

Of Heart and Mind

Social Policy Essays in Honor of Sar A. Levitan

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Chapter 1 - Introduction

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I carry numerous reflections on Sar A. Levitan, two of which I share here. My earliest memories of Sar are from the mid-1960s when I was about ten years old. I loved to visit the National Geographic Society exhibits with my brother, who was two years younger than I. Following our visit, we would walk to our father's and Sar's 17th Street Upjohn Institute office to catch a ride home at day's end. Frequently, Dad would be on the telephone. Sar would gather the two of us up and take us to the corner People's Drugstore for an ice cream cone while we waited out the telephone call. That is a small indicator of the reasons he was considered a generous uncle to all four Mangum children.

I returned as a graduate student in the fall of 1981, and enrolled in Sar Levitan's seminar on human resource policy. It was for me a pleasurable yet frequently frustrating experience. I was exposed to a method of analysis very different from that which characterized most of my graduate training in economics. Sar immersed me in an analysis of social problems. He continually asked, "what are the facts?" This was inevitably followed by the question, "what are the social institutions for resolving these problems, and what do you know about these institutions?" I could never know enough about those institutions! No matter how diligently I looked, no matter how deeply I investigated, the kind but stern professor was suspicious. The message was: "your search is good, but never be satisfied. There is no substitute for a deep understanding of institutions and how they operate."

"Are the institutions working?" he would ask. My answers would frustrate him for they were "too narrow." He would tell me to "think with both your mind and your heart." He would then teach me to broaden my perspective, to remember that problems need solution, and that problems and their solutions are not one dimensional. I marveled at his ability to identify public policy options and to translate these principles into proposed legislation and administrative action.

The underlying assumptions of the class were made obvious at the outset. My notes from that first class session and those that followed reflect what I have subsequently read multiple times in his writings. That day, he said:

While federal social welfare programs during the last two generations have achieved impressive gains, their most glaring deficiency lies in the nation's

failure to couple income transfers to meet basic needs with opportunities for work and self advancement. Its destructive impact is visible everywhere: in the deprivation of the working poor, the lack of work incentives for welfare recipients, the hopelessness of the underclass, and in the denial of equal opportunity. To expand opportunity is difficult, challenging, and costly. But, if the ideal of an equitable society is to be realized, there can be no alternative.

This volume pays tribute to Sar A. Levitan through a collection of essays authored by just a sample of the many who were influenced by him in person and through the written word. The volume opens with an overview of Sar's life and accomplishments. Written by Garth Mangum, who knew Sar better than perhaps any one other than Sar's wife Brita and their longtime friends Seymour and Ethel Brandwein, the life described is a remarkable one. Affectionately titled "The Secular Rabbi," the chapter chronicles a life centered on public policy and built on a unwavering belief that humankind is basically and inherently good, and that all can rise to accomplishment and prosperity given adequate opportunity and reasonable incentive. This philosophy was the foundation to Sar's interest in social policy. It guided his activities and his accomplishments. While he would have undoubtedly expressed embarrassment at a tribute being written for one self-labeled "first and foremost a writer of footnotes," all who knew Sar will find themselves nodding in agreement and in remembrance as they read this essay. The biography is enhanced by the memories of close friends verbalized in a memorial service held shortly following his death and included in this volume to personalize the responses.

Of the many possible ways to organize the scholarly contributions to this volume, one feels most appropriate. The ordering reflects the method of analysis that Sar taught: identifying problems through examination of facts, developing a thorough understanding of institutions, assessing institutions and policies, evaluating policy options. While some of the contributions do not conveniently fit this categorization scheme, the scheme works overall.

