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900.
P&P

Youth employment

PROGRAM:

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Program Component: Urban Problems - youth employment

(1) Summary Description

A new component, initially exploratory, intended to help clarify underlying causes contributing to persistently high unemployment among minority youth and to develop policies and programs to reduce the causes and incidences of such unemployment and to increase the long-run employment opportunities for minority youth.

(2) Current Status

Little is known about the underlying structural causes of the youth employment problem. Very considerable attention has been paid to this issue for the past twenty years, but the fact that teenage unemployment has worsened during the period is indicative of the fact that it is neither an easy problem to solve nor to explain. It has been suggested that among the causes are racial discrimination, inadequate skills and education, location in economically depressed areas, the availability of lucrative criminal alternatives, intensified competition as a result of the rapid influx of white teenagers and adult women into the labor market, the business cycle, demographic aspects, and government policies and regulations that have a differential, negative impact upon minority youth. In order to focus on these questions, more and better data needs to be developed.

The government has been the major actor in the youth unemployment arena. Between 1967 and 1974 14 billion dollars were spent on job programs in which the primary beneficiaries were unemployed youth (aged 16-24). The Carter Administration has promised to increase appropriations in this problem area, and to this end \$3 billion was spent on job creation for youth in 1977. Thus, in the short-run, the government can finance employment programs which include minority youth, but such job creation has been primarily in the public sector with relatively

little in the private sector. The Department of Labor is currently assisting in the creation of 35 new private industry councils to circumvent this problem. Despite the fact that the Labor Department has both sponsored and undertaken research in the youth unemployment area this research has been haphazard, and has not clarified the issues or given a better understanding of the causes of youth unemployment. Thus, if RF funds are wisely used, we can have a substantial impact on solving problems in this area.

During the initial exploratory phase Foundation officers have had a number of meetings with individuals in organizations involved in the minority youth employment problem, in order to determine the most appropriate program activities for The Rockefeller Foundation. Meetings have been held with the Secretary of Labor Ray Marshall and members of his staff, staff members of the Ford, Field, and Clark Foundations, the National Manpower Commission, staff members of the Council of Economic Advisors, plus a substantial number of knowledgeable individuals in universities and research institutes. In addition, the Foundation conducted a workshop on youth unemployment with outstanding scholars in the field.

From those discussions and other officer activity a strategy with three components was devised. These include (1) Support for evaluation of alternative programs seeking to increase employment in order to have a better understanding of what programs appear to work and which fail and why. (2) Support for research leading to policy proposals about structural causes of minority youth unemployment; and of both the initial and long-run impact of governmental policies and regulations. (3) Support for individuals and institutions who are bringing together individuals from business, labor, and government sectors in order to develop increased employment opportunities for urban minority youth.

Following the above strategy the Foundation has made grants to the Work in

America Institute, the Wharton School at the University of Pennsylvania, the National Child Labor Committee and the Brookings Institution. Grants in aid have also been made to the University of Wisconsin, the Heritage Foundation, and the Pacific Academy for Advanced Studies for developmental work in this area. It is anticipated that \$500,000 will be expended in 1978 for this program component.

These initial grants will assist us in developing a longer-run program, and in determining how to allocate resources among the components of our youth unemployment strategy. The staff is also engaged in ongoing activity that will enable us to make more informed decisions in this program area.

We are participating in the National Advisory Committee of the Work in America Institute in the development of job strategies for urban youth. This effort will develop small-scale local action programs to attack structural unemployment among, primarily, minority urban youth. The underlying premise of this effort is that with the Federal Government appropriating huge sums to attack a stubborn problem there is a pressing need to identify programs and strategies having a high probability of success.

(3) Future Plans

Efforts will be continued to identify significant policy-oriented research by highly qualified individuals in institutions with the objective of developing better overall youth employment policy and programs. These may include institutions such as the National Manpower Commission, the National Bureau of Economic Research, the Institute for Research on Poverty at the University of Wisconsin, the University of Pennsylvania and possibly the Public-Private Ventures Corporation. Discussions ~~will~~ ^{will} also be continued with the National Manpower Commission which is in the process of establishing a special youth task force. We may wish to recommend support for the task force ^{or} for other aspects of the National Manpower Commission's youth unemployment program.

Informed policy formulation requires that we know why teenage unemployment is so high and why the relative unemployment situation of minorities has been worsening over time, and what can be done to improve this situation. Officers will continue to maintain a close liaison with Department of Labor staff and with the staff of other foundations which have a program interest in youth employment, in order to seek opportunities for cooperative action as well as to benefit from experience of the other agencies. This initial phase will be completed by the middle of 1979. At that time we will evaluate our exploratory efforts in the area.

It is anticipated that a longer-run strategy will be developed as a result of the ongoing research and evaluation of existing programs.

This research and evaluation may lead to pilot projects implemented either with the Labor Department and other job-creating agencies or by the Foundation itself.

If the Trustees are satisfied with our program through the exploratory phase, it is anticipated that expenditures in support of this program component will substantially increase.

Proposed spending for 1979 and projections for 1980 are as follows:

<u>1979</u>	<u>1980</u>	<u>1981</u>
\$1,500,000	\$2,000,000	\$2,000,000