

**TESTIMONY OF  
RONALD B. MINCY  
JOINT ECONOMIC COMMITTEE  
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Almost a year ago, *The New York Times* reported the results of three research efforts which highlighted the long-term detachment of young, less-educated black men from mainstream society. The findings from my research project, which are reported in *Black Males Left Behind* (2006), show that during two of the longest periods of sustained economic growth in our nation's history (between 1979 and 2000), the employment and labor force participation rates of young less-educated black men consistently fell and this particular group of men was even more likely to be incarcerated. In contrast, young, less-educated black women from the same families, communities, and schools made substantial economic, educational, and social progress. Among black females, welfare dependency and teenage pregnancy rates fell while employment, high school graduation, and college enrollment rates rose. For young, less-educated white and Hispanic men, employment and labor force participation rates also registered long-term declines in contrast to rates for comparable women, although the rates are not as dramatic as for the black population. In sounding a wake-up call, the article substantiated serious racial and gender inequalities for the long-term.

More recent data confirm the predictions from this study, namely that the labor force trends among young less-educated black men would continue to deteriorate over the decade, as the economy softened from the peak achieved in 1999. However, the declines in labor force participation and the increases in incarceration mean that in slack labor

markets, official labor force statistics mask the real employment problems many young black men experience.

This occurs for at least two reasons. First, the labor force consists of individuals who are working or looking for work. However, in slack labor markets many who are looking for work simply stopped trying. These discouraged workers withdraw from the labor force, but this hidden unemployment is invisible in official labor force statistics. Second, labor force statistics exclude institutional populations, because these individuals are not available for work. Historically, voluntary decisions made by individuals or policymakers have played little role in the size of institutional populations. In recent decades, however, crime and fears about crime have led to criminal justice policies that have an especially adverse effect on young black men. Although these men are not available for work in the civilian labor force, they could be if criminal justice policies were relaxed. Therefore, official labor force statistics understate the number of young men who could be available for work. In 1975, 5.7 percent of black men in this age group were incarcerated; by 2004 that proportion rose to 13.5 percent. Thirty-five percent of those who were high school dropouts incarcerated in 2004.<sup>1</sup>

In view of these problems, researchers are paying increased attention to employment rates and employment-to-population ratios, adjusted for incarceration, to get a more accurate picture of the status of black men in the labor market. The remainder of my testimony follows this practice (Western and Beckett 2000).

In 1999, 70 percent of black men between 22 and 30 years old – in the non-institutional, civilian population, who had not attended college – were employed. By

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<sup>1</sup> I am grateful to my colleague Bruce Western at Princeton University who provided the raw data on which these calculations are made. I remain responsible for any errors.

2004, only 63 percent were still working. Declines over the same period were from 88 to 82 percent and 88 to 85 percent for comparable white and Hispanic men, respectively. Adjusting labor force statistics for men in prisons or jails yields an estimate of the proportion employed in the civilian population. This adjustment reveals a more discouraging picture. Only 56 percent of the young black males in the civilian population, who had not attended college, were employed in 1999. By 2004, the proportion had fallen to half (50 percent). White men were far less likely to be incarcerated than black and Hispanic men; so the incarceration adjustment makes little difference. In 1999, 85 percent of young white men in the civilian population, who had not attended college, were employed. By 2004, this proportion had fallen to 79 percent. Eighty three percent of young Hispanic men in the civilian population were employed in 1999 and by 2004 the proportion employed had fallen only two percentage points to 81 percent.

Because fewer than half (47 percent) of young black men graduate from high school, a comprehensive picture of their labor market status requires a focus on the high school dropout population. Doing so shows that just over half (52 percent) of young black men in the non-institutional population, who dropped out of high school, were employed at the 1999 peak; by 2004 this proportion had fallen to 43 percent. Comparable figures for white men were 76 percent in 1999 and 66 percent in 2004. Dropping out of high school did not constitute an employment barrier for Hispanic men, 86 percent of whom were employed in 1999 and 85 percent in 2004.

Finally, high school dropouts were overrepresented among those in our nation's prisons and jails; therefore the full picture of the employment status of black men requires adjusting employment rates of high school dropouts for incarceration as well.

After doing so, the picture becomes alarming. At the peak of 1999, only 35 percent of black male high school dropouts in the civilian population were employed and by 2004 that proportion had fallen to just 28 percent! Comparable figures for white men were 81 percent in 1999 and 71 percent in 2004. Though Hispanic men also had high dropout and incarceration rates, the overwhelming majority (81 percent) remained employed throughout this period.

To sum up, after accounting for those who were incarcerated, under two thirds (67 percent) of young black men in the civilian population, without a college education, were employed in 2004, compared with 84 and 82 percent white and Hispanic men, respectively. Young black men were also as likely to graduate from high school as not. The overwhelming majority (72 percent) of the latter were not working in 2004. By contrast the overwhelming majority of comparable white and Hispanic men were employed (79 and 81 percent, respectively), although dropping out of high school was uncommon for white men and quite common for the latter.

### **The New Policy Environment and Young Less-Educated Males**

During the boom economy of the 1990s, Congress made four important policy changes that should be reconsidered to address the employment crises of young less-educated black men. First, through the Omnibus Budget Reconciliation Act of 1992 and the Personal Responsibility and Work Opportunities Act of 1996, Congress mandated in-hospital paternity establishment programs, increased funding for such programs, and required states to automate processes for establishing and enforcing child support orders. These changes increased the fraction of non-marital children with paternity and child

support orders (Mincy et al., 2005a). Because nearly 70 percent of black children are born to unmarried parents, these changes substantially increased the proportion of young, less-educated black fathers who were required to pay child support.

However, the second policy change was designed to assist unemployed and underemployed fathers (of children on welfare) who were unable to meet their child support obligations. The Welfare-to-Work Program, funded under the Omnibus Budget Reconciliation Act of 1997, provided funds for states to enroll these fathers in employment and training services. Unfortunately, funding for this program was discontinued in 2004; so only the stiffer requirements remain. Disadvantaged, non-resident fathers with no or low-earnings pay a higher proportion of their income in child support than their more advantaged counterparts. The former are more likely to default on their child support orders (Huang, et al., 2005). As a result of such defaults, and the interest and penalties imposed, arrearages are rapidly mounting in our nation's child support enforcement system. Much of these arrears are uncollectible because they fall disproportionately on fathers with annual earnings between \$0 and \$20,000 or those who work intermittently. In seven states (Florida, Michigan, New York, New Jersey, Ohio, Pennsylvania, Texas) 81 percent of the arrears were owed by parents who had no reported income for six quarters or their reported income was unstable (Sorensen 2007). Unless we require and enable disadvantaged fathers to meet their child support obligations, neither children nor taxpayers benefit. Instead, tougher requirements may simply reduce participation by these fathers in the formal labor market (Holzer, Offner et al. 2005).

Third, in 1993 Congress expanded the Earned Income Tax Credit (EITC), which provided critical work incentives for less-educated women leaving welfare for work. This expansion helped to increase employment rates of less-educated black women and reduce poverty and welfare dependency among children, including black children (Blank and Haskins, 2005). Unfortunately, non-resident fathers were eligible for a maximum EITC benefit of about \$300.00 per year, a far lower work incentive than that available to custodial mothers.

Finally, in 1998, Congress passed the Workforce Investment Act (WIA), which fundamentally altered the structure of youth and workforce development services that had existed under WIA's predecessor, the Job Training Partnership Act (JTPA). In 1998, the last full year of JTPA, the Department of Labor spent \$4.5 billion for adult, youth, and dislocated worker programs (U.S. Department of Labor, 2005). Under WIA, this amount grew modestly until 2002, when it began to decline in to \$5.1 billion in 2004. Over the same period, funding for the Job Corps grew consistently from \$1.25 billion to \$1.54 billion. By contrast, funding for programs serving disadvantaged adults declined slowly from \$9.8 to \$8.9 million. Besides the decline in funding, WIA restructured adult service programs so that they would be broadly available, and required participants to undergo assessment, job search, and intensive services before they could access training funds (Nightingale and Sorensen, 2006). As a result, the number of adults who actually received training declined by 17 percent between 1998, the last full year of JTPA, and 2003. Further, JTPA required states to spend 90 percent of training funds on low-income participants, while WIA simply required that low income participants receive priority when training funds were limited. Thus, the proportion of low income persons retrieving

training declined from 90 percent in 1998 to 68.4 percent in 2003 (Frank and Minoff, 2003). Finally, after initially rising from \$1 billion to \$1.38 billion between 1998 and 2002, funding for youth programs also declined to less than \$1 billion in 2004.

With virtually constant funding for employment training and youth services between 1998 and 2004, the five percentage point increase in the share of all such spending on Job Corps was almost exactly offset by the reduction in spending for youth and adult programs. Expansion of the Jobs Corps was likely due to its proven effectiveness (Haskins, 2006); however, the Youth Opportunity Grant Program was eliminated before the results of an evaluation, which had just begun, were ever reported. Finally, the loss of the Youth Opportunity Grant Program was especially salient for young less-educated black men, because during its short period of operation, this program served 90,000, 14 to 21 year old, mostly minorities in 36 of the nations' urban and rural neighborhoods, where crime, violence, and dropping out of high school are highly concentrated (Harris 2006). These are the same neighborhoods in which many young black men, who are the subjects of this hearing are raised (Mincy, 1994 and Galster et al., 1997). Together, with the elimination of the Welfare-to-Work program, these changes resulted in a dramatic decline in the number of less-educated black males receiving help, because in recent years many community-based youth development, workforce development and responsible fatherhood providers have cut back their services or closed their doors entirely.

### **Moving Forward**

Reversing the employment crises among young less-educated black males will require money, patience, a multigenerational perspective, and policies that are

responsible and reasonable. My thinking on how to move forward relies heavily upon the experience of welfare reform. Congress was willing to spend upwards of \$50 billion per year on the EITC, Medicare, child care, and SCHIP to facilitate welfare-to-work. The employment crisis among less-educated black males is no less serious a problem. Also, the welfare-to-work effort was no short term victory; it began in with the 1967 amendments to the Social Security Act. Patience in this effort, though hopefully for less than 30 years, will also be required.

Reversing the employment crises among less-educated black males is important, because the stakes for future generations are high. Therefore, our perspective must be multi-generational. Clearly, the black males most at risk are those who stop their education before completing high school diploma or some post-secondary schooling. Living with a single mother increases the likelihood of dropping out of school (Astone and McClanahan 1991). The effects of single parenting on dropping out of school are larger, the longer a child is in a single parent home and larger for boys and than girls (Krein and Beller 1988). Most black males who eventually drop out of school are raised by single mothers, who have little time to devote to their child's education, after working long hours at near poverty-level wages. These mothers and children need the active participation of father. Even nonresident fathers who are involved in the children's education increase their child's chances of getting A's in high school and the chances that their children graduate (Nord et al. 1997). Young children who receive frequent visits from their nonresident fathers are also less likely to exhibit problem behaviors such as anxiety and withdrawal, which are predictors of other negative outcomes of these children become adolescents (Mincy et al. 2005b). Thus, we must be concerned about the

22 to 30-year-old high school dropout, because he can help prevent the same dismal outcome for his son or daughter.

One set of policy changes can reach young black males before they become fathers. These include expansions in funding for the Job Corps, so that more young men can be served. Second, Congress should revive the Youth Opportunity Grant programs, which is still possible, because many of the 36 program sites have maintained some level of operation by seeking other sources of funding.

However, policies that reach black men through their status as fathers are critical, because so many less-educated black males become fathers at a young age. These policies must be responsible and reasonable. Responsible policies will continue to require fathers to support their children financially; reasonable policies will enable those who are unemployed or underemployed to do so. Intermittent employment partially explains why black children are less likely to receive child support payments from their nonresident fathers than white children (Mincy and Nepomnyachy, 2007). Under current law, states may require fathers to participate in employment programs, if these fathers are unable to make child support payments. In the most rigorously evaluated responsible fatherhood demonstration project thus far, this requirement increased child support compliance in two ways. First, by ferreting out fathers who could find jobs on their own, but simply refused to pay (Doolittle, Knox, et al., 1998). Second, by increasing employment and earnings among fathers who could not find their own jobs, because they lacked a high school diploma or previous work experience (Miller and Knox 2001). Without federal subsidies, however, few states actually implement such programs. Therefore, Congress should restore the funding states used, under the Welfare to Work program, to enroll

fathers in employment and training programs.

However, the Welfare to Work program, which was included in the Omnibus Budget Reconciliation Act, was a very insecure vehicle through which to support such services. Instead, the funding should be more fully integrated into our nation's employment and training programs for disadvantaged workers.

Fortunately, the Senate (S. 1021) makes some progress in this direction by resisting proposals for WIA reauthorization (H.R. 27) to consolidate WIA youth, adult, and dislocated worker programs into a single program over which states would have broad discretion. The Administration's WIA Plus proposal would provide such broad state discretion in exchange for a gradual movement to 100 percent employment among workers trained with WIA funds. These proposals would only further reduce training resources available to low-income and disadvantaged workers, including less-educated black and youth. The Senate bill (S. 1021) also resists proposals in the House bill (HR. 27) to remove the priority given to low-income individuals, which exists in current law, when WIA training funds are limited. Instead, the House bill (H.R. 27) would give priority to unemployed workers, who represent a large population.

Instead, Congress should also include underemployed and unemployed fathers, who are unable to meet their child support obligations, in the group of priority recipients for WIA training funds. Congress should also eliminate requirements that individuals must first participate in job search, intensive, and other services before they can access training funds. In this way, states could draw upon WIA funds to use their authority to require fathers unable to make child support payments to participate in employment programs.

Finally, a more fundamental problem is that the average hourly earnings of adult men in the U.S. have not increased in twenty five years (DeNavis-Walt, Proctor, et al., 2005). Moreover, wage inequality has increased, as wages at the top of the distribution have grown more rapidly than those at the bottom of the distribution, though this pattern attenuated somewhat after 1988 (Autor, Katz, et al. 2006). To counter the effects of low wages on single mothers leaving welfare for work, Congress substantially expanded the Earned Income Tax Credit. Another reasonable policy, which would help less-educated black men, would be a similar work incentive intended to help less-educated men support their children as well. Currently New York is the first state to provide a substantial earnings subsidy for non-custodial parents. Legislation pending in the Senate (S. 3267) would provide a similar subsidy to non-custodial parents in other states as well. Both the New York law and the Senate EITC proposal condition receipt of the EITC on payment of current child support; and therefore, they benefit children by providing fathers with incentives to work and pay.

These efforts move in the right direction, but they may not go far enough. Employment instability reduces the annual earnings of black men and increases the likelihood that they default on their child support orders (Mincy and Nepomnyachy, 2007). Thus, earnings subsidies to non-custodial parents should be provided upon proof of payment of their child support obligations during each month of the last year in which they were employed. This would provide a work incentive while acknowledging that unemployment is a major reason for child support noncompliance. Finally, I am working with New York State to assess the effects of its EITC program for noncustodial parents. Despite the extensive thought that went into the design of the legislation, an unanticipated

problem, that will certainly affect black less-educated fathers, is that many noncustodial parents do not know the Social Security numbers of their children. In fact, because of the expansion of in-hospital paternity establishment programs, child support orders may be established for nonmarital children long before they get Social Security numbers.

Therefore, child support enforcement administrators may be unable to supply this information, even if they wish to do so. The Social Security administration regards this information as extremely sensitive, and therefore, is reluctant to release this information to anyone. Therefore, a review and resolution of these privacy concerns needs to be undertaken to make earnings subsidies to noncustodial parents in more effective strategy.

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