The first two essays enumerate social problems, reflecting Sar's proverbial first question: "what are the facts?" Andrew Sum, Cliff Johnson, and Neal Fogg contend that the most severe and persistent labor market problem currently facing the nation is a sharp two-decade decline in the real weekly and annual earnings of America's young adults. Reviewing the statistical evidence, the authors argue that no demographic group has been more adversely affected by the recent transformation of the U.S. wage structure than have young men, particularly those with limited schooling. The authors expand their scope to examine the impact of

earnings trends on young families, documenting that these—particularly young families with a female head of household and/or a household head lacking a high school diploma—have fared much worse in income growth terms over the past twenty years than have other families. They find in this set of facts much of the explanation for out-of-wedlock births, the rise of the single-parent family, the pervasiveness of child poverty, and the decline of many of the treasured values of the family itself.

After exploring other dimensions of the problem, including impacts of health insurance, pension coverage, and training access, the authors present policy options constituting a wide-ranging mosaic for continued social policy discussion. Sum, Johnson, and Fogg cite the advantages of high rates of job growth in improving the prospects of young adults. They argue that strong labor markets disproportionately increase the in-school employment opportunities of high school students, and that this work experience has favorable short- and long-term impacts on post-high school employment and earnings.

It is on this issue that Marta Tienda and Avner Ahituv contribute to the volume. Specifically, they examine the extent to which adolescent employment interacts with and sometimes precipitates early school withdrawal among white, black, and Hispanic male youth. Their empirical work finds the probability of school retention encouraged by modest hours of after-school work, but thereafter withdrawal rising with the number of weekly hours worked, accompanied by even higher withdrawal rates among youth who do not work at all. Both of the withdrawal effects are found to be more pronounced for disadvantaged than for nondisadvantaged youth. The challenge to the school-to-work movement and to advocates of work-based learning is obvious.

A second group of essays, seven in number, reflect the Levitan charge to deepen understanding of relevant institutions, programs and policies. Eli Ginzberg was Sar Levitan's professor and mentor during and after graduate work at Columbia University and thereafter an admired friend. If for no other reason than this, it is appropriate to include his thoughts in this volume. Adding to this Ginzberg's long and extensive impact on U.S. social policy from the Second World War forward, it is an honor to have him contribute. In his essay, Eli Ginzberg offers a retrospective visit and appraisal of the first two decades of federal training policy, the MDTA and CETA years. Every participant and observer perceives a set of events from his own vantagepoint. Others might stress different influences, but Ginzberg's key role is undoubted. His reflections, laced with personal anecdotes, offer an implicit challenge to those concerned with "improving the operations of

the U.S. labor market as the nation comes to the end of the twentieth century." Levitan's challenge to us would probably be little different. The Manpower Development and Training Act was clearly the grandfather of current workforce development policy for the economically and culturally disadvantaged, and its CETA and JTPA descendants have changed remarkably little in basic substance—for better and for worse.

David Stevens' essay on American vocational education is set in the context of current proposals to consolidate federal investment in employment and training. Stevens reviews the history of vocational education in the United States and the evidence of its actual performance. He argues that documentation of labor market impacts has been futile at the national level, but not at the state and local level. Stevens then identifies factors that influence vocational education's "performance management challenge" and discusses the relationship between this challenge and the current drive for consolidation legislation. Stevens foresees a possible revolution in program accountability systems through expanded access to wage record data, pointing to a Maryland database effort as exemplary. Employment and training advocates who at this critical juncture find themselves lacking trustworthy evidence of their program's worth should join him in that pursuit.

The next in the collection of essays is Miriam Johnson's paper on the public employment service. Johnson, describing the agency as "besieged, underfunded, expected to accomplish the undoable," explains the inconsistencies inherent in its mandated mission. With the benefit of over forty years of association with the employment service and from a variety of vantage points, she examines the agency's functioning by comparing the specific tasks performed by staff and the environment in which those tasks are accomplished in two time periods, four decades apart. Her perspective is that the job service has become increasingly insignificant in the labor exchange arena, concluding that survival of the agency hinges on discovering different and better ways to serve, despite lessening resources. Its labor market information role is still essential, but the administration of unemployment insurance has been automated into labor market meaninglessness. She identifies increased use of technology and increased reliance on self-help as likely trends of the future, discussing the one-stop center within this context. What she sees is an employment service "turned inside out"—"providing the public with all of the information and knowledge that it has heretofore guarded unto itself." Even then, its survival is in question.

Audrey Freedman created the label, "contingent work." In her contribution to this volume, Freedman reviews the forces behind the rising incidence of

contingent work arrangements and what such arrangements require of individual workers. She then focuses her discussion on the temporary help supply industry and the roles that firms in this industry are increasingly playing in today's fluid labor markets. Addressing issues of comprehensive job information, worker credentials, employment continuity, and security, Freedman argues that the temporary help industry is becoming a leading labor market intermediary, characterized by flexibility and market responsiveness. Adding specifics to the claim, she reviews temporary help industry accomplishments in the areas of employee screening and testing, the provision of training, and ancillary personnel services including temporary services as a "work-test" through which approximately a third of temporary workers are hired into permanent positions. These specifics then support a possibility that she raises in conclusion: that the temporary help industry be viewed as a parallel employment service, one that views employers as the true clients needing and being willing to pay for services found nowhere else in today's labor markets. Her advocacy of privatizing labor market services may be unsettling to those trained to perceive those services as a public responsibility. But Johnson's public sector lament followed by Freedman's positivism are an invitation to rethink the need and possibilities.

The effects of the minimum wage was an issue about which Sar Levitan felt strongly and wrote frequently. This led him to adopt an advocacy role on the issue. Consequently, it is appropriate that this topic be addressed in this volume. In their essay, Steve Baldwin and Bob Goldfarb discuss the impact of minimum wage legislation in the context of controversy surrounding recent empirical studies, particularly work by David Card and Alan Krueger. Following review of critiques of these studies, Baldwin and Goldfarb structure their paper as a conversation between two policy-interested colleagues of institutional and neoclassical bias, respectively. In so doing, they identify key differences in individual viewpoints. They find agreement that employment effects are an incomplete basis upon which to judge minimum wage efficacy. They then explore their disagreements as to what other dimensions for judgement should be considered relevant to the broad issue of minimum wage impact. Goldfarb focuses on the income distribution aspects of the minimum wage, while Baldwin voices "labor standard" and "work incentive" rationales for minimum wage laws. Starting at opposite ends of the economic spectrum, they argue each other toward the center, with Baldwin valuing primarily the announcement effect of the social minimum wage while Goldfarb confesses the conclusion that the minimum wage does not do much (though some) harm.

Sar believed that a publicly funded job creation program was an essential element of a comprehensive human resource development system. In his words,

"society's work is never done, and there is no shortage of useful work that job creation programs could supply. A jobs program can offer ample work opportunities to fill needs currently unmet" while drawing on "the skills of underutilized workers." William Grinker contributes to the volume by reviewing the record on public sector job creation, with particular attention to the Works Progress Administration (WPA) of the Depression years and the Public Service Employment (PSE) component of CETA during the 1970s. Grinker also provides a brief discussion of Western European experience. He sees little likelihood of reintroduction of public service job creation, except possibly in the case of long-term welfare recipients. However, Grinker questions the effectiveness of job creation in that setting. He perceives a history of success when the targets of public service employment have been people of strong past work experience temporarily deprived of outlets for their abilities and willingness to work. He does not believe the historical record supports the likelihood of success when the target is the hard-to-employ. In concluding, he reiterates the Levitan refrain of public sector job creation's past successes, reminding us of characteristics critical to future success in this arena, but expressing profound pessimism concerning its viability in the current political context. But even if it were politically salable, he seems to be saying that much more experimentation would be necessary to prove PSE viability for such populations as former welfare recipients before advocating that as a general policy.

Vernon Briggs' essay explores the intersection of immigration policy within broad national economic and social policies. Approaching immigration policy as an evolutionary process affected by historical circumstances, he argues that it has overwhelmingly reflected political rather than economic goals; that current policy is inconsistent with emerging economic trends; and that immigration's impacts are undermining human resource development policy effectiveness.

Briggs identifies the Immigration Act of 1965 as a turning point in U.S. immigration policy. He characterizes this Act as replacing a system premised on ethnic discrimination with one premised on nepotism. He argues that in this Act the opportunity of tying immigration policy to labor market reality was lost and that subsequent legislative efforts have dramatically increased immigration at the very time that many other nations have become more restrictive in their policies. He also finds the declining supply characteristics of immigrants to be increasingly inconsistent with the demand characteristics of the national economy. At a time when immigration provides one-third of labor force growth, it does so by deepening the competition faced by those least able to compete while making only limited contributions to meeting labor market need. As with all economic policies,

there are winners and losers. While employers, consumers, and immigrants may gain, Briggs' sympathies are clearly with those who, absent immigration, might have been in short supply and rewarded for their scarcity. The essay ends with a plea for reform, asking that immigration policy be made accountable for its economic as well as its social and political consequences.

The third group of essays deal with the assessment and evaluation of employment- and training-oriented policy options. Sar Levitan wrote extensively on federal employment and training programs, beginning with the Area Redevelopment Act. His book evaluating the Job Training Partnership Act (JTPA), *A Second Chance: Training for Jobs* written with Frank Gallo, is perhaps the most widely cited work on this program. It is appropriate that this memorial volume include a piece on JTPA and lessons for the future of employment and training programs. This is ably accomplished by Burt Barnow and Chris King.

Barnow and King provide a review and evaluation of the significant changes to JTPA currently being debated on and around Capitol Hill. Particular attention is given to issues of vouchers, block grants, and performance management. Based on past experience, the authors question the utility of vouchers for economically disadvantaged populations, doubt whether significant cost savings can be gained by block granting, and evaluate the current JTPA performance management system as superior to the reform proposals being advanced. While current programs have not been able to demonstrate sufficiently positive outcomes to defend themselves against growing criticisms, the proposed cures, these two authors predict, will be worse than the disease.

Evaluations of JTPA and other related programs have generally found few significant earnings gains for disadvantaged, out-of-school youth (the Job Corps being a notable but expensive exception). This is the departure point for the essay by Susan Curnan, Alan Melchoir, and Alan Zuckerman. Drawing on a wealth of programmatic experience, they address what works best for whom in at-risk youth programs and propose key characteristics of effective at-risk youth programs. They admit the past ineffectiveness of JTPA youth programs which have typically provided about one week of rehabilitation for each year these youth have spent in dysfunctional circumstances. But they view favorably recent efforts to move youth programs from pursuit of immediate employment to an employability development focus. Grouping characteristics of effective programs around the principles of (a) integrating understanding of adolescent development into youth program design, (b) connecting work and learning, (c) providing for longer-term and potentially discontinuous sequencing of services, and (d) promoting quality through

decentralization, their recommendations would surely receive endorsement from he whom this volume honors.

Irene Lurie and Collette Moser honor Levitan's three decades of emphasizing "the symbiotic relationship between poverty reduction, welfare reform, and employment." Their paper is set in the current context of forced welfare reform, as the nation contemplates imposing AFDC time limits, terminating statutory welfare entitlement, and block granting poverty program to state government. Drawing lessons from a ten-state implementation study of the JOBS program with detailed analysis of Michigan, they cast the welfare reform movement as motivated by changing values as to women's roles, frustration with the ineffectiveness of remedial education and training programs, and the political gain of "standing tough," in addition to the immediacy of budget reduction efforts. In Levitan style, the authors close by offering a forecast of where the legislative and programmatic debate will lead. They are not sanguine. The ten-state study found jobs for low-education, low-skill women to be plentiful—but also low paid. Only the continuation of child care and health care at public expense and some form of income supplementation such as the Earned Income Tax Credit could make such employment viable for single mothers. And there would be neither budgetary savings nor political gain in that.

Evaluation and critique being Levitan's livelihood, it is natural that he would enter, in his own way, into the debate over alternative approaches for evaluating social programs. Authoring a book on program evaluation with Greg Wurzburg earlier, Sar returned to the subject in a monograph written during the last years of his life. That monograph was influenced by a series of conversations that Sar had with Jim Heckman. Heckman summarizes the results of evaluations of the outcomes of government-sponsored skill training programs, finding youth programs to have had negative results and those for adults positive but far below the rate of return common to private investments in human capital. His conclusions would probably not have startled Sar, knowing Heckman's predilections, and he would have objected to only part of them. Heckman would abandon most short-term remedial programs for youth and concentrate on earlier and longer-term preparation. He would also abandon most remedial training programs for adults, preferring to subsidize and supplement their low earnings power until they left the workforce. Levitan would not have been surprised at nor would he have objected to the recommendation that tax incentives be relied upon to encourage private employers to take over most of the skill-training burden. Levitan's objection would have been to that as the exclusive reliance. He had not lost confidence in the efficacy of public services.

Concern for the integrity of economic data was a fundamental characteristic of Levitan's career and his legacy. Even in this area of great interest to him, Sar was more comfortable in supporting than in starring roles. Seldom would he allow circumstances to bring him from behind the scenes to the forefront. One starring role, however, was his service as chairman of the Carter administration-appointed National Commission on Employment and Unemployment Statistics. In his essay, Markley Roberts, who understudied his boss, AFL-CIO Research Director Rudy Oswald, as member of the Commission, reflects on the resultant changes in the nation's labor statistics program. He finds several Levitan Commission recommendations to have been adopted in the January 1994 redesign of the Current Population Survey and in periodic Bureau of Labor Statistics publications such as the recent "A Profile of the Working Poor." Roberts finds little progress on other recommendations, such as addressing the "untapped potential of UI data for labor market analysis." In that, his reflections undergird David Stevens' earlier advocacy of use of the data for program evaluation purposes. In closing, Roberts laments that current budget cutting efforts will further harm the health of the labor statistics programs in which this nation once led the world and now appears to be lagging behind.

It was Trevor Bain who originally suggested a volume of essays honoring Sar A. Levitan and written from among Sar's many colleagues, students, and associates. It is therefore fitting that this volume conclude with an essay by him. Bain's paper explores nonunion arbitration, assessing the applicability of this traditional union grievance procedure to the nonunion setting. The burgeoning use of alternative dispute resolution (ADR) mechanisms outside the employment sphere is noted, motivated by a desire to reduce costly court litigation and settlements. In that setting, arbitration is the least commonly used alternative—negotiation, mediation and fact-finding being more common. But in the nonunion employment sector, ADR bumps up against the absence of any employee representation support structure or any neutral substitute for it. Bain finds understandably significant employer-initiated interest in arbitration, but less obvious payoff to the employee. He identifies eight critical issues to be addressed if arbitration procedures are to be adapted to the nonunionized private employment sector. Concluding this volume with a paper related to grievance arbitration also allows us to end at the beginning by reminding us of where Sar's career began, with a master's thesis on the American Federation of Teachers followed by a Korean-era wage stabilization assignment in the unionized sector and years as a Legislative Reference Service collective bargaining expert before making his mark as a preeminent antipoverty scholar and even then keeping his hand in as an arbitrator. Thus, this work may come full circle. But even his collective bargaining

involvement was but an element of Sar Levitan's life-long commitment to the reduction of poverty through policy-butressed self-reliance. All those who contributed to this volume appear to share that dedication.

A bibliography of his lifetime writings completes the volume as a fitting tribute to the footnote scribbler extraordinaire, Sar A. Levitan.