapiro, Deputy
Doug Ross, Asst. Sec. for Employment and Training, Dept. of Labor
Ray Uhalde, (title ?), Dept. of Labor -- heads up DOL research efforts in the low-income employment area
Grace Crunican, Deputy Administrator, FTA
Gary Maring, (title ?), Federal Highway Administration
Wendell Primus, Deputy Asst. Sec for Planning and Evaluation, HHS

If you have any questions, please call. Thank you.

WENDY -- Please note room change.

Distribution:

TO: Roger S. Adkins
TO: Sharon A. Barkeloo
TO: Kenneth L. Schwartz
TO: Margaret R. Shaw

REVERSE-COMMUTE MEETING WITH
THE CENTER ON BUDGET AND POLICY PRIORITIES

The likely purposes of the meeting are to:

1) interest OMB policy officials in reverse-commute programs as an anti-poverty strategy that should not be ignored in favor of enterprise zones; and

2) seek support and funding ($5-$10M?) for additional reverse-commute demonstration projects to answer the following questions: How effective are reverse-commute programs? What types of designs make them most effective? What should their relationship be to job training programs?

Possible Questions To Ask:

1) Critics of previous reverse-commute projects say that they overestimate the number of suburban jobs that could be matched to inner-city resident skills, the willingness of suburban employers to hire and train inner-city residents, and the willingness of inner-city residents to endure long commutes for low paying jobs with little growth potential. Have you found these criticisms to be true?

2) If job decentralization is a trend that is likely to continue, are reverse-commute projects too narrow of a policy focus? Rather than continuing to fund specialized reverse-commute projects, should we concentrate on redeploying transit agencies' existing resources and adapting traditional transit services to be more effective in the suburbs? For example, timed-transfer services, grid-like (rather than radial) route structures, and demand-responsive transit service could make transit a more effective alternative to the automobile in the suburbs.

3) How would the reverse-commute demonstration project you recommend be different from previous demonstration projects?

4) Rather than funding additional reverse-commute demonstration projects, would it be possible for the Center on Budget and Policy Priorities to use projects currently planned by the Federal Transit Administration (FTA) for its purposes?

Background Information on FTA's Current Reverse-Commute Demonstration Projects:

In its 1993 appropriation, the Federal Transit Administration (FTA) received $1.5 million to implement a national JOBLINKS employment transportation initiative. This initiative will develop and demonstrate model projects designed to promote innovative approaches to improving employment-related transportation services and overcoming critical mobility barriers to employment for residents of urban and rural areas. Thirteen demonstration sites were recently announced, including: Los Angeles, California; Fresno County, California; Detroit, Michigan; a five-county Chippewa Indian area in Michigan; Southwest Arkansas; Mississippi County, Arkansas; Louisville, Kentucky; Kentucky Public Transit Association; Raleigh, North Carolina; Cabarrus County, North Carolina; Cleveland and Rutherford Counties, North Carolina; Glendale, Oregon; and Portland, Oregon.

All of these demonstration sites will combine job training with reverse-commute services. Not much data collection is planned. No grants have been awarded yet because FTA is waiting for 13(c) labor certifications from the Department of Labor.

REVERSE COMMUTING MEETING
ADVANCE READING MATERIALS

Meeting Date: April 21, 1994

Hire Cities' Poor In the Suburbs, Report Advises

Group Asks Millions for Transporting Jobless

By FELICITY BARRINGER

Special to The New York Times

WASHINGTON, Dec. 3 — Going against the grain of the most familiar anti-poverty strategies, which focus on urban economies or low-income housing in the suburbs, proponents of a third strategy — transporting inner-city workers to suburban jobs — are now bidding for the attention of the incoming Clinton Administration.

The Urban Institute, a Washington research group, is holding a conference here to discuss whether transportation systems can be created or realigned to get the poor out to the suburbs where the jobs are.

An Urban Institute consultant, Mark Alan Hughes, presented a report citing four current projects in the Philadelphia, Chicago and Milwaukee metropolitan areas. He said the Federal Government should consider spending $5 million to $10 million on such demonstration projects to see if they make a significant difference for inner-city workers. Unemployment figures in inner-city areas are consistently higher than those in suburbs.

'Engines of Employment'

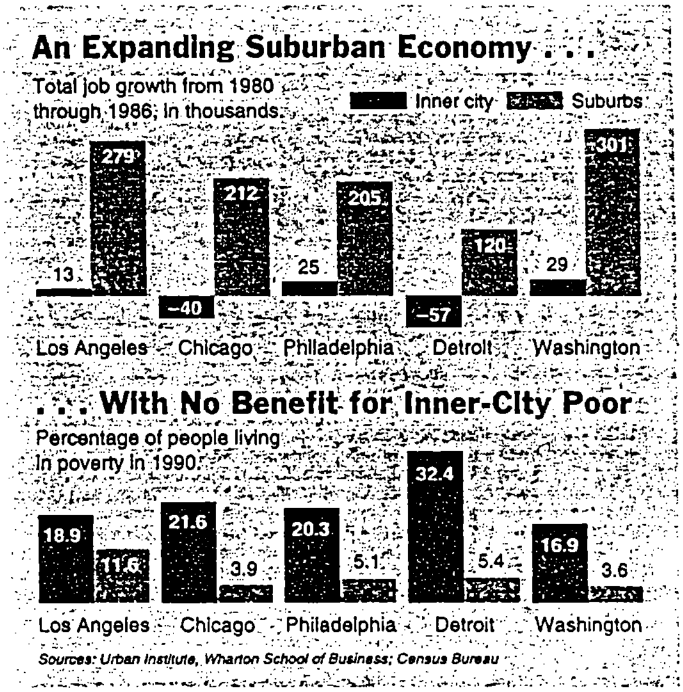
Using familiar labor-force and population data, some of which had been refined by scholars at the Urban Institute and the Wharton School of Business, Mr. Hughes said at a press briefing today that "the suburbs have become more than nice places to raise the kids; they have become engines of employment growth."

In an interview after the briefing, he said that using transportation initiatives to combat unemployment is an attractive solution, in part because the $150 billion in transportation spending authorized by Congress last year made transportation one area in which some Federal money is available for domestic initiatives.

According to the report, "The New Metropolitan Reality," written by Mr. Hughes and Julie E. Steinberg, a study of Newark and its suburbs between the years 1970 and 1988 showed that, with slight exceptions, the farther from the center of Newark an area was, the more job growth it had.

Central Newark lost nearly 80,000 jobs during that 18-year period, and the area within two miles of the central city lost 40,000 more. But areas six miles or more to the west, south and north of downtown Newark gained jobs steadily, with the greatest increases recorded in areas about 16 miles out.

But the data indicate that more than half those jobs were inaccessible to anyone who depended on New Jersey's mass transit system.



The New York Times

"The new metropolis is predicated on mobility, and private automobile travel is how this mobility is realized," the report said.

"However, the transportation costs associated with all this mobility are regressive," the report continued. "Participation in work, shopping, schooling and so on requires travel in the modern metropolis. What for most people is a low-density life style becomes for the poor a set of costly barriers."

Whether such barriers can be overcome by making transportation more accessible to the inner-city poor has been a focus of debate for two decades. In his recent book, "The New Politics of Poverty," Lawrence Mead, a New York University political science professor, argues that earlier demonstrations of "reverse commuting" programs in the late 1960's had little or no effect on unemployment in the cities.

"I don't see strong evidence for lack of access to employment — physical access or other barriers — sheer lack of jobs, racial bias, or other things," Dr. Mead said in a telephone interview today.

But Dr. Hughes, a professor of public policy at Harvard University's John F. Kennedy School of Government, disagreed.

"Setting aside the issue of how possible it is to revitalize inner cities, if it works, it's separatist. Why, after a period of 30 years of massive infrastructure investment in the suburban labor market," he asked, should the Government try to replicate that success in the inner cities, where the jobs have been lost.

U.S. in 2050: B

Continued From Page A1

hire illegal aliens would curb illegal immigration.

"In fact, there is no evidence of any reduction" in illegal immigration, the bureau said. In addition, it noted, the Immigration Act of 1990 allows more legal immigration to the United States.

880,000 a Year

The bureau estimates that legal and illegal immigration combined will increase the population by an average of 880,000 a year for the next six decades. But the annual increase could be as high as 1.4 million, it said.

Over the 60 years, the cumulative effects of immigration will be more important than births to people already living here, the bureau said.

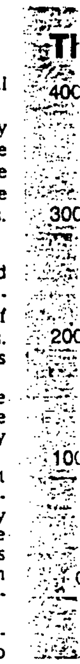
By the middle of the next century, it said, the population will include 82 million people who arrived in this country after 1991 or who were born in the United States of parents who did. This group of immigrants and their children will account for 21 percent of the population in 2050, the bureau said.

Still, it said, "there has been a dramatic rise in total fertility levels, to almost 2.1 births per woman." The last report assumed that the total fertility rate would decrease slightly, to 1.8 births per woman in 2050, from 1.825 in 1986.

The assumption of a decline in fertility "was dead wrong," Mr. Spencer said.

Idea on Fertility Dropped

In the past, Census Bureau statisticians assumed that fertility rates would eventually be the same among racial and ethnic groups. The bureau has now abandoned that assumption, saying that historical data provide no compelling evidence for it. In its new report, the bureau assumes that childbearing rates for black and Hispanic women will continue to be higher than for white women.



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List for Secretary of Interior Is Narrowed to 3

Special to The New York Times

LITTLE ROCK, Ark., Dec. 3 — President-elect Bill Clinton has narrowed his list of choices for Interior Secretary to three Westerners, officials close to the transition said today.

They are former Gov. Bruce Babbitt of Arizona, Senator Tim Wirth of Colorado and Representative Bill Richardson of New Mexico.

All three had separate meetings here with Mr. Clinton last week, and officials said the President-elect is close to making a decision. It is also possible that any of the three may get other appointments. Mr. Wirth, who chose not to seek re-election, is often mentioned by Democratic officials as a candidate for Energy Secretary.

Mr. Richardson, of Hispanic descent, has been interested in Indian issues. He sponsored a bill that led to the return to a Pueblo tribe of land in the Sante Fe National Forest. Elected in 1982, he also opposed the Energy Department's development of new nuclear sites in the West.

The Congressman, who is a member of the House Interior Committee, actively campaigned for Mr. Clinton among Hispanic groups. Mr. Clinton has said he wants a diverse Cabinet.

Mr. Wirth, who decided not to run for a second term this year, is a close friend of Mr. Clinton. He made his reputation as an expert in land issues and is an ardent supporter of the Endangered Species Act. But he has also supported allowing grazing on public lands and opposed Congressional efforts to raise the cost to ranchers of grazing on public lands, contending that higher prices could lead to farm failures and drive farmers off their ranches.

As a former Governor, Mr. Babbitt has also been a friend of Mr. Clinton for years. He headed a group called the Nature Conservancy, a private conservation organization.

The New York Times Magazine

Clinton Discusses His Economic Goa

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Take the poor to where the jobs are

By Mark Alan Hughes

With the calm restored to the streets of Los Angeles, the people of the United States, and the world, are listening. They are listening for words to prevent recurring violence and for ideas to understand its "underlying causes." At the same time, they are listening, very attentively, for a breaking window, a collapsing building, the sounds of renewed rioting.

This attention represents an opportunity. Everyone is talking about cities and poverty. People are even talking about "underlying causes." But these are being presented in old liberal and conservative terms such as social welfare programs vs. free-market incentives. This is one of those debates that simply serves to create employment for academics and camouflage for politicians.

As with most enduring debates, each side is a little right and a little wrong. Let us set it aside. Most people are pragmatists because they cannot afford to be ideologues. On issues from abortion to free speech, even apparently on the issues of racism and rioting, most Americans are compassionate pragmatists who simply want to try solutions that seem reasonable.

The most reasonable sounding solution thus far has emerged from the Bush Cabinet. Using language that Housing and Urban Development Secretary Jack Kemp has employed for years, the White House is talking about designing policies that give people "a greater stake in their communities." Such policies would include home ownership assistance and small-business loans, and are epitomized by urban enterprise zones. These zones would grant tax incentives to businesses established within impoverished areas of the nation's cities, places like South-Central L.A.

The idea behind such policies is that inner cities are places not now worth holding a stake in. That is almost certainly true of many inner cities. The policy strategy the Bush White House is promoting would seek to enhance the value of these places and at the *same time enhance the ability of inner-city residents to* acquire a larger stake in these, their communities.

The White House has the right incentives but the wrong geography. The impoverished African-American residents of our inner cities need to have a greater stake in the wider community, and not just in one of several fragmented communities that engage each other only via televised videotaped beatings. It is within that wider community that opportunities are to be found. The object of our policy strategy should be to connect inner-city residents to existing opportunities throughout the metropolis, not to hostage their fortunes to our ability to rebuild economies within the narrow confines of the ghetto.

In 1990, for the first time a majority of Americans lived in the 39 metropolitan regions containing 1 million or more residents each. We have become a nation of enormous metropolises that bring together productive capacity, innovation, and satisfying lifestyles for most Americans. These places are the essential United States, regardless of whatever pastoral myths we tell ourselves.

But at the same time, as we gathered into these metropolitan communities, we reinvented them. They've been pulled apart and reassembled. People and jobs have suburbanized so extensively that "suburb" no longer applies to many former bedroom communities.

During the most recent period for which data are available, 1980-1986, two out of three new jobs in large metropolitan areas were located outside of central cities. In Atlanta, the figure was 75 percent; in Washington, D.C., 91 percent; and in metropolitan Los Angeles, 95 percent. In metropolitan Chicago, all of the region's job growth occurred outside the City of Chicago.

This employment suburbanization was generally occurring much faster than population suburbanization. The growth rate of suburban employment was higher than that of suburban population in almost every one of the 39 largest metropolitan areas. In regions such as Baltimore, Minneapolis-St.Paul, Washington and San Francisco, the suburbs were gaining jobs about three times as fast as residents. In the Chicago region, suburbs were gaining jobs about 2½ times as fast as residents.

This means that the function of the suburbs, their role within the metropolis, has changed dramatically. They are increasingly the engines of metropolitan employment growth, and not just a good place to raise kids. At the same time, the function of the inner city has changed. The inner city was once proximate to employment. The ghetto was a part of an urban machine that created opportunity. Now that machine is broken for poor and black people, with its parts spread across the vast metropolitan landscapes we've created during the past decades.

We must recognize that opportunities are no longer just around the corner. The modern metropolis is predicated on mobility. Most people derive enormous benefits from this: We can work in an office park in one part of the metropolis, live in a detached home in another part, shop in enclosed malls in several other places, and recreate and be entertained in still others.

But what for most people is a lifestyle is a set of barriers for the poor. Finding employment and commuting to work are all more costly and complicated in the new metropolis, especially when two or three workers are needed to raise a household out of poverty.

One solution to this problem is the enterprise zone. We can attempt to rebuild central-city economies.

But this seems a pointless exercise when so much investment has occurred in the new suburban workplace. In the late 1980s, every major newspaper in the country reported severe and chronic labor shortages in the suburbs.

And during this same period, many innovative job search and transportation programs were started, often with federal funds. In many cases, these programs were initiated by neighborhood organizations that understand that safe streets and day-care centers are local concerns but the labor market is metropolitan; to find jobs for their people, these organizations had to start looking beyond their own neighborhood boundaries.

And, again in many cases, they found willing partners among suburban businesses looking for workers, and public and private transportation providers looking for riders. When firms are willing to subsidize the fares and transit authorities are willing to change routes and schedules, then the time and money costs of so-called reverse commuting can be made manageable. Suburban firms often find it cheaper to subsidize the shared transportation of many workers than to raise individual wages enough to compensate workers for private transportation. And transportation planners, on the heels of the $150 billion federal transportation bill, are in a position to experiment with new services.

A mobility strategy, in which we seek to connect inner-city residents with metropolitan opportunities, is a plan for a war on poverty that everyone wins. It is a policy strategy that gives all of us a greater stake in the community we share.

Formerly a professor of urban policy at Princeton University, Mark Alan Hughes is now a consultant on transportation and anti-poverty programs with the Ford Foundation.

Perhaps it's time for us to adopt our old neighborhoods

PHILADELPHIA—The block on which my fat·
grew up half a century ago is a truncated little str·
that leads nowhere. If it were a foot or two narro·
the mapmakers might have called it an alley.

The houses are identical, two-story attached bri·
buildings with bay windows on the top floor, an o·
obvious attempt at grandeur.

In this quiet backwater in the southwestern part
the city, the children of Irish-Catholic families pla·
in the late afternoons after they had changed from
their parochial school uniforms. A police officer
walked by twice a day, talking to the people he kn·
so well.

My father remembers that in one 15-minute spa·
when he was 8 years old, he was hit by four peopl·

Anna Quindlen

whom he was not related: the cop; the neighbor w·
window he drew upon with spit; the priest who sa·
him messing with a statue, and the nun who saw ·
priest whack him and wanted to second the emoti·

Today the kids on the block are black. The hou·
where the seven Quindlen children were raised, th·
boys packed two to a bed, has long been empty.

The small setback porch is still covered with de·
from the fire that gutted the building several years
There is plywood nailed over the glassless window·
and the doorless doorway.

This was a prosperous neighborhood, a way sta·
to something better. Today it is a poor one, a dea·
end. Charred interiors are common. So are crime,
drugs and a sense of going nowhere.

Since L.A. burst into flames we have cast a net ·
blame in our search for who abandoned America'·
cities. The answer is simple. We did. Over my life·
prosperity in America has been measured in movi·
vans, back yards and the self-congratulatory senten·
"I can't remember the last time I went to the city.
America became a circle of suburbs surrounding a·
increasingly grim urban core.

In the beginning there was a synergy between th·
two; we took the train to the city to work and sh·
then fled as the sun went down. But by the 1970s
no longer needed to shop there because of the ma·

And by the 1980s we no longer had to work the·
because of the now-you-see-it rise of industrial par·
and office complexes. Pseudocities grew up, built ·
chrome, glass and homogeneity. Half of America ·
lives in the burbs.

We abandoned America's cities.

Ronald Reagan and George Bush did, too, and ·
did many Democrats, truth be told. And they're g·
to have to ante up now. But it's not enough anym·
to let those boys take all the responsibility. They ·
carry it well enough.

I understand how Eugene Lang felt when he ga·
speech at his old grade school and, overwhelmed ·
the emptiness of words, offered all the students in ·
class a chance to go to college.

I've heard the argument that Lang's largesse tak·
government off the hook. But I bet it's not compe·
for kids who might have gone down the drain if o·
man hadn't remembered where he came from, bef·
he moved along to someplace greener, richer, bett·
Or for the kids who have because no benefactor
visited their classroom.

Over the years I've heard about sister-city program·
between places here and places abroad, places like M·
or Vienna. Pen pals. Cultural exchange. Volunteer
philanthropy. And all the while, 20 minutes away fr·
the suburbs have been cultures and lives and problem·
about which we are shamefully ignorant. I like the si·
city concept. Short Hills and Newark. South-Central
L.A. and Simi Valley. Both sides benefit.

The pols will lose interest in the cities soon eno·
again, because so many city residents are poor and
powerless and not white. It would be nice to think
Congress as the home of idealists, but thinking lik·
that makes you feel awfully foolish. America's citi·
will prosper when America's prosperous citizens
demand it. When they remember their roots.

I've walked many times down blocks like the on·
which my father grew up. I've been a poverty tour·
with a notebook, but I never felt ashamed of it un·
now.

On that little street were the ghosts of the peopl·
who brought me to being, and the flesh-and-blood
who will be my children's companions in the 21st
Century. You could tell by their eyes that they
couldn't figure out why I was there.

They were accustomed to being ignored, even b·
people who had once populated their rooms. And
long as that continues, our cities will burst and bu·
burst and burn, over and over again.

Owl on the spot

The one-hand-saves, other-hand-harms actions regarding the spotted owl by competing federal agencies stands as evidence of lack of a coherent environmental policy in the Bush administration.

Meeting in Washington, the Cabinet-level Endangered Species Committee—called the "Go·

THE WALL STREET JOURNAL.

FRIDAY, SEPTEMBER 24, 1993

Good Connections

New Bus Lines Link The Inner-City Poor With Jobs in Suburbia

Plans Cost Less, Work Faster Than Enterprise Zones; But Is It Like 'Apartheid'?

Mr. Saulsbury's Daily Journey

By Rick Wartzman
Staff Reporter of The Wall Street Journal

PHILADELPHIA – The Fern Rock train station, which links the regional rail and city subway systems, is still mostly desolate at 6 a.m.

In an hour or so, the platform will fill with pinstripe-clad commuters, clutching the financial pages and racing to their downtown offices. But this time of day, before the morning haze has lifted, Sam Saulsbury is happily heading in the other direction: out of the inner city and to the suburbs.

"This is the only way to go for me," says Mr. Saulsbury, as he steps onto the train that will carry him to the Fort Washington Office Center, a tree-lined corporate campus about 10 miles – and a world away – from the rundown neighborhood of North Philadelphia where he lives.

Sam Saulsbury

But the train can take Mr. Saulsbury only so far. It deposits him at the edge of the office park, still a long way from the Prudential Insurance Co. of America building where he is a cafeteria worker. To get there, Mr. Saulsbury connects with the No. 201 bus, run by the Southeastern Pennsylvania Transportation Authority.

The 201, which serves about 145 riders with seven morning runs and eight each afternoon, is a dedicated line: The driver will not leave until people have had a chance to hop off the train, climb aboard and pay the 50-cent fare. The bus then winds through the Fort Washington complex, getting Mr. Saulsbury to work on time. The 201, he says, "is a real lifesaver."

In an era when the problems bred by urban poverty are so grave and the solutions tend to be so expensive, bus lines like the 201 stand out as a straightforward, cost-effective way to help those from the inner city hold down decent jobs. Giving people an opportunity to "reverse commute" to the suburbs is cheaper and quicker than trying to lure businesses into downtown neighborhoods, or attempting to transplant large numbers of inner-city residents to suburban housing.

"We've been told in no uncertain terms: If it weren't for the bus, these people wouldn't be employed," says Charles Webb, manager of route and service planning for Philadelphia's transportation system. The 201, which began rolling five years ago, has attracted the attention of officials in Peoria, Ill., Columbus, Ohio, and elsewhere. Meanwhile, similar "mobility" projects have sprung up in Chicago, Washington, Detroit and Boston.

Federal Funds Available

And now the federal government is getting into the act. Folded into the budget package that President Clinton signed into law last month is the Mobility for Work initiative, sponsored by Democratic Sen. Bill Bradley of New Jersey. The program will provide funds to poor communities interested in creating connections between the job-starved inner city and outlying areas where jobs abound.

The approach has its critics. Some advocates for the poor see it as an exploitive way to extract black labor from inner cities, without having to integrate the suburbs. "The result is a separate and unequal society, one drifting toward an American version of apartheid," asserts a report by the New Jersey Council of Churches, a coalition of Protestant congregations.

Others fear that transportation programs may be seen as a cure-all, drying up funding for other efforts to revitalize inner cities. "A mobility strategy alone isn't a silver bullet," says Rebecca Blank, an economics professor and poverty specialist at Northwestern University. "It doesn't mean we can afford to ignore the neighborhoods."

And not all reverse-commuter projects pan out. Despite the success of the 201, the Philadelphia's transit authority has been forced to drop several other dedicated suburban lines due to a lack of interest.

Nonetheless, it is clear that a well placed bus route can "make all the difference between an impossible commute and a doable one," says Mark Alan Hughes, the head of policy development for Public-Private Ventures, a Philadelphia research firm.

Commuting to the suburban workplace is now essential for many city dwellers. From 1976 through 1986, two-thirds of the employment growth in the nation's 60 largest metropolitan areas occurred outside the central city, according to a study Mr. Hughes co-wrote for the Urban Institute in Washington.

This shift to the hinterland, he notes, has been especially acute among manufacturers – "precisely the industry best-suited to provide higher-wage employment to lower-skill workers." During the 1980s, the

Please Turn to Page A4, Column 3

Good Connections: Bus Lines to Suburbia Ease Cities' Joblessness

Continued From First Page

nation's 60 largest metropolitan centers lost 288,000 manufacturing jobs while the outer regions gained 353,000. The trend holds true in Philadelphia. In 1970, the city had more jobs than its surrounding suburbs. But by 1991, the suburbs had nearly twice as many jobs as the city did.

It is hardly surprising, then, that Mr. Saulsbury did not have much luck when he began looking around his neighborhood for work a couple of years ago. A graduate of Benjamin Franklin High School here and a neighborhood basketball star while growing up, Mr. Saulsbury has held a string of menial jobs through most of his 36 years: selling magazines door to door, making hoagies, driving a forklift, cleaning offices.

But the soft-spoken father of six suddenly found himself unemployed one day in March 1991 when the cleaning crew he was with lost its contract. He took odd jobs when he could find them, painting houses and cutting hair. On Thursday nights, he would unload delivery trucks at a grocery store around the corner from his house. His youngest daughter was born at this time, and Mr. Saulsbury also would spend hours strolling with her.

A Fruitless Search

Mostly, though, he searched for steady work, only to find himself turned away again and again. Bud's, an auto repair shop in the neighborhood, wasn't hiring. Neither was Tasty Baking Co., which runs the one big factory left in North Philadelphia. Much of the rest of the area is scarred by burned-out and boarded-up businesses.

Mr. Saulsbury heard about jobs farther out, past the city limits. But in many cases there was no public transportation to get there. And he could not afford to buy a car.

Eight months passed. "There were plenty of days when there was just nothing to do," Mr. Saulsbury recalls. "Things got so bad, I was ready to give up." He says he did not file for unemployment benefits because he found the process too daunting. And his wife, Fran, brought in enough money as a beautician to scrape by. But they could not afford to go out at all, and they had to cut back on cookies and other treats for the kids.

Finally, as Thanksgiving drew near, Mr. Saulsbury's sister told him about an opening at ARA Services Inc., the cafeteria-operations unit of ARA Group Inc., where she is an administrative assistant. The job was appealing to Mr. Saulsbury, who has always enjoyed working with food. And unlike many of the other suburban jobs he had considered, this one had a big benefit: a way to get there.

The 201 line was actually launched not as a social program for urban residents, but as a way to meet the work-force demands of suburban employers. "On the one hand you had an industrial park that was thriving, but the labor pool in the area had dried up," says Ken Safarowic, who used to handle marketing for the Fort Washington complex and helped to develop the bus service. Meantime, "we knew there were people who wanted these jobs, especially in Center City Philadelphia."

Paying the Freight

So Mr. Safarowic rounded up a bunch of companies in the park to pitch in a total of $7,500 to fund the 201. Within six months, the line was paying for itself. "Not another cent of private money has gone into it," Mr. Safarowic says. "It's such a simple solution, and it's a win-win for everybody."

Indeed, the immediate payoff that a bus line can provide is one reason that mobility projects are gaining popularity among policy makers. Traditionally, the focus has been on two other schemes to try to rescue the urban poor. The first, embodied in the "empowerment zones" that are part of the Clinton budget, is to give employers special incentives to locate in the inner city, thereby generating job growth there. The second idea is to open up new neighborhoods, making subsidies available so low-income families can move out of cities and into the suburbs.

The problem with both of these concepts is that the cost is enormous – in monetary terms in the case of zones, and in political terms in the case of moving large numbers of mostly minority families into white middle-class areas. And it can take years before either approach yields results.

Mr. Hughes, of Public-Private Ventures, sees the mobility concept as claiming a practical middle ground. "In many ways, this is less threatening than school busing or forced integration," he says. "And it leaves the decision as to where people live up to the household." If they want to stay in the city and bring dollars back there, they can. Or if they want to save up enough to move to the suburbs, "that's their choice," Mr. Hughes says.

A Sharp Contrast

Mr. Saulsbury, for one, feels the tug of the suburbs every day when he goes to work. "I look out and see how nice the houses are," he says, busily chopping vegetables that will feed some of the 1,300 Prudential employees who eat lunch in the cafeteria each day. "You don't see people running around, hanging on the corners."

The streets of North Philadelphia, by contrast, are mean. And Mr. Saulsbury has seen his share of hardship. The mother of his oldest son was shot and killed about five years ago. His elder daughter has been assaulted.

Walking recently down Susquehanna Avenue, a thriving commercial strip 30 years ago that has long since plunged into depression, Mr. Saulsbury stares out at a group of men loitering on the front stoop o a dilapidated house. The air is thick w the smell of marijuana. "When I was a ki this area wasn't as bad because it wasn't drug infested," he says. "Today, it's scary."

Mr. Saulsbury, whose commute to work takes an hour and 15 minutes and costs $3.90 each way, talks about moving his wife and children to a safer environment – as well as a more convenient one. "I want to live a better life," he says. To help make that happen, he says he would like to stay with ARA, and rise through the ranks to become a chef.

He may well be on his way. Mr. Saulsbury got off to a slow start at the Prudential cafeteria, once getting suspended for three days for being repeatedly tardy. But now, he says proudly, "I can't remember the last time I was late, it's been so long." Seven months ago he was made a supervisor of the employees preparing cold foods, and got a raise to $8.10 an hour from $7 an hour. In June, he was named "Employee of the Month."

Mr. Saulsbury and his wife – his childhood sweetheart – are trying to put some money away for a new house. He dreams about it a lot. Peering out the window of the 201, Mr. Saulsbury points to a tree-shaded lot and ponders what it would be like t build a home out here in the suburbs. would put a swimming pool in the bac and a basketball court on the side – and not worry about anything," he says.

PHOTOCOPY
PRESERVATION

2

OVER THE HORIZON
MOBILITY-FOR-WORK: ENHANCING ACCESS TO JOBS

Mark Alan Hughes, Ph.D
Public/Private Ventures

Executive Summary

Sweeping changes in the "metropolitan settlement structure" of the United States motivate many strategies designed to reduce inner-city poverty. The phrase is a technical one, referring to the familiar terrain of American cities and suburbs that have such a profound effect on our lives. When someone locks the doors of their car as they enter a certain neighborhood, they are reacting to their understanding of settlement structure. When someone buys a home based on its school district, they are responding to settlement structure. When someone makes a quick exit off the expressway as dozens of brake lights appear, they are referring to settlement structure. Settlement structure is the way all these diverse things--houses and schools, routes and travel times, neighborhoods and personal safety--are related. And our mental map of the settlement structure is our way of navigating, literally, the complex terrain over which we live our lives.

Antipoverty strategists are no less dependent on mental maps. During recent decades, they have recognized settlement structure as an obstacle to reaching their goals. Consequently, most antipoverty strategies are attempts to change geography. Either they propose to move poor people from bad locations to good locations or they propose to transform bad locations into good locations by moving good things around. Consider scattered-site public housing programs that seek to disperse low-income households from slums to good neighborhoods. Or enterprise zone programs that seek to rebuild the employment base of once-central cities by attracting firms that would otherwise locate elsewhere. In a fundamental way, these are geographical exercises.

The advent of major federal policy initiatives regarding infrastructure investment, environmental regulation and urban aid has increased our capacity to change metropolitan settlement structure. And so, today, strategic questions arise about how to exercise this capacity to reduce inner-city poverty in a sustainable way. Research by Mark Hughes has helped establish the importance of one key change in metropolitan settlement structure: the suburbanization of employment during recent decades. One-quarter of the nation's total population resides in the eight largest metropolitan areas; in six of these areas, most if not all job growth during the 1980s was located in the suburbs.

We illustrate the extent of these changes by using the Chicago metropolitan area as an example. The attached series of maps (Figures 1-6) show the changes between 1977 and 1987 in employment for three major industries (manufacturing, retail trade and services) at locations throughout the metropolitan area. Together, these three industries represented 72 percent of the national labor market in 1987.

For each industry, we present two maps. The upper map shows the change in the number of paid employees in the industry who work at each census place in the metropolitan area. The filled circles at the center of each place are proportional in size to change in the number of workers at that place: the larger the circle, the larger the change. Red circles indicate a decrease in workers and black circles represent an increase in workers. For example, Figure 1 shows the change between 1977 and 1987 in the number of manufacturing production workers at locations throughout the Chicago Consolidated Metropolitan Statistical Area (CMSA). The City of Chicago lost about 105,000 manufacturing production workers during the period, and Gary and Hammond lost comparably large numbers. All of the region's central cities (Evanston, Kenosha, Joliet, Aurora, Elgin, etc.) and most of the inner suburbs of Cook County lost manufacturing jobs. As a whole, the region lost 141,000 manufacturing production jobs.

But notice that this gloomy overall picture contains some selective bright spots (which would be hidden in regional statistics, or in city/suburb statistics, alone). In particular, the suburbs west of O'Hare Airport in DuPage and northwestern Cook Counties (e.g., Schaumburg) show considerable increases in manufacturing production employment. This kind of clustering, and airport-centered clustering in particular, is seen in many metropolitan areas.

These maps are useful for identifying emerging employment-growth locations in a metropolitan area, and for comparing the relative employment growth of central cities and suburbs. However, when we focus our attention on local labor market <u>prospects</u>, we need to examine the changing location of employment <u>and</u> population. Losing 10,000 jobs in a county probably would not strain the local labor market if the county lost 30,000 residents at the same time. So we need to have a sense of the changing ratio of jobs and people. In simple terms, spatial mismatch means that some parts of a metropolitan area have more jobs than workers, while other places have more workers than jobs. So we need to know how the changing ratio of jobs and people varies across different parts of the metropolitan area.

In the lower map for each industry, we attempt to identify possible mismatches. This map displays the change in the ratio of jobs to population in each county as well as in the City of Chicago. We can think of this ratio as a measure of the changing employment density or employment opportunities of a county. The ideal measure of employment opportunities and excess labor demand, of course, would be job openings in places across the metropolitan area, not data on filled jobs. But there are no data on job openings by industry for local places within regions across the nation. So, we proxy employment opportunities and labor demand with changes in employment density, or jobs per capita. Surely, employment prospects are brighter in places with an increasing number of jobs per person than in places with decreasing jobs per person.

Figure 2 presents the changing number of manufacturing production jobs in the Chicago CMSA per 100 residents in each county and in the City of Chicago. We divide the counties into three broad categories of change. The red areas lost three to six production jobs per 100 residents between 1977 and 1987. These are large losses, and the map graphically shows the collapse of manufacturing during the 1980s in metropolitan Chicago. The yellow areas lost one to two production jobs per 100 residents during the period. Most of the region falls into this category. (The region as a whole lost two jobs per 100 residents, falling from about 11 per 100 in 1977 to about nine per 100 in 1987.)

Once again, we see that parts of the region survived the manufacturing crash. DuPage and Kendall counties had the same number of manufacturing production jobs per capita in 1987 as in 1977. This despite the facts that the region as a whole lost 141,000 such jobs and both counties gained population during the period--DuPage's population growing nearly 20 percent between 1977 and 1987!

We provide these two maps of changing local employment and changing county jobs/resident ratios for each of the three major industries. Figure 3 displays the changing retail trade employment at places throughout the Chicago CMSA, and Figure 4 displays the changing ratio of retail jobs to resident population in the counties and the City of Chicago. Figure 5 and Figure 6 shows the same changes for service employment.

In metropolitan Chicago, each industry presents a distinct locational pattern. Manufacturing declined regionally, with enormous losses in the region's central cities, proportional losses in most places throughout the region, and occasional gains in some places and especially in DuPage County. Retail trade increased regionally by about 67,000 jobs. However, the City of Chicago lost about 24,000 retail jobs during the period, and there were fewer retail jobs per capita in 1987 than in 1977. Here we see an example of absolute suburbanization, with job loss in the city (indeed, in all the central cities of the CMSA) and job gain in the suburbs (especially in the suburbs along the region's 1-290/I-294 beltway).

Service industry employment presents a different pattern--relative suburbanization--with growth in both cities and suburbs but at a higher rate in the suburbs. As a whole, the CMSA gained about 311,000 service jobs and the City of Chicago gained about 83,000. But note two things. First, fewer jobs were gained in services than were lost in manufacturing and retail (there were about three more service jobs per 100 Chicago residents in 1987 than in 1977). Second, 73 percent of new service jobs were located outside the City (only 45 percent of service jobs were located outside Chicago in 1977). So, although service employment is often considered the great comparative advantage of central cities, and although this was a growth area for Chicago during this period, even service jobs were shifting rapidly to the suburbs.

The evidence presented in this and supporting research suggests the virtual necessity of including the suburban labor market in any sustainable inner-city employment strategy. Our argument here is <u>not</u> that a ride to a suburban job is all that is needed to solve inner-city unemployment. (Though for some potentially large fraction of the urban unemployed in these metropolitan areas, that may well be enough to find a job or a better paying job.) Nor is our argument even necessarily predicated on the position that employment alone is sufficient to solve the web of problems called inner-city poverty. (Though again, we are sympathetic with the position that a good job would in fact solve a multitude of problems!)

Rather, our argument is much narrower. Regardless of what an antipoverty strategist proposes to combat urban poverty (boot camps, role models, drug rehab, job training), if <u>work</u> and especially work in the private-sector labor market, plays any part in that strategy, then the dominance of the suburban labor market must be considered. Jobs are no longer around the corner. Jobs are over the horizon. Whether policy strategists seek to bring jobs to the poor or bring the poor to jobs, making this connection appears to be an unavoidable component of antipoverty strategy. That strategy can only be improved if policy strategists think more explicitly in these terms.

There has been some movement in this direction in Washington. Our work emphasizes a strategy that is now a small part of President Clinton's Empowerment Zone program and the centerpiece of Senator Bill Bradley's Mobility for Work legislation. This "mobility strategy" is designed to connect inner-city residents to suburban employment via a combination of training, placement and support services delivered through a partnership that would build bridges across metropolitan areas and across areas of programmatic responsibility.

Rather than rearranging the geography of housing or the geography of firm location, the mobility strategy represents a more direct approach: make available the opportunities of the region to the residents of the inner city by lowering the training, information and transportation barriers that a decentralized region creates. The mobility strategy does not hold hostage the fortunes of inner-city residents to our political and economic capacity to rebuild downtown blue-collar economies or to open up the suburbs to affordable housing.

Clearly, no commitment to connecting inner-city residents to suburban jobs relieves city or suburban governments from protecting the civil right of people to reside anywhere they can afford. And clearly, commitment to connecting inner-city residents to suburban jobs does not mean that city governments should or would abandon their local economic development agenda. Indeed, multiple strategies could be very effective. Connecting lower-skilled city residents to the suburban labor market allows city economic development officials to focus on sectors in which the central city often retains a powerful comparative advantage, such as tourism and business services. Also, the economic gains afforded by the mobility strategy can increase community resources sufficiently to support neighborhood businesses. Suburban Job Link, the Chicago program working with P/PV operations staff, claims to return over $4 million in annual wages to its inner-city neighborhood by connecting residents to suburban jobs. This must improve the prospects for developing sustainable local enterprises to serve this potential consumption base.

Clearly, the pieces of this puzzle will not simply fall into place and remain fixed. Metropolitan areas are complex and dynamic. Some ghetto residents will get jobs and incomes and buy a car, no longer relying on the transportation programs of the mobility strategy. Some people will get jobs and higher incomes and move to the suburbs, perhaps no longer relying on or contributing to the community institutions strengthened by the mobility strategy. The broadest goal of the mobility strategy is to transform the inner city into a viable place with the same qualities that make any neighborhood viable: safety in the streets, education and human services in the community, and access to employment opportunities throughout the region. People may want to move when given the choice, or people may choose to rebuild their neighborhoods rather than leave them. But whatever their choice, the mobility strategy would be successful precisely because the poor would have a real choice: between safe, productive, accessible neighborhoods in the inner city or the attractions of the suburbs.

That choice is, ultimately, the ingredient mobility strategists seek to emphasize in the antipoverty strategy mix. We will never know the strategy's capacity to increase choice without a demonstration.

MAH074;1/94

Figure 1. Change in Manufacturing Production Jobs

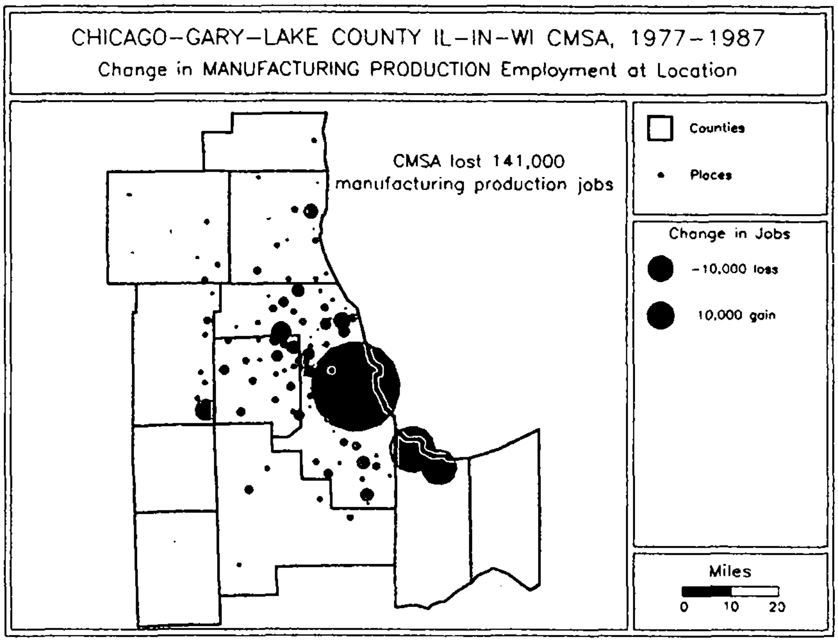


Figure 2. Change in Manufacturing Jobs/Population Ratio

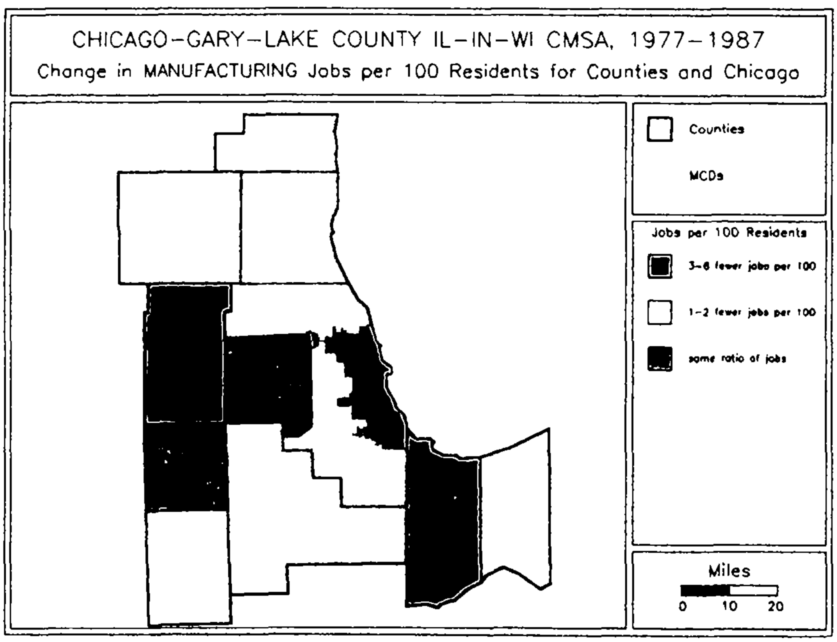


Figure 3. Change in Retail Trade Employment

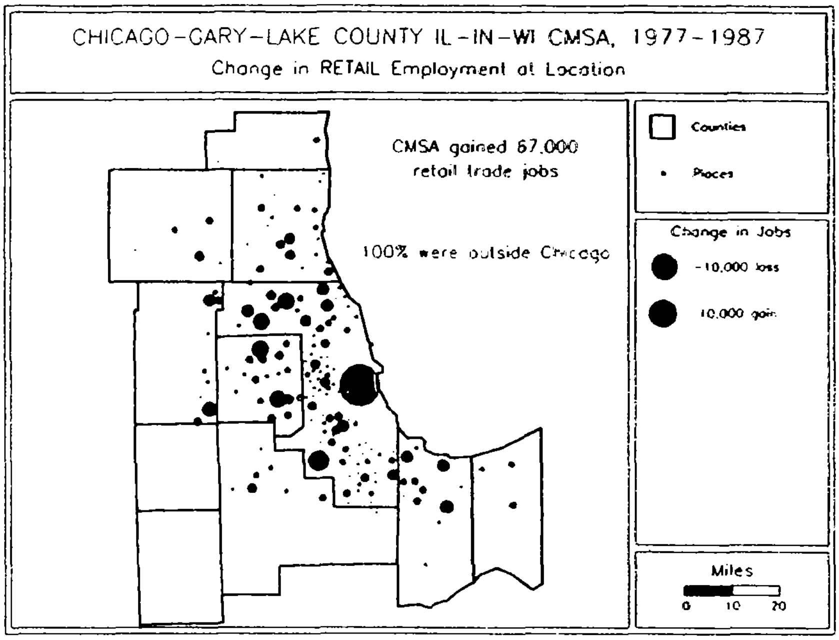


Figure 4. Change in Retail Jobs/Population Ratio

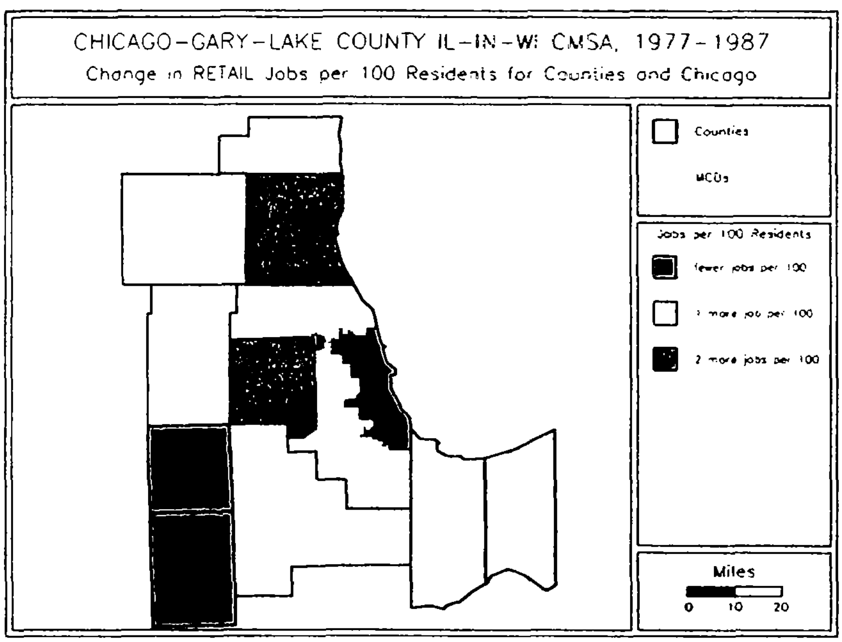


Figure 5. Change in Service Sector Employment

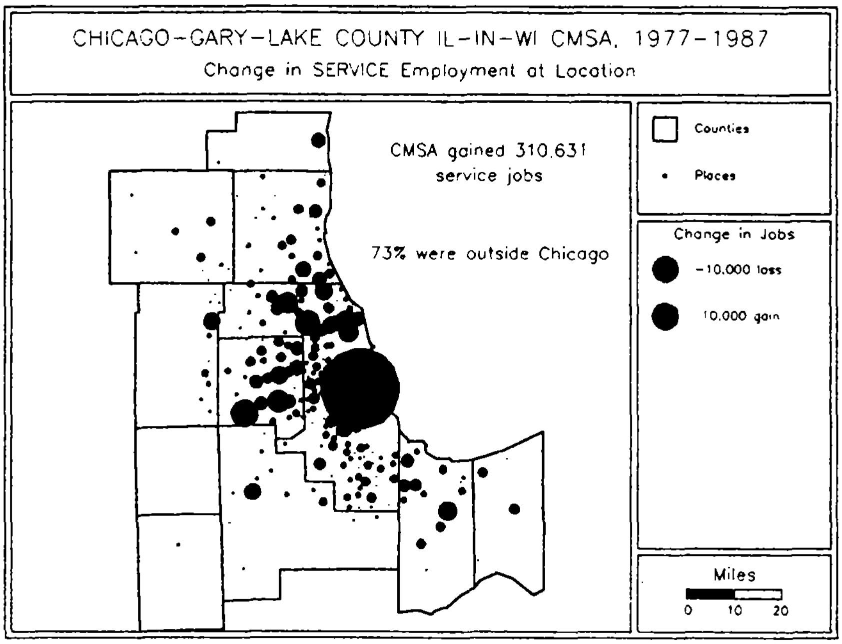
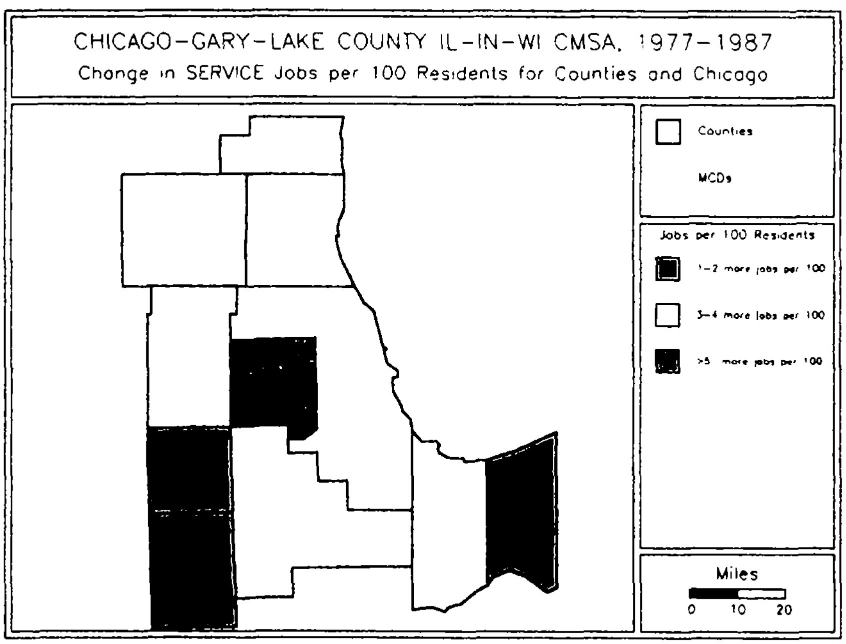
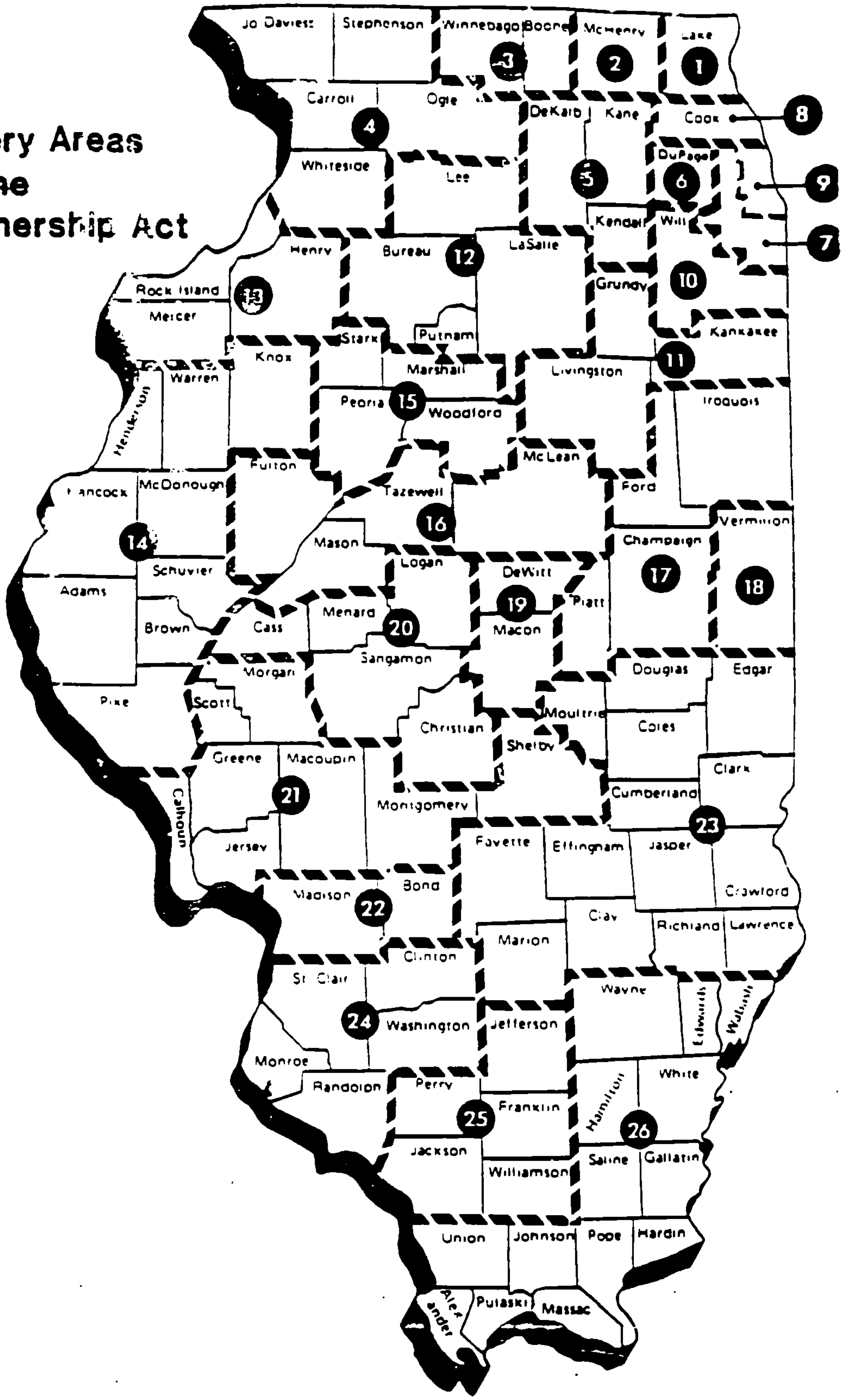


Figure 6. Change in Service Jobs/Population Ratio



Service Delivery Areas under the Job Training Partnership Act



1. County of Lake
2. McHenry County
3. Rock River Training Corporation
4. Northwest Illinois JTPA
5. KDK Training Employment & Business Services
6. DuPage County Department of Human Resources
7. Cook County President's Office of Employment and Training
8. Northern Cook County PIC, Inc.
9. Mayor's Office of Employment & Training
10. Will County PIC, Inc.
11. Kankakee Community College
12. Business Employment Skills Team, Inc.
13. Rock Island Tri-County Consortium
14. Carl Sandburg College
15. City of Peoria
16. United Private Industry Council
17. Champaign Consortium
18. Vermilion County Job Training Partnership
19. Macon County Employment & Training Grants Administratoion
20. Land of Lincoln Consortium
21. SDA 21, Private Industry Council
22. Madison County Employment & Training Department
23. Lake Land College JTPA
24. St. Clair County Intergovernmental Grants Department
25. Illinois Farmers Union Training, Inc.
26. Private Industry Council, Inc. – SDA 26

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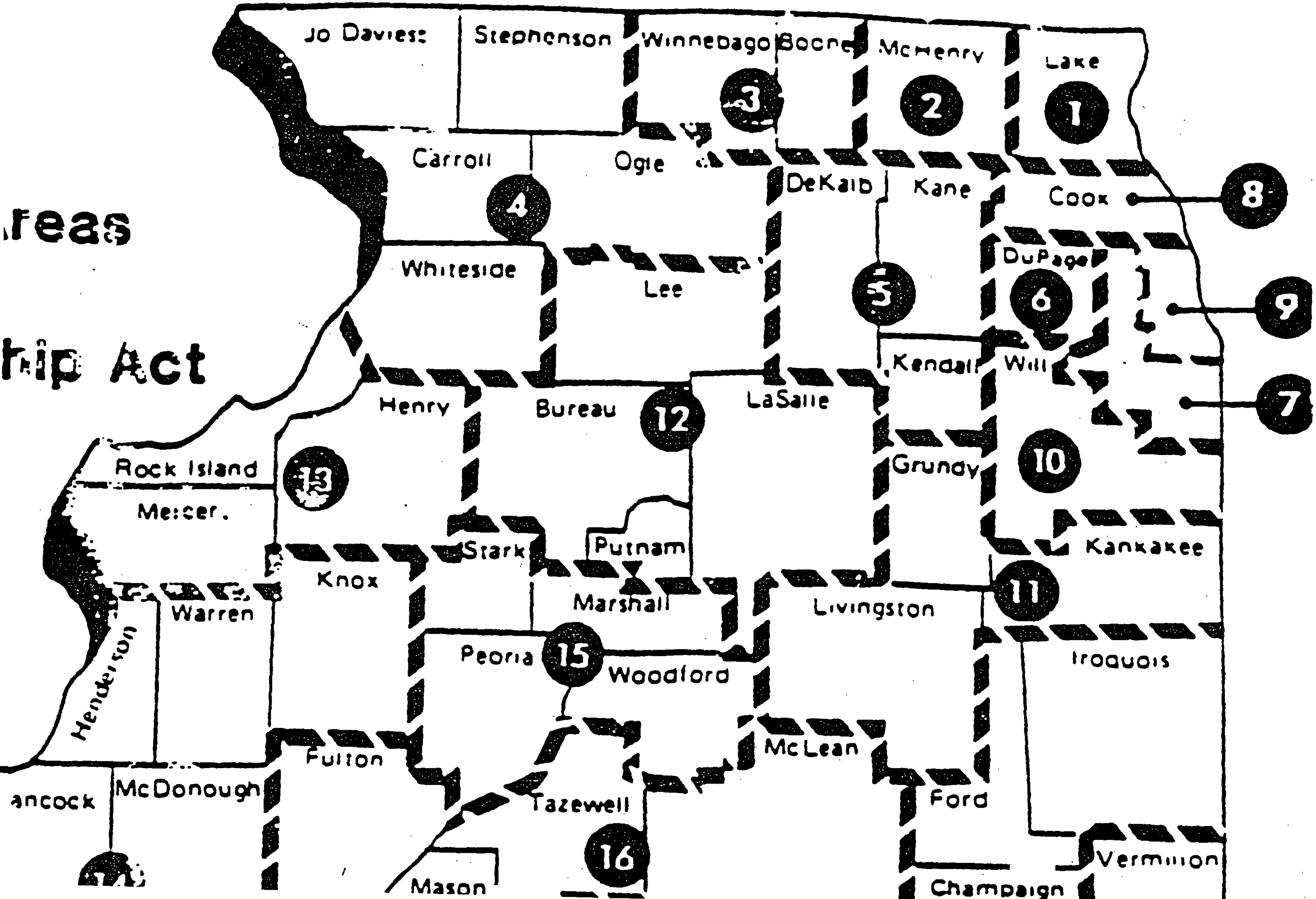

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Livingston
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Peoria
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Champaign

EXPLORING THE POTENTIAL OF REVERSE COMMUTING AS AN ANTIPOVERTY STRATEGY

Public/Private Ventures
April 1993

EXECUTIVE SUMMARY

The lack of accessible private sector jobs continues to be an obstacle to the effectiveness of many community development initiatives and job training programs that serve inner city residents. The effect of this job shortage goes beyond its obvious and immediate employment and income impacts; it also promotes a belief that local education and training institutions have no utility in securing decent jobs and economic self-sufficiency. The institutions of social policy aimed at assisting self and community improvement become symbols of the futility of effort and conventional values.

This discouraging picture is made worse by the fact that appropriate jobs are often available—and needing workers to fill them—only a few miles away. Data increasingly show a suburbanization of decent entry-level and moderate-skill jobs without accessible transportation to connect the jobs with urban job seekers.

The possibility of building reverse commuting mechanisms has recently attracted interest as a useful way to make this connection. The existence of a small number of reverse commute projects around the country has further stimulated this interest.

As a first step toward understanding the utility and viability of reverse commuting as an antipoverty tool, P/PV examined the operations of five reverse commuting programs. Three were instituted primarily to serve job seekers in specific low-income urban communities; two were designed primarily to meet the needs of employers in the suburbs. The three "origin-initiated" programs are Chicago's Suburban JobLink and ACCEL Transportation, and Milwaukee's JOB-RIDE. The two "destination-initiated" programs are the SEPTA (Southeastern Pennsylvania Transportation Authority) Route 200 Series in Philadelphia and the Route 128 Transportation Council Shuttle in Boston. The four-month study was made possible by a grant from The Ford Foundation.

All five programs provide round-trip transportation for workers traveling from city residences to suburban jobs, in locales where suburb-bound, commuting-hour options are limited or non-existent for people without cars. The three programs that focus on residents offer flexible community-to-employer schedules and typically provide a combination of job development and placement services, social service referrals, counseling and postplacement follow-up. These programs tend to transport minority riders who are relatively poor. The employer-focused programs are add-ons to regularly scheduled public transit routes and provide no other services. Their riders are economically and racially diverse.

The five programs are supported primarily by rider fares and employer subsidies, and secondarily by public funding sources. Two of the three origin-initiated programs also have limited foundation funding. Revenues from rider fares and employer fare-matching and subsidy cover an average of one-half of total costs. The need for public subsidy is not much greater than that of regular public transportation routes, which on average cover about 40 percent of costs with public subsidy.

Our brief investigation indicates that:

- Suburban employers are willing to subsidize transportation that enables them to meet their need for workers. If the transportation service is packaged and marketed in response to specific employer needs, low-skilled, inner city individuals can be attractive to suburban employers.
- The number of the urban poor for whom there are limited employment opportunities in the city appears substantial.
- Transportation alone is not an adequate service for many of the urban poor. Training and other types of support are also necessary.
- The major publicly funded employment and training system--JTPA--has not played a significant role in these programs, even though many of their services would be eligible for its funds.
- The costs of operating the transportation component of reverse commuting programs do not appear to be substantially different from the costs of operating regular public transportation systems.
- With the proper staff, technical assistance and financial support, many community-based organizations can operate a transportation service effectively. Establishing employer contacts and credibility is more difficult.
- Reverse commuting may have a role in helping to address other complex issues faced by large metropolitan areas, such as traffic congestion, pollution, and uncoordinated planning for land use and transportation. The potential relationship of this strategy to larger issues may increase the likelihood of support from a variety of public and private sources.

These findings indicate that reverse commuting is an avenue for antipoverty policy that should be further explored. P/PV is particularly interested in this strategy's potential for young adults in poor communities who are just beginning their search for careers and economic self-sufficiency. Data indicate that these young people are not faring well in their search and that many get discouraged and discontinue their job search and their efforts to further their education or skills development. Their lack of regular work and income can easily lead to antisocial behavior and public expense. And while it has not yet been demonstrated scientifically, the effect of these young adults' unsuccessful job seeking experiences on younger people in their community is likely to be negative. Among the important open questions remaining to be answered are the following:

1. What are the options for structuring and operating a reverse commuting program with antipoverty goals? Can both transportation and employment-related services be delivered by one organization? Can regional public transit agencies play a central role in the operation and financing of reverse commute initiatives? Are there objective criteria that point toward the use of a particular operational structure and financing technique option in a specific urban area?

2. Does reverse commuting have particular benefits or liabilities for young adults? What additional services are most needed by young adult riders beginning their working careers? What are their costs, their potential funding sources and replicable delivery options?

3. Can the extra service components of a reverse commuting strategy aimed at the urban poor be supported by existing federal and state transportation and employment/training funds, or are new public sources necessary?

4. Are there efficiencies of size in terms of unit cost? Is geographic targeting feasible, and can it increase community income and employment levels?

The report concludes with a recommendation that a national demonstration be conducted to answer these questions, and suggests proposed activities for planning such an effort.

CENTER ON BUDGET AND POLICY PRIORITIES

A CASE FOR REVERSE COMMUTING DEMONSTRATION PROJECTS

The Shifts in Urban Labor Markets

During the past 20 years, there has been a shift in urban labor markets that has disadvantaged inner-city residents with low skills.

- Large numbers of low-skilled jobs have moved from the central cities to the suburbs. Meanwhile, many of the new jobs that have been created in the cities in recent years are positions in the professional services sector that require substantially higher levels of education and skills. These are jobs for which inner-city residents without more than a high school education generally cannot compete.

- Furthermore, the overwhelming bulk of the net new jobs created in metropolitan areas in recent years have been created in the suburbs, rather than in the cities. During 1977 to 1987 the most recent period for which data are available, three of every five net new jobs in the largest metro areas were located outside the central county. In Chicago, Detroit, Milwaukee, Philadelphia, and St. Louis, all net new jobs during this period were located in the suburbs. In Denver, Baltimore, Washington, Kansas City, San Francisco, and New York at least two-thirds of net job growth was located in suburban counties.

- New jobs were created in the suburbs at a pace far exceeding suburban population growth. The rate of employment growth in suburban areas surpassed the rate of population growth in suburban areas in nearly all of the nation's major metropolitan centers. In metro areas like Baltimore, Minneapolis-St. Paul, Washington D.C., San Francisco, and Chicago, the suburbs gained jobs two to three times as fast as they gained new residents.

As a result of this suburban job growth, jobs opened up that could potentially be filled by unemployed or underemployed inner-city residents. Many inner-city residents, however, have lacked access to such jobs. Most urban transit systems are designed to enable suburban and city dwellers to commute to jobs in the city, not to enable inner-city residents to commute to jobs at outlying suburban job sites. Research has found that those inner-city residents who have jobs in the suburbs are overwhelmingly people who have access to cars and use them to commute.

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Robert Greenstein, Executive Director

- Research by John Kasarda, director of the Center for Competitiveness and Economic Growth at the University of North Carolina, bears this out. Kasarda studied nine major metro areas. He found that in these areas, four of every five black men without a high school diploma who lived in the cities and worked in the suburbs depended on a car to commute.

- He also found that most black men who lived in the city, lacked a high school diploma and were *not* employed were people who lived in a household that did not own a car.

The lack of access to suburban job sites was one reason that by the late 1980s, many suburban areas had labor shortages, while many inner-city residents were jobless. This phenomenon has led a growing number of the nation's urban experts, from William Julius Wilson at the University of Chicago to Mark Alan Hughes, at Private/Public Ventures (formerly of Princeton University and Harvard University to the urban specialists at the Urban Institute, to call for the development of "reverse commuting" transportation strategies to link inner-city residents to suburban job opportunities.

For example, in its new paper *Confronting the Nation's Urban Crisis*, the Urban Institute notes the strong trend toward "job decentralization" in metro areas and emphasizes that this is a fundamental trend that will not be reversed. It notes that efforts to develop inner-city neighborhoods, while important, will be highly insufficient by themselves and are "no substitute for policies that open up access to the metropolitan-wide job market." It identifies reverse commuting as one of the strategies through which to try to achieve this goal.

Reverse Commuting Strategies

Reverse commuting strategies have been tried in several cities. Efforts in Philadelphia and Chicago provide two examples.

During the late-1980s, the Philadelphia suburbs experienced severe labor shortages. This prompted some suburban employers to contribute funds enabling the transit authority to establish several new transit routes connecting several suburban job sites to routes that extended into the inner city. These new routes were designed to make possible "reverse commuting" from the city to the suburban job sites. New buses were added to suburban stations to meet outbound trains from the city and carry passengers to office and industrial parks formerly accessible only by automobile. Five such routes have now been started, with employers guaranteeing sufficient funds so the transit agency would break even. The result has been substantial ridership and increased access to suburban jobs. In fact, in the first of the five routes, employer contributions were no longer necessary after six months of service; ridership was high enough that the route was paying for itself, a solid accomplishment for any new transit route.

A second example comes from Chicago. An employment agency that serves several poor neighborhoods, Just Jobs, was finding lack of access to suburban jobs to be an increasingly serious problem. More and more of the firms with which Just Jobs was placing workers were located outside the city. Just Jobs began experimenting with the provision of transportation services for many of its workers. This typically took the form of vans that shuttle workers to specific employers. This private "reverse commute" strategy has become so prominent in the mission and operations of Just Jobs that it has now changed its name to Suburban Joblink.

The Need for Demonstration Projects

These and several other examples show that reverse commuting strategies hold considerable promise. Not that much is known about such strategies, however. Exactly how effective are they? What types of designs make them most effective? What should their relationship be to job training programs? Demonstration projects could answer these questions and quite possibly lead to an important new element of a comprehensive urban employment strategy.

Such demonstration projects could test a range of possible program designs, involving both initiatives operated by public agencies and initiatives run by non-profits and both comprehensive strategies and more limited ones.

April 15, 1994

GEORGE E. PETERSON AND
WAYNE VROMAN
Editors

Urban Labor Markets and Job Opportunity

THE URBAN INSTITUTE PRESS
Washington, D.C.

or the special skill requirements of manufacturing than with continuing discriminatory exclusion from the fastest growing, "modern" sectors of the economy.

Spatial Mismatch

The spatial mismatch hypothesis emphasizes the physical separation of central-city residents, especially minorities, from the locations of fastest job growth. This separation handicaps residents in their job search and commuting patterns, tending to depress central-city employment rates. The separation that proponents of the spatial mismatch hypothesis have in mind is that between the central city and increasingly distant suburban job centers, although the spatial mismatch argument might be said to apply *a fortiori* to manufacturing jobs that American firms create in Mexico or Malaysia.

Since first advanced by Kain (1968), the spatial mismatch hypothesis has received a large amount of empirical testing. This literature is reviewed critically by Holzer and Vroman (chapter 3), and the proposition receives fresh examination for different labor markets by these same authors as well as by Johnson and Oliver (chapter 4) and Orfield (chapter 5). Most of the evidence now supports the presence of spatial mismatch effects. These show up, for example, in studies examining: differences in journey-to-work times by black and white households commuting to comparable jobs, the impact of average travel times on relative unemployment rates, the effects of different degrees of metropolitan job decentralization on the net earnings of central-city residents, and the wage gradients faced by different groups of workers. The wage gradient studies indicate that central-city minority workers with less than college education face strongly "inverse" wage gradients—i.e., wages for unskilled labor that are higher in the suburbs than in the central city. This reflects localized oversupply of unskilled labor in the central city and its undersupply in the suburbs. Recent panel studies that follow employees of individual firms as they relocate from the central city to the suburbs confirm the greater difficulties that black and Hispanic workers have in acquiring new housing reasonably close to suburban work.

Most interestingly, the empirical evidence suggests (though it is not yet conclusive) that spatial mismatch effects have been intensifying over time, especially in the largest metropolitan areas such as Chicago, Philadelphia, and Los Angeles. As neighborhood sorting grows more extreme, and job growth moves to the outer suburbs, the labor

market impacts on households living in central-city poverty areas have become more pronounced. It is now clear, as well, that spatial mismatch has its most pronounced impact when it overlays skill mismatches and industry shifts. That is, the larger is the surplus of mismatched low-skilled labor in the core, the more important is its physical separation from new job sites where such labor could be employed.

Suburbanization of minority or low-income populations alone will not solve spatial mismatch, as long as segregation patterns restrict minority groups to isolated residential clusters in the older, inner ring of suburbs. As Orfield (chapter 5) points out, the centers of black suburban population growth in the Chicago metropolitan area are almost as highly localized as are black central-city neighborhoods, and almost as distant from the principal centers of suburban job expansion.

One answer to spatial mismatch is the provision of low-cost, racially integrated housing throughout the suburbs. Studies of the court-ordered Gautreaux experiment in Chicago, which has placed minority public housing residents from the city of Chicago in suburban low-income housing, demonstrate that even for women on welfare, the move to a suburban residential location closer to jobs boosts employment rates (Rosenbaum and Popkin 1991). This employment effect results not only from greater proximity to jobs but from mothers' greater willingness to leave children in child care arrangements or at home without fear of crime and, as respondents report, from confidence that the goods they acquire through work will not be taken from them.

Short of scattering low-income housing and minorities throughout the suburbs, there is a role for reverse commuting programs that make it easier for central city residents to get to suburban jobs. Programs of this kind were tried in the 1970s without much success. However, if spatial mismatch has worsened in the interim, they are worth trying again (Hughes 1992). Most research studies have examined spatial mismatch from the perspective of the central-city *worker*, but experience suggests that reverse commuting initiatives are likely to succeed only when the mismatch is felt equally keenly by the suburban *employer*, who cannot fill job vacancies or is forced to bid up low-skill wages to compensate for costly and time consuming reverse commutes. If suburban labor shortages re-emerge with the resumption of economic growth, practical demand for organized reverse commuting may develop as well.

From Harr Holzer and Wayne Vroman

population ratios. This is presumably due to the much larger sample sizes for blacks that are available in the micro census files, though it may also reflect the different time periods considered. Restriction of the sample to the same MSAs considered in the previous section does not fundamentally change any of the results. The findings suggest that changes in manufacturing activity shifted demand considerably away from less skilled young white and black males in both decades and presumably lowered their *annual* earnings, regardless of whether the effects appeared primarily as employment loss or wage reductions, and that the effects were larger for black males than for white males.

We note the caveat that our equations do not control for characteristics of MSAs other than overall demand and supply that might have changed over the 1970s—e.g., the growing decentralization of jobs and/or population, or the growing availability of alternative income sources. Thus the table 3.3 equations do not address other major hypotheses about declining black male employment in urban areas, and they do not even deal with certain dimensions of mismatch, such as the intrametropolitan spatial dimension that received attention in table 3.1.

Still, the results strongly suggest that industrial shifts, and the geographic pattern in which these have occurred, have had significant effects on the employment and/or annual earnings of less skilled young black males in our urban areas.

Conclusion

In this paper we have provided: (1) A review of the existing literature on mismatch, along both the skill and geographic dimensions; (2) New evidence on metropolitan and industrial patterns in employment growth over three decades; (3) Pooled cross-section time-series estimates of the effects of cyclical factors and shifts in the manufacturing employment share on black male unemployment and employment; and (4) Cross-sectional estimates of the effects of declining manufacturing employment on unemployment and employment of black males in a sample of large metropolitan areas.

The review of the literature indicates widespread support for the idea that labor demand has shifted away from less educated workers in the past two decades, thus leading to some degree of skill mismatch. At least part (though by no means all) of this development can be attributed to declining employment in manufacturing. Furthermore, there is growing evidence that *intrametropolitan* movements of firms and population have reduced labor demand for black inner-city

residents. However, the extent to which these sources of mismatch explain the employment problems of less educated black males remains open to question. The impact of *intermetropolitan* differences in employment growth on black employment also merits greater attention.

In our sample of 24 large metropolitan areas, total employment growth and changes in the manufacturing share were linked to changes in black male unemployment rates and employment-to-population ratios. Faster rates of urban employment growth and slower reductions in the manufacturing employment share reduced black male unemployment during the 1970s and 1980s. We did not find evidence of a differential effect of central county vs. metropolitan employment growth.

Finally, our evidence from a cross section of 52 MSAs shows that manufacturing decline contributed to reducing employment and raising unemployment of black males in the 1970s. The largest effects were observed for less educated and/or young blacks. While the overall results were not large, they could explain significant fractions of the declines in employment of young black dropouts in the 1970s. Equally large effects on annual earnings may have occurred in the 1980s, whether they appeared as employment losses or wage declines.

The results of the two empirical investigations indicate that demand factors have had important effects on labor market outcomes for black male workers. Slow overall employment growth and shifts away from the manufacturing sector of a metropolitan area place extra pressure on local black unemployment rates. Together with the review of older evidence, the new results in this paper suggest that both spatial and skill dimensions of mismatch play important roles in explaining the pattern of black and white employment outcomes in urban areas. As the Census of Population data become available for 1990, we hope these issues will continue to be explored.

We can also begin to outline a next generation of research that needs to be carried out. A great deal more needs to be learned about the pattern of demand shifts that different groups of workers face, the degree of permanence of these shifts, and the relative importance of adjustment barriers that these workers must overcome. Better statistical controls for personal characteristics (perhaps from panel data) as well as for areas and regions are needed to help distinguish mismatch from other sources of problems for low-income workers.

Also, we need to know more about the experiences and perceptions of individuals who face structural shifts, as well as the alternatives available to them, to fully understand the barriers to adjustment that they face. For instance, panel data on employees of firms that relocate (as in work by Zax 1989 and Fernandez 1991) or shut down should provide insights into these adjustment barriers. More generally, why do inner-city youths lack access to suburban jobs? Is it the cost in time or money of commuting relative to available wages, or is it a lack of knowledge or even fear of suburban areas? Similarly, why do young people continue to drop out of high school despite the deteriorating legal rewards to such behavior? Is it misperception of these rewards or an accurate perception of the relative returns to legal vs. illegal work? Perhaps ethnographic research or surveys of residents of low-income neighborhoods can be used to gain insight into these questions, which must be better understood before appropriate policy responses to mismatch can be devised.

Finally, what are the policy implications of this work? The findings of earlier research and those presented here suggest the importance of both the skill and spatial dimensions of labor market mismatches. However, we also find large differences in labor market outcomes by race even after controlling for measurable supply and demand factors. Broadly defined policy approaches are thus suggested here to remedy the effects of both kinds of mismatch as well as racial discrimination.

The need to improve skills of those with low educational attainment is obvious. Raising graduation rates from high school and enrollments in college will help to raise the supplies of educated labor relative to less educated labor, thus raising the relative returns of the latter. Basic skills enhancement, achieved through the formal educational system and workplace training, should also help raise the employment and earnings of those with fewer years of schooling. The improvements in outcomes might be especially large for younger workers and blacks, who experience the largest effects of skill mismatch.

To reduce the negative consequences of spatial mismatch, one could try to impede the forces generating the mismatch (e.g., the geographic mobility of jobs out of central cities and certain metropolitan areas overall) or ameliorate the consequences. We generally do not advocate policies aimed at the former, though targeting job creation efforts at metropolitan areas with high unemployment rates might sometimes be useful. Instead we prefer ameliorative policies such as reducing discrimination in the housing market, so that black and other minority workers can more successfully follow jobs as they move to the suburbs. We also support residential relocation assistance (e.g., through housing vouchers) for moves between and within metropolitan areas, as well as job placement and transportation policies for improving access of inner-city residents to suburban jobs.

The results of hiring audits recently conducted by The Urban Institute point to the continued presence of racial discrimination in hiring. Vigorous enforcement of policies that directly attack racial discrimination in hiring and promotion is one obvious policy suggestion. An enhanced antidiscrimination effort should be national in scope, because discrimination pervades all regions. But in the current political environment, with politicians sensitive to allegations of reverse discrimination, the prospect for such an effort appears to be unlikely at best. Reductions in "statistical" discrimination, in which employers use race as a predictor of skills among prospective employees, might also result from improvements in education and basic skills among young blacks.