

THE CHALLENGE FOR THE '90s

Populations at Risk:

**Alleviating Social and Economic Disparities
in Metropolitan Regions**

A Ford Foundation Project

conducted by the

National Association of Regional Councils

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by

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for

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Washington, DC

Acknowledgements

NARC would like to acknowledge the following people without whose assistance this project would not have been as successful: Frank Hotchkiss and Steve Weiner of the Southern California Association of Governments, Los Angeles, CA; Walker Brooks and Barbara Phillips of the Regional Planning Commission for Jefferson, Orleans, St. Bernard and St. Tammany Parishes, New Orleans, LA; and William Shore of the Regional Plan Association, New York, NY.

In addition, NARC would like to thank each of the executive directors for allowing their staff to participate and for their cooperation in making the project a success. Thanks to: Mark Pisano, SCAG, John LeBourgeois, RPC, and Richard Anderson, RPA.

Thanks to the steering committees in each of the regions for their hard work in developing strategies and methodologies for the project. Finally, thanks to Dave Arnold and the Ford Foundation for their support and foresight in focusing attention on this area.

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Introduction

THE National Association of Regional Councils (NARC) received funding from the Ford Foundation to provide a comprehensive study of methods for alleviating economic and social disparities in metropolitan regions. This study was initiated in response to disturbing trends that have manifested themselves during the last few years. Among these trends has been the reduction in funding and lack of leadership at the federal level in the area of domestic programs. While the debate has centered on the proper role of the federal government in domestic priority-setting, frightening and far-reaching trends have developed in the domestic arena that require immediate attention.

In 1968, Paul H. Douglas chaired the National Commission on Urban Problems and the general thrust of the Commission's report to Congress, *Building the American City*, is reflected in the following quotes from the introduction and summary:

We must ease the tension between central city and suburb, between rich and poor, and especially between black and white. Too few have recognized how these basic democratic issues are related to local government structure and finance, to zoning policies, land and housing costs, or to national housing policies. (p.31)

America's great urban regions lack the powers to guide their development. They cannot decide the use of their most precious commodity—open land; nor prevent the fouling of their air and water; nor assure equality in opportunity and education for their children. Until they have such authority—until suburb and central city acknowledge in these specific respects their common concern—we can blanket the present array of local jurisdictions in a blizzard of federal cash and still fail to protect our urban heritage and upgrade our urban environment. (p.9)

These quotes, 20 years later, still state the problem. We have become a nation of substate regional

communities, and we have created a diverse group of regional organizations dealing in varying degrees and effectiveness with regional community issues. Local communities within our regions have become more competitive and less willing to deal meaningfully with crucial regional issues, particularly those related to human needs and resources. Looking at the current and future demographic and economic changes and the current regional arrangements, we seem ill-prepared to govern our regions or meet the needs of its citizens, particularly those who are minorities or who are economically disadvantaged. And yet, the solution must begin with the grassroots—the local and regional community.

Roles and functions, however, need to be rearranged. The reality is that economic activity, technology, the ease of mobility, and communication has little relationship to local boundaries. Suburban communities are becoming more independent as old and expanding businesses move to the suburbs, leaving central cities to become more isolated and populated by what is becoming a permanent underclass. The rural areas adjoining suburban communities have been invaded by growing populations and commercial activity for which they are ill-prepared. These dynamic demographic changes, coupled with the economic competition among individual communities, affects the entire regional community. Its capability to act on a larger geographic scale, to set priorities, to use resources rationally, to deal with the social and human needs is impacted.

This project examined three regions to assess their future needs and capability to meet those needs, to examine new strategies, and to encourage a regional discussion of key issues by their citizens. At the national level, the project analyzed reports from these regional efforts to identify the issues and conditions that may be common to major metropolitan areas. Strategies to improve conditions have been collected from each of these areas and is identified in the appendices.

Summary and Conclusions

AMERICA is a nation of contradictions. It is a country rich in technology and creativity, yet poor in appreciating the value of human life. It is a society that prides itself on existing without a class structure, yet is composed of middle-class, working class, and upper class individuals who thrive on class distinctions. It is a society founded on the belief that all men are created equal, yet it persists in pointing to the differences between various ethnic and racial groups and allows these differences to be used as the basis for making judgments about the character or ability of an individual.

Like most great nations or great empires of history that have been subject to such contradictions, America is teetering on the brink of uncertainty and confusion concerning the future. To some, the country appears to be entering the first stages of a major decline. With increases in crime and drug abuse and the seemingly irreversible decline in family structure, this is not an unwarranted conclusion. To others, we are apparently already in the midst of that decline. With the failure of the educational system to educate properly and the seemingly great disregard for ethics and honesty in business and government, this conclusion is not difficult to reach. Are these valid conclusions? If so, why is this occurring at this particular moment in the history of the country? Some believe that America is declining because of the lack of concern for the needs of, as well as the growing numbers of, the less fortunate, the poor, the impoverished—the underclass in this society. In a sense, as the old *Pogo* comic strip once espoused, “We have seen the enemy, and he is us.”

Poised on the brink of the 21st century, America faces several challenges that will determine the vitality and viability of the nation into the next century. These challenges are not those of defense, international competitiveness, or technology. They address domestic issues too long ignored that now threaten to affect the ability of the country to position itself for the arrival of the next century. The domestic challenges facing America are not new, but the need to resolve them has taken on a sense of the utmost urgency.

