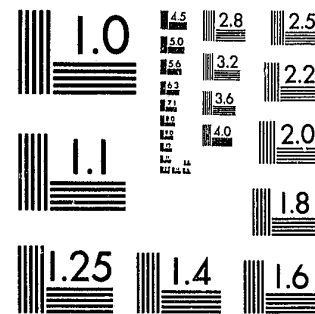


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a review
of
youth
employment
problems,
programs &
policies:

Volume 2

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TARGETING MONEY ON YOUTH:
THE CASE FOR THE CITIES

Frank Levy
Urban Institute

Introduction

A major policy issue in any Federal program is the distribution of funds. All areas boast alert, active Congressional representation and as a result, most grant programs tend toward uniform per capita allocations. Under the Comprehensive Employment and Training Act (CETA) and its youth programs, a variety of mechanisms are used to allocate resources. While these mechanisms all seek to some extent to concentrate resources in areas of greatest need, there are arguments for still greater concentration.

Cities over 50,000 together account for about 35 percent of the U.S. population. But they account for more than 60 percent of minority youth unemployment; 52 percent of all FBI Index Crimes, and 51 percent of all illegitimate births. Among the biggest cities, the relative concentration of the problems is even greater. This suggests that under a program aimed at the most serious of youth problems, such cities would receive allocations 60-65 percent larger than they would receive under a uniform per capita distribution.

The current CETA allocation formulae do not favor cities in this way. The CETA titles are allocated to prime sponsors on the basis of four statistics: the number of unemployed persons (in the prime sponsor's area); the number of unemployed persons in excess of a 4.5 percent unemployment rate (if any); the number of persons in families with annual income below \$12,000; and the prime sponsors historical allocation under the program in previous years. These factors create a modest reallocation of resources toward central cities when compared to a distribution based solely on population. But the magnitude of the shift is far smaller than the concentration of serious youth problems would indicate.

The Severity and Youth Distribution
of Unemployment

Allocation mechanisms which distribute resources based on need must rest on a definition of "need;" definitions which are more focused yield greater concentrations.

There is no direct way to resolve this disagreement. We cannot objectively show that the hardship of a 5 percent adult unemployment rate is equivalent to the hardship of an X percent teenage unemployment rate. But the question can be approached in several indirect ways, one of which is to adopt an historical perspective. We can ask to what extent has teenage unemployment rates have been getting better or worse over time.

There are three primary measures for assessing need: the unemployment rate, the employment/population ratio, and the labor force participation.

A comparison of 1964 and 1978 (two years in which overall economic conditions were roughly equal) shows that the experience of black and white teenagers have evolved in sharply different ways. Among white males the proportion of those in the labor force increased from .46 to .59. When coupled with population growth itself, this meant that the white male teenager 1978 labor force exceeded the 1964 labor force by 1.8 million persons.¹ Yet the figures in Table 1 show that most of this increased labor force was absorbed into employment: the group unemployment rate in 1978 was slightly lower than in 1964. Thus, more white teenagers were interested in working; more were working; and the unemployment rate was roughly constant. Taken together, these figures suggest that however serious employment was for white male teenagers in 1964, it has become less serious over time.

Table 1

Teenage Labor Force Statistics 1964-76
(persons ages 16-19)

	Black Males			White Males			Black Females			White Females		
	LFP	U	E/P	LFP	U	E/P	LFP	U	E/P	LFP	U	E/P
March 1964	.43	.23	.33	.46	.17	.38	.25	.35	.16	.34	.12	.30
March 1978	.40	.42	.23	.59	.15	.49	.31	.44	.17	.55	.14	.47

Source: Tabulations of the Current Population Survey by the author.

The conclusion for white female teenagers is similar. For this group, the 1978 labor force exceeded the 1964 labor force by 2.3 million persons, a reflection of the particularly rapid increase in labor market participation among women. Yet most of this increased labor force was also absorbed into employment and the group unemployment rate rose only slightly. For this group, too, the problem of teenage unemployment, whatever its initial magnitude, has become less serious over time.

The case of black female teenagers is more pessimistic. In 1964, they had an unemployment rate that was substantially higher than the other three groups in Table 1. By 1978, their labor force participation rate had increased modestly and the actual size of their labor force had increased by only about 180,000 persons. But most of this increased labor force did not find employment. Correspondingly, the employment/population ratio remained constant and the group's unemployment rose from .35 in 1964 to .44 in 1978.

If the case of black female teenagers represents a moderate deterioration (from an already weak position) the case of black male teenagers represents a collapse. In 1964, labor force statistics for black males were only slightly worse than those of white males and well above those of black females. But over the next 14 years, where circumstances for white males improved, circumstances for black males declined sharply. The proportion of the group employed fell from .33 in 1964 to .23 in 1978. Over the same period, the unemployment rate rose from .23 to .42.

The contrast between black and white males is worth restating. Between 1964 and 1978, 1,800,000 white male teenagers joined the labor force and 1,600,000--about 90 percent--were able to get jobs. By comparison, 152,000 black male teenagers joined the labor force and only 33,000--about 20 percent--were able to find jobs.

Again, we cannot quantify the amount of hardship contained in youth unemployment. But this historical perspective suggests that whatever the hardship, it has been lessening for whites, increasing for blacks, and increasing for black males with particular severity.

The picture is similar for young men and women--persons aged 20-24. The statistics are important because they describe the position of young adults themselves, but they also give indications of the extent to which trends in teenage labor markets carry into later years.

The data in Table 2 parallel the teenage data in Table 1 but there are differences in degree. White young men did reasonably well in 1964 and almost exactly maintained their position in 1978. Through population growth, their labor force increased over the 14 years by 2.7 million persons while the number holding jobs increased by 2.4 million leaving the group's unemployment rate roughly unchanged at about .10.

Table 2

Young Men and Women Labor Force Statistics
(persons ages 20-24)

	Black Males			White Males			Black Females			White Females		
	LFP	U	E/P	LFP	U	E/P	LFP	U	E/P	LFP	U	E/P
March 1964	.89	.10	.79	.83	.09	.76	.48	.25	.36	.50	.08	.46
March 1978	.76	.23	.58	.84	.11	.75	.61	.20	.49	.67	.09	.61

Source: Special Tabulation of Current Population Survey by the author.

The data for white young women is similar but more dramatic, reflecting the same rapid increase in labor force participation that appeared among white female teenagers. Their labor force increased by 2.9 million while the number holding jobs increased by 2.6 million, again resulting in a steady unemployment rate at about .10.

The position of black young women also improved, but at a more gradual rate and from a poorer initial position. Through increased labor force participation and population growth, their labor force increased by 368,000 while the number of persons holding jobs increased by 434,000 causing the unemployment rate to fall from .25 in 1964 to .20 in 1978. This represented significant improvement but the resulting unemployment rate was still twice as high as the unemployment rate for white young women.

By contrast, the position of black young men showed a major deterioration. As was the case with black and white teenagers, black and white young men had roughly equal labor force statistics in 1964. But here too, while whites maintained their position, the black position collapsed. Over the 14 years, the number of black young men in the age cohort increased by 476,000 but the number of black young men holding jobs increased by only 147,000. Because their labor force participation

also fell, the seriousness of the decline was not fully reflected in increasing unemployment rates. If, for example, their labor force participation rate had remained at its 1964 level, the 1978 employment/population ratio of .58 would have translated into an 1978 unemployment rate of .35 rather than its actual value of .23.

In summary, when one controls for macroeconomic conditions, the labor market for white teenagers has been improving over the last 14 years while the labor market for blacks has been declining and the labor market for black males has been declining drastically. As whites move from teenage labor markets to the labor markets for young adults, their unemployment rates drop to 10 percent, a level that is not utopian, but is within reason. By contrast, black young men and women have unemployment rates of 20 percent or more and the true condition of black young men is even more difficult than the unemployment rate suggests.

The Concentration of Teenage and Minority Teenage Unemployment

A focus on minority youth unemployment leads in practice to a focus on cities. The relationship between minorities and cities occurs for two reasons. First, when compared to the population as a whole, minorities live in cities, particularly the largest cities. Second, minority men have historically exhibited higher unemployment rates in cities than in other areas of the country. This combination of residential concentration and relatively higher unemployment rates (for men) creates a significant concentration of the unemployed.

When we speak of cities, we refer to jurisdictions of 50,000 or more. The Current Population Survey does not provide an easy basis to tabulate unemployment by such jurisdictions but it does provide a close substitute: an easy identification of persons who live in central cities of Standard Metropolitan Statistical Areas. Almost all central cities have a population of 50,000 or more, but not all cities of 50,000 or more are central cities. Thus, where all central cities comprise about 29 percent of the Nation's population, all cities of 50,000 or more comprise about 36 percent of the Nation's population. Nevertheless, the overlap of the two sets is close enough to permit the introduction of CPS tabulations.

The extent of residential concentration of blacks can be seen by using male teenagers in Table 3 as an example. If summed together, the data for black and white male teenagers indicate that 28 percent of male teenagers live in central Texas. But among white male teenagers per se, the proportion is 23 percent while among black male teenagers per se, the proportion is 58 percent.

The data for black male teenagers also demonstrates the relative disadvantage of black males who live in cities vis-a-vis black males who live outside cities. In 1978 among black male teenagers who were out of school, the employment population ratio was .44 for those who lived in cities and .61 for those who lived outside of cities. These kinds of differences (though often with smaller magnitudes) exist for black male teenagers and for black young men (in Table 4) in all of the years covered by the data. They serve to concentrate minority unemployment above the level implied by residential location.

The data in Table 5 shows that the central cities account for about 29 percent of the population, 33 percent of all unemployment, 36 percent of all teenage unemployment and 35 percent of unemployment among young men and women--numbers which are all of the same order of magnitude. By contrast, the same set of cities accounts for 58 percent of black teenage unemployment, 61 percent of black young adult unemployment and, in particular, about 66 percent of the unemployment of all black young males 16-24 years old.

Table 5 also contains information on a subset of all central cities, the central cities of the largest 35 SMSAs.¹ This data shows that the relative concentration of minority unemployment increases with city size. The set of large central cities accounts for about 17 percent of all teenage and young adult unemployment, but about 38 percent of all black teenage and young adult unemployment and about 45 percent of the unemployment among black male teenagers and young men.

The differences among these various distributions makes an obvious point: If a new program seeks to deal with minority youth unemployment, it cannot count on a per capita distribution, a distribution based on all unemployment, or even a distribution based on all teenage unemployment to target its funds correctly. We shall return to this point in Section IV when we examine the current CETA program.

¹Not all of these SMSAs have central cities. One example is the SMSA for Nassau and Suffolk County in Long Island.

Table 3

Teenage*Labor Market Statistics Disaggregated by Race, Sex, School Status and Place of Residence
(Data in Thousands)**

	In Central Cities								Out of Central Cities								All			
	In School				Out of School				In School				Out of School							
	Pop	E/P	LFP	U	Pop	E/P	LFP	U	Pop	E/P	LFP	U	Pop	E/P	LFP	U	Pop	E/P	LFP	U
Black Males																				
1964	220	.18	.23	.24	103	.53	.85	.38	209	.18	.21	.14	112	.78	.83	.13	644	.33	.43	.23
1968	260	.17	.24	.31	138	.64	.83	.23	288	.23	.26	.13	121	.67	.83	.20	808	.34	.44	.23
1976	426	.09	.18	.48	192	.51	.79	.36	300	.07	.12	.40	155	.58	.78	.26	1,073	.23	.36	.35
1978	451	.09	.24	.62	168	.44	.75	.43	312	.16	.29	.42	136	.61	.79	.22	1,069	.23	.40	.42
White Males																				
1964	980	.32	.37	.15	341	.71	.93	.23	2,884	.35	.33	.16	883	.73	.89	.10	5,088	.38	.46	.17
1968	1,068	.27	.38	.28	343	.70	.82	.19	3,331	.30	.39	.11	982	.76	.84	.16	5,724	.49	.55	.11
1976	1,016	.39	.46	.15	585	.75	.87	.15	3,454	.34	.38	.21	1,911	.75	.88	.15	6,966	.45	.56	.19
1978	1,043	.34	.41	.17	561	.76	.88	.14	3,493	.34	.43	.20	1,876	.78	.89	.13	6,973	.50	.59	.15
Black Females																				
1964	174	.08	.11	.27	173	.28	.42	.34	238	.07	.12	.40	130	.30	.47	.37	715	.16	.25	.35
1968	281	.10	.19	.47	201	.41	.59	.30	259	.11	.12	.10	146	.35	.48	.26	887	.22	.31	.30
1976	401	.09	.19	.49	195	.37	.57	.34	356	.09	.16	.43	181	.37	.64	.43	1,133	.19	.32	.41
1978	393	.09	.20	.51	231	.30	.44	.33	348	.09	.18	.49	175	.31	.58	.46	1,147	.17	.31	.44
White Females																				
1964	968	.19	.23	.15	511	.53	.62	.15	2,750	.20	.23	.10	1,148	.49	.56	.11	5,377	.30	.34	.12
1968	950	.24	.28	.12	582	.60	.65	.09	3,207	.25	.28	.09	1,283	.56	.62	.11	5,072	.41	.46	.10
1976	879	.30	.36	.17	684	.63	.73	.14	3,405	.27	.34	.19	2,037	.61	.72	.16	7,005	.41	.49	.17
1978	904	.32	.39	.17	1,576	.60	.69	.13	3,401	.32	.38	.17	2,106	.62	.72	.13	6,987	.47	.55	.14

*Persons aged 16-19

**Observation refer to March of each year.

Table 4
Young Men and Women* Labor Market Statistic Rates Disaggregated by Race, Sex, School Status
and Place of Residence
(Data in Thousands) **

	In Central Cities								Out of Central Cities								ALL			
	In School				Out of School				In School				Out of School							
	Pop	E/P	LFP	U	Pop	E/P	LFP	U	Pop	E/P	LFP	U	Pop	E/P	LFP	U	Pop	E/P	LFP	U
Black Men																				
1964	22	.13	.13	-	290	.79	.90	.13	36	.50	.57	-	266	.88	.98	.10	615	.79	.88	.10
1968	34	.35	.35	0	338	.79	.88	.11	56	.35	.37	.05	290	.82	.90	.08	717	.75	.82	.09
1976	108	.08	.26	.69	458	.60	.86	.30	63	.05	.11	.50	387	.72	.83	.13	1,015	.56	.74	.24
1978	104	.07	.19	.64	500	.65	.87	.25	62	.05	.20	.75	425	.69	.84	.19	1,091	.58	.76	.23
White Men																				
1964	353	.34	.38	.10	1,198	.91	.98	.07	771	.27	.33	.18	2,720	.88	.96	.08	5,042	.76	.83	.09
1968	443	.31	.33	.07	1,195	.86	.91	.06	1,071	.34	.37	.07	2,975	.84	.89	.05	5,684	.71	.75	.06
1976	502	.32	.40	.19	1,721	.82	.93	.13	1,104	.31	.36	.13	4,687	.81	.92	.12	8,014	.71	.81	.12
1978	454	.29	.35	.18	1,847	.84	.93	.10	1,009	.35	.41	.13	4,994	.83	.92	.10	8,303	.75	.83	.10
Black Females																				
1964	38	.34	.34	-	445	.44	.57	.22	26	.10	.19	.55	243	.26	.38	.32	752	.36	.48	.25
1968	39	.10	.12	.16	464	.58	.65	.11	42	.06	.06	-	318	.45	.53	.14	863	.49	.55	.12
1976	109	.09	.14	.35	606	.47	.59	.19	49	.10	.18	.48	449	.51	.65	.22	1,213	.44	.56	.21
1978	120	.15	.24	.36	628	.52	.65	.20	82	.28	.38	.25	474	.57	.69	.17	1,304	.49	.61	.20
White Females																				
1964	156	.23	.32	.14	1,786	.55	.58	.07	353	.28	.32	.13	3,334	.44	.48	.08	5,629	.46	.50	.08
1968	249	.28	.31	.11	1,762	.60	.63	.05	645	.26	.28	.07	4,082	.52	.55	.06	6,738	.51	.54	.05
1976	317	.41	.43	.05	2,042	.65	.73	.10	785	.30	.34	.11	5,058	.60	.68	.11	8,202	.58	.65	.11
1978	338	.30	.35	.09	2,123	.67	.73	.08	817	.33	.37	.11	5,199	.65	.71	.09	8,487	.61	.67	.09

*Persons age 20-24,
**Observations refer to March of each year.

Table 5

Proportion of Population and Unemployment Statistics Accounted
for by Central Cities

	<u>Proportion in all Central Cities</u>
1. Population of U.S.	.29*
2. All Unemployed Persons, March 1978	.33*
3. All teenage Unemployment	.36
4. All Unemployment Young Men and Women Adult Unemployment	.35
5. All Black Teenage Unemployment	.58
6. All Black Young Men and Women Unemployment	.61
7. All Black Male Teenage Unemployment	.67
8. All Black Male Unemployment	.64
----- Proportion in Central Cities of 35 Largest SMSAs	
9. Population	.15
10. Proportion of All Teenage Unemployment	.16
11. Proportion of All Young Adult Unemployment	.19
12. Proportion of All Black Teenage Unemployment	.38
13. Proportion of All Black Young Adult Unemployment	.38
14. Proportion of All Black Male Teenage Unemployment	.49
15. Proportion of All Unemployment of Black Young Men	.43

*Estimate derived from 1976 CPS. All other figures estimated
from March 1978 CPS.

The Distribution of Criminal Behavior
and Illegitimate Births

When people discuss the problem of teenage unemployment, they usually have in mind something larger than the absence of jobs. Included in this larger definition is an unfocused life which for young men may lead to crime and for young women may lead to illegitimate pregnancies. As is well known, both phenomena are strongly concentrated among youth. But it is also true that both phenomena are significantly concentrated in cities.

The major source of national crime statistics are the Uniform Crime Reports published annually by the FBI.¹ While these reports contain data on a wide variety of crimes, those most often discussed are the seven crimes used in the FBI's national index. Included in this index are four violent crimes--murder, forcible rape, robbery and aggravated assault--and three crimes against property--burglary, larceny-theft, and motor vehicle theft. In 1977, the FBI estimated a total of about 1 million violent Index Crimes and 9.9 million property Index Crimes for a total Index Crime Rate of 5,055/100,000 population. Put differently, a community of 50,000 with a crime rate at the national average could expect a total of about 7 Index Crimes per day including two violent Index Crimes every 3 days. The 1977 Index Crime Rate of 5,055/100,000 population is 50 percent higher than the Index Crime Rate was in 1968.

Numerous authors have discussed the relatively high propensity of youth to commit crimes--particularly violent crimes.² One indication of this relationship is contained in Table 6 which summarizes the information on the age of persons arrested for various Index Crimes. The data show that in 1977 about half of all violent Index Crimes were cleared by arrest and of those arrested, 57 percent were 24 years or younger. In the same year, 18 percent of crimes against property were cleared by arrest and of those averaged 78 percent were persons 24 or younger. If we combine this age distribution with the fact that four-fifths of those arrested were males, we can say that young men age 14-21 accounted for about 8 percent of the 1977 U.S. population but they accounted for about 44 percent of all arrests in 1977 for Index Crimes.

¹Crime in the United States, 1977, authored by the Federal Bureau of Investigation, U.S. Department of Justice, (Washington, D.C.: U.S. Government Printing Office, 1978).

²See for example, Barbara Boland and James Q. Wilson, "Age, Crime and Punishment," The Public Interest, Spring 1978, pp. 22-34, and the references cited therein.

Table 6

Number of Crimes, Proportion of Crimes Cleared by Arrest
and Proportion of those Arrested who are Teenagers
or Young Adults, 1977

	Number	Proportion Cleared by Arrest	Proportion of those Arrested under 25
Violent Crime	1,009,500	.48	.57
Murder	19,120	.75	.33
Aggravated Assault	522,510	.62	.49
Forcible Rape	63,020	.51	.56
Robbery	404,850	.27	.74
Crimes Against Property	9,926,300	.18	.78
Burglary	3,052,200	.16	.84
Larceny-Theft	5,905,700	.20	.73
Motor Vehicle Theft	968,400	.15	.83

Source: Crime in the United States, 1977. Crime figures include estimates for non-reporting agencies which are mostly rural.

The impact of crime on both the criminal (if caught) and the community is well known. What is less well known is crime's geographic distribution.

In recent years, there has been widespread discussion about the increase in crime in the suburbs. While this trend is important, it obscures the fact that suburban crime statistics, whatever their growth rate, begin from a relatively low base and so still lie below the crime rates of cities.

Table 7 contains Index Crime Rates for all agencies who made crime reports to the FBI in 1977. The reporting agencies serve about 90 percent of the U.S. population including almost all cities of 50,000 or more. In Table 7, the data is presented for all reporting agencies and then is divided into two sets: statistics for all reporting cities of 50,000 or more, and statistics for the rest of the sample. The table also includes statistics for a subset of all the cities--twenty-six large cities containing populations of 500,000 or more.

The differences in crime rates among these sets is striking. To interpret them, it is again convenient to think of a fictitious community with population of 50,000. If this community had a crime rate equal to the average for all cities 50,000 or more, it could expect 9.9 Index Crimes per day including something over one violent Index Crime per day. At crime rates equal to those among the rest of the sample, it would expect about 5 Index Crimes per day including one violent Index Crime every three days. And finally, if the community had crime rates equivalent to that of the biggest cities, it would expect almost 11 Index Crimes per day and one-and one-half violent Index Crimes per day.

In summary, cities over 50,000 account for about 36 percent of the nation's population but account for about 52 percent of the nation's Index Crime. Cities over 500,000 account for 14 percent of the nation's population but account for 22 percent of all Index Crime including 35 percent of all violent Index Crimes.

Illegitimate Births

The major source of statistics on the number of illegitimate births is the National Center for Health Statistics of the Department of Health, Education and Welfare.^{1/} These statistics are based on a combination of annual state reports together with estimated figures where state reporting is incomplete.

^{1/} Vital Statistics of the U.S., 1975, Vol. I-Natality, published by the Public Health Service, National Center for Health Statistics, U.S. Department of Health, Education and Welfare, (Washington, D.C.: U.S. Government Printing Office, 1978).

Table 7

Index Crimes and Crime Rates by Size of Jurisdiction

Reporting Units	Violent Index Crimes	Property Index Crimes	All Other Crime
All Reporting Agencies (containing 193.7 million persons)	953,663	9,198,711	10,152,374
Cities of 50,000 or more population (containing population of 75.5 million)	624,692	4,861,698	5,459,390
Remainder of Reporting Agencies (containing population of 118.3 million)	328,971	4,337,013	4,692,984

Crime Rate for all Agencies per 100,000 persons	492.2	4,747.5	5,239.7
Crime Rate in Cities over 50,000 per 100,000 population	827.89	6,443.09	7,235.20
Crime Rate in Remainder of Country	278.07	3,665.99	3,966.89

26 Cities of 500,000 population or more (containing population of 31 million)	351,787	2,045,088	2,396,825
Crime Rates for Cities of 500,000 or more	1,132	6,583	7,713.0

Source: Crime in America, op. cit., p. 153.

An overview of these statistics for 1960 and 1975 is contained in table 8. Between 1960 and 1975, the number of illegitimate births in the country rose from 224,000 to 447,900, a growth rate of about 4-1/2 percent per year. Over the same time, the total number of births in the country was falling sharply from 4.3 million in 1960 to 3.1 million in 1975. Together these opposing trends provide a dramatic contrast. In 1960, one out of every nineteen children was born out of wedlock. By 1975 the number had risen to one out of seven.

It is useful to think of the increase in illegitimacy in terms of three factors: an increasing population (and so an increased absolute number of unmarried women); an increase rate of illegitimacy among unmarried women; and a changing age distribution of mothers of illegitimate children. As shown in table 8, the total rate of illegitimacy has not changed dramatically over time. In 1960, there were 21.6 illegitimate births per 1,000 unmarried women, compared to 24.8 in 1975. But this moderate increase in the overall rate contains a significant shift in the rates for different age groups. Over the 1960-75 period, the rate of illegitimate births for teenagers rose from 15.3 to 24.2 while the rates for older women fell by almost equivalent amounts.

The impact of a child upon a teenager's life has been documented in a series of studies by Kristin A. Moore and her associates. ^{1/} Even legitimate teenage pregnancies lead to lower education, lower earnings, and higher probabilities of ultimate marital dissolution and welfare dependency. When the child is born out-of-wedlock, the likelihood of these negative effects all increase. Again, however, the geographic distribution of such illegitimate births has been less well documented.

The relationship between illegitimate births and cities is based on incomplete data because only 37 states actually identify those live births that are illegitimate. The 14 non-reporting states (including the District of Columbia) account for about one-third of all live births and one-third of all illegitimate births. Correspondingly, there is no reason to believe that a relationship derived from this two-thirds sample is biased. ^{2/}

^{1/} See, for example, Kristin A. Moore, Sandra L. Hofferth, Steven B. Caldwell, and Linda J. Waite: Teenage Motherhood; Social and Economic Consequences, Urban Institute Publication 24300, Jan. 1979, and the publications referenced therein.

^{2/} Unfortunately, however, the nonreporting states include some of the biggest cities: Boston, New York City, Los Angeles, Baltimore, and so on. In analyzing both minority youth unemployment statistics and crime statistics, we showed that cities of over 50,000 have concentrations of these statistics above that predicted by their population. We also showed that relative concentrations increased as city size increased. The absence of illegitimacy data for specific big cities precludes us from looking at that second issue here.

Table 8

	<u>Summary Statistics on Illegitimate Births</u>	
	1960	1975
Estimated Total Live Births	4,257,850	3,144,198
Estimated Illegitimate Births	224,300	447,900
Estimated Rate of Illegitimate Births Per 1,000 Unmarried Women age 15-44	21.6	24.8
Estimated Rate of Illegitimate Births Per 1,000 Unmarried Women age		
15-19	15.3	24.2
20-24	39.7	31.6
25-29	45.1	28.0
30-34	27.8	18.1

Source: National Center for Social Statistics, op. cit., pp I-6, I-45, I-46.

Data on the relationship appears in table 9. In the reporting states, jurisdictions of over 50,000 account for 36 percent of all live births but 51 percent of all legitimate births. The data from these reporting states also shows that 83 percent of all illegitimate births involved mothers who were under 25 years of age.

Note that the data for illegitimate births parallels the data for FBI Index Crime quite closely. In the crime data, jurisdictions of over 50,000 accounted for about 36 percent of the population and 52 percent of all Index Crime. In the birth data, jurisdictions of over 50,000 accounted for 36 percent of all live births but accounted for 51 percent of all illegitimate births. In each case, the statistics show a problem whose concentration is about 45 percent higher than population alone would suggest.

Table 9

	Live Births	Illegitimate Births
(1) All States	3,144,198	447,900
(2) Reporting States	2,169,279	303,043
(3) In Reporting States in Places of 50,000 or More	752,850	153,303*
(4) (3)/(2)	.36	.51

*Proportion of illegitimate births in reporting states to women under 25 years of age = .83.

Source: National Center for Health Statistics, op. cit.

The Distribution of CETA Funds

To this point we have argued that the most serious aspects of the youth employment problem involve minority youth unemployment (particularly among young men), crime, and illegitimate births. We have shown that by any of these criteria, the group of cities with population over 50,000 have concentrations of these problems between 45-100 percent above their proportion of the nation's population. Moreover, the data on employment and crime suggests an even greater relative concentration among the biggest of these cities. It follows that any federal program largely aimed at these problems should allocate funds to these cities in a similar disproportionate way.

In this section, we examine how such a disproportionate allocation compares to the current allocation of the various titles of the Comprehensive Employment and Training (CETA) program.

CETA represents the primary effort of the federal government to train, and in cases, directly employ disadvantaged workers. At a general level, the bill can be divided into six parts:

- | | |
|--------------------------------|--|
| Title II,
Parts A, B, and C | - Employment and Training, Financial Assistance, and Upgrading and Retraining, respectively. |
| Title II, Part D | - Transitional Employment Opportunities |
| Title IV, Part A | - Youth Community Conservation Improvement Project (YCCIP) |
| Title IV, Part A | - Youth Employment and Training Program (YETP) |
| Title IV, Part C | - Summer Youth Program |
| Title VI | - Countercyclical Public Service Employment Program |

Each of the programs listed above has its own allocation formula. The YETP portion of Title IV provides a representative example:

Allocation Formula for YETP Funds

- (1) 16 percent of all funds are allocated by the Secretary of Labor at his discretion.
- (2) 5 percent of all funds are divided among the governor of all states for them to allocate for special services.
- (3) 2 percent are reserved for native Americans.
- (4) 2 percent are reserved for migrant and seasonal farm-workers.

Subtotal 25 percent

- (5) 28.125 percent is allocated to prime sponsors according to the number of unemployed persons in the prime sponsor area relative to the number of unemployed persons in the nation.
- (6) 28.125 percent is allocated to prime sponsors according to the number of unemployed persons in the prime sponsor area who are in excess of a 4.5 percent unemployment rate, relative to the total number of such persons in the nation.
- (7) 18.75 percent is allocated to prime sponsors according to the number of persons who lived in the prime sponsor area in families with incomes of less than \$12,000 per year, relative to all such persons in the nation.

Subtotal 75 percent

Grand Total 100 percent

The formulae for other CETA titles are generally similar. Some do not have the set-asides for special groups. Some distribute part of their 1979 funds according to what a prime sponsor received in 1978. In general, however, all of the CETA formulae are limited to one or more of the following variables:

Variables in Current CETA Formulae

The total number of unemployed persons within a prime sponsor area.

The total number of unemployed persons within a prime sponsor area who are in excess of a 4.5 percent unemployment rate.

The total number of persons in a prime sponsor area who come from families making less than \$12,000 per year.

The prime sponsor's share of program funds in previous years.

In practice, none of these variables forces a dramatic skewing of funds for cities. As regards unemployment per se, we saw in table 5 that central cities as a group had a share of total unemployment that was not much different from their share of population as a whole.

The number of excess of a 4-1/2 percent unemployment rate creates, some concentration of funds on the most depressed cities but some rural areas also experience high unemployment and the net effect in favor of cities is not great.

A similar problem exists with low-income persons. Many of the unemployed in cities have low incomes but the formula focuses on the incomes of all persons, whether or not they are unemployed. On average city populations have higher incomes than some rural areas, particularly areas in the South. As a result, this variable tends to shift money toward cities, vis-a-vis suburbs, and toward the South vis-a-vis the rest of the nation. On balance, the variable causes cities to gain only slightly.

The absence of a strong bias toward cities is illustrated in table 10 which contains data on CETA allocations and local labor force statistics for a sample of 18 big cities. Each of the cities is a central city in one of the largest 21 SMSAs in the country. ^{1/} In almost every case the city itself is a CETA prime sponsor and so it is possible to identify the city's share of CETA formula funds. Local labor force statistics for the cities come from the Bureau of Labor Force Statistics' Office of Local Areas Unemployment Statistics. While the office makes this data available to the public, the data, particularly for subgroups,--e.g., black males, ages 16-19--is based on very small samples and does not meet the BLS Standards for officially published data. To compensate for some of these small samples, we will not examine the numbers on a city-by-city basis but will discuss all 18 cities as a group.

^{1/} One of the SMSAs, Nassau-Suffolk, was omitted because it does not have a central city. Two other SMSAs were omitted because their central cities had labor force statistics too small to be intelligible from the BLS data (all of which is founded to the nearest thousand.)

Table 10

Labor Market Statistics and FY 1979 CETA Allocations for 18 Large Cities Received (in millions of dollars)

Numbers of Unemployed (rounded to nearest thousand)															
	Estimated 1976 Population Total (in 000's)	Estimated Income	All Unemployed ages 16-19	All Unemployed ages 20-24	All Nonwhite Unemployed ages 16-19	All Nonwhite Unemployed ages 20-24	All Nonwhite Male Unemployed ages 16-24	Title II ABC	Title III D	Title V	YCCIP	YETP	Summer Youth	Grand Total	
New York	7,423	270	41	56	15	21	22	68.83	112.55	178.84	3.38	17.17	33.30	414.06	
LA-Long Beach	3,082	112	23	26	9	9	10	29.61	49.59	80.72	1.51	7.42	13.26	182.12	
Chicago	3,074	116	26	36	14	28	27	27.00	40.22	67.41	1.29	6.56	25.50	167.98	
Philadelphia	1,797	80	15	27	11	20	19	16.37	27.51	44.24	.90	4.23	6.57	99.83	
Detroit	1,314	61	16	14	13	11	12	14.76	22.45	37.01	.75	3.57	7.54	86.08	
SF-Oakland	995	52	6	12	6	7	8	12.38	19.57	31.71	.59	2.74	5.97	72.96	
Wash. D.C.	700	28	6	6	6	5	7	11.41	10.40	17.50	.40	1.81	8.68	50.19	
Boston	618	20	5	4	3	1	1	7.02	11.20	18.77	.35	1.62	3.46	42.42	
Pittsburgh	449	16	3	3	1	0	1	5.37	6.80	10.56	.22	1.11	3.43	27.50	
St. Louis	519	21	5	4	4	4	4	5.70	9.05	13.66	.26	1.30	3.77	33.73	
Baltimore	827	39	11	16	9	14	11	15.70	22.04	38.75	.80	3.89	6.71	87.89	
Cleveland	626	24	6	5	4	3	4	12.56	14.26	22.56	.57	2.20	6.54	58.69	
Houston	1,445	36	10	7	5	4	7	9.21	10.67	17.63	.48	1.84	3.71	43.55	
Newark	331	14	2	5	2	3	3	6.56	9.09	15.03	.29	1.34	4.59	36.90	
Minn.-St. Paul	644	13	3	5	0	1	0	5.47	6.98	10.08	.23	.66	2.51	25.93	
Dallas	849	23	6	5	3	2	2	4.99	4.39	6.33	.24	.85	2.06	18.85	
Milwaukee	661	19	6	4	2	2	2	6.79	10.28	17.11	.36	1.69	2.78	39.02	
Atlanta	426	12	3	2	2	1	3	5.72	8.86	13.86	.30	1.40	2.54	32.68	
(1) Totals	25,780	956	193	237	109	136	143	265.46	395.91	641.77	12.92	63.02	142.95	1520.38	
(2) National Totals	213,000	6,047	1,559	1,425	381	395	383	1931.74	2443.77	3759.32	84.05	429.36	719.48	9367.72	
(3) (1)/2	.12	.158	.126	.166	.29	.34	.37	.14	.16	.17	.15	.15	.20	.16	

-Summed for
Los Angeles
and Long Beach

-Summed for
S.F. and Oakland

-Consortium
-Consortium

-Summed for Minn.
and St. Paul
-county CETA agency

NOTE: In the case of a consortium or county, the allocation of funds consortium listed exceeds the allocation actually going to the city itself.

In table 10, we can see the same disproportions we have seen in previous sections of this paper. As a group, the 18 cities contain about 12 percent of the nation's population, 16 percent of the nation's 1978 unemployment, 13 percent of the nation's teenage unemployment and 17 percent of the nation's unemployment for young men and women, aged 20-24. At the same time, the cities contain 29 percent of the nation's nonwhite teenage unemployment, 34 percent of the nation's nonwhite young adult unemployment, and 37 percent of the unemployment among nonwhite males ages 16-24.

We noted above that little in the CETA formulae tends to heavily favor cities. This is shown in the data for CETA allocations. As a group, the 18 cities receive between 14 percent and 17 percent of most of the CETA titles, a figure roughly in line with their share of total unemployment. To be sure, the figure is above the share the cities would receive on the basis of their population ^{1/} but it is about half the figure they would receive on the basis of their minority youth unemployment. The one partial exception to this allocation is the summer youth program: here central cities receive about 20 percent of all funds.

These disproportions are not necessarily a criticism of the current CETA program. Many of the current CETA titles were designed to combat labor market problems in general, not just the severe problems of youth, and thus there is no reason why they have a particularly heavy focus on cities. But if a new program is designed with a particular focus on the most serious of youth problems, the data in table 10 indicate that existing CETA formulae would make a poor distribution vehicle.

^{1/} There are two potentially offsetting inaccuracies in the data. First, the prime sponsors for Baltimore, Cleveland and Milwaukee serve areas bigger than the central cities alone and so their allocations in table 11 overstate funds actually going to the central cities. Second, the allocations in table 11 concern formula grants only and do not take account of any discretionary CETA funds which central cities may get from either the governors or the Secretary of Labor.

Conclusions

In this paper, we have argued that cities contain a disproportionate share of the most serious of youth problems: minority youth unemployment, crime (particularly violent crime), and illegitimate births. Cities of over 50,000 population contain about 36 percent of the nation's population but account for over one-half of all FBI Index Crime and illegitimate births, and about two-thirds of all minority youth unemployment.

Before a formula can target funds on these problems, it must deal with a number of obstacles. One such obstacle is the reliability of data. A seemingly direct way to allocate money would be to give direct weight to minority youth unemployment itself. But CETA officials are quick to point out that prime sponsor statistics for all workers--e.g., total number of unemployed--are of questionable validity. Statistics for portions of the labor force like minority youth would be subject to substantial controversy and dispute.

Alternatively, a new distribution formula might try to generate new data series which could better focus funds on cities. One often used variable of this type is the number of AFDC cases in jurisdiction, a variable strongly associated with urban distress. The variable has additional justification because young men coming from AFDC homes seem to have particularly high rates of unemployment, all other things held constant. But utilizing this variable would require prime sponsors to collect an entirely new data series, a difficult and time consuming process.

Even the total population of a prime sponsor area is a poor indicator since some prime sponsors contain large numbers of persons thinly spread over large, non-urban, geographic areas.

In the end, it may be that the simplest way to deal with the targeting problem is to provide a bonus in the formula for prime sponsors who serve central cities of SMSAs. Such a formula would not be based directly on youth problems as we have defined them, but it would exploit the strong association between these problems and large urban jurisdictions. As noted earlier, the set of all central cities contains about 20 percent less population than the set of all cities of 50,000 or more, but the overlap is substantial and the reliance on central cities per se avoids constructing a whole new set of definitions.

To create such a central city bonus contradicts the normal tendencies toward uniform geographic distribution. It requires in particular, acknowledging that minority youth unemployment is a relatively more severe problem than youth employment in general. For all parties concerned, discussion of this point can become sensitive and painful. Yet to avoid the issue is to risk spending money where it is not really needed.

END