Socially the nation is facing a crisis of unparalleled proportions: The country is raising a generation of individuals in the inner city and rural areas who are less educated and less prepared for entry into the

mainstream of American society than any previous generation. It is a generation that does not have a vested interest in preserving the existing economic system. As a generation that does not understand the tenets of a democratic, free enterprise economic system, it threatens that system from the inside. These individuals have little hope of becoming part of the structure and a high probability of becoming part of a permanent underclass that is predominantly minority. These individuals are under-educated and do not possess the skills necessary for the types of jobs that will be created in the future.

If the country is to grow and prosper, attention must be focused on ensuring that the “least” in society benefit from prosperity as much as those who have more. The barriers and inequities that prevent an individual from participating and contributing fully to society must be removed. If they are not, these individuals will be riding a wave of anger and frustration that will seriously jeopardize the economic integrity of the country. The business community is beginning to recognize the need to address this issue.

Examples of this “wave of anger” can be found in metropolitan areas throughout the country. The Overview section of this report briefly discusses some of the factors affecting this “wave of anger.” That section also reports briefly on two areas that have addressed this issue and instituted programs that provide a means of meeting the challenges facing metropolitan areas.

Conclusions

Although differences existed in the economic conditions, ethnic and racial characteristics of the populations, and geographic location, the three demonstration sites reached many of the same conclusions.

The first of these conclusions is best stated in the summary from New York City: “To maintain American dedication to equal opportunity, to maintain social tranquility and to assure an adequate labor force, the nation must devote its highest priority to helping the severely disadvantaged into the social and economic mainstream.” The conclusions from Los Angeles and New Orleans are worded more as recommen-

dations, but voice the same concern. Both regions believe that the development of a socio-economic impact assessment process to evaluate the effects of public policy decisions on the disadvantaged would be extremely helpful.

To accomplish this the three regions recommended that greater emphasis be placed on education and training for the disadvantaged population. New Orleans recommended the establishment of a Regional Commission on Learning and Economic Development that would serve as the community's vehicle for communicating and engraining the strategic focus of human development within the region and for developing a coordinated strategic vision of what

needs to be done by the community's public and private sectors.

Another conclusion reached by the regions is that a need exists for an economic development strategy that emphasizes career laddering and mobility of the labor force. These are necessary to assure the fullest opportunity for all workers, as well as a vigorous economy.

Finally, among many conclusions reached by the three regions, was agreement on the need for a leadership program. Such a program would train a group of regional leaders—public, private, and non-profit—to be sensitive to and capable of addressing the issues.

Overview

THE United States is experiencing changing times—changes in population and in where people live; changes in the workforce and in the economic base; changes in aging patterns and in ethnic composition; changes in land use; changes in relationships between the city and suburbs; changes in nearly every aspect of life in this country. These changes affect the structure and nature of the country's economic, educational, and social systems and the ability of local units governments to respond to these changes.

Nothing about change is new. American society is a constantly changing society. But, the number, intensity, and importance of the changes that are currently occurring are extraordinary. Some of the changes suggest that America is adjusting well to the new economic realities in the world; others suggest that the country may face serious problems in the future. An examination of these changes provides a picture of a country experiencing its most dramatic transformation in history.

What is causing this transformation? First, the changing population. This involves changes in both its composition and characteristics. The changes reflect the trend towards an older population and a more ethnic population. They reflect the social changes resulting from drugs and crime. They reflect a growing concern with and changes in attitudes toward education, from a public, as well as a corporate, perspective.

A second change is related to the structure of the economy. It reflects the shift from a goods-producing nation to a service-based economy and places this in the context of an increasingly international and interdependent world economy. The nation's ability to compete in such a marketplace is a major concern.

A third change is in land use. Employment and residential patterns within various regions of the country are changing, and this affects the provision of transportation services. These changes will affect the environment, housing, and the need for additional infrastructure to service the changes, as well as a need to identify funding mechanisms.

The fourth change is seen in institutions and organizations. Governance structures and regulatory policy need to be written to reflect the extent of the changes that have occurred in these institutions. The

impact and use of new technologies need to be examined to determine how they can be used to positively influence this change.

A story on the changing nature of the country, in the February 22, 1988, issue of *Newsweek*, pointed out that "the problems of this country are...blatantly obvious, they are shoddy education, poor service, low productivity, and excessive legalism." Professor David Calleo of the Johns Hopkins School of Advanced International Studies states in the same article that the United States "is a hegemony in decay, set on a course that points to an ignominious end." If this is true, how can the country begin to address and develop strategies that will allow government to implement programs that will solve these problems?

In his study *Political and Institutional Implications of Demographic Change*, Scott Fosler evaluates several trends that are impacting and will impact the social and economic viability of this country well into the 21st century. For example, more than half of workforce entrants by the year 2000 are projected to be from minority groups.

By 2010, the elderly population will be equivalent to 26% of the workforce in the U.S. While the elderly are a diverse group of people and reflect the varied concerns of all voters across regions, racial and ethnic groups, and socioeconomic classes, they are nearly all fundamentally concerned with the size and reliability of their pensions, the availability of medical care, and the cost of living.

Private sector demand for employment will grow to 152 million by 1990. The workforce will be some 129 million. Eighty percent of high school seniors lack basic writing skills, and 50% read below levels required for carrying out even moderately complex tasks. In 1987, 1 million students left school before graduating, with no employable skills. Another 700,000 will remain in school to receive their diplomas, but will graduate with a deficiency in fundamental employable skills. At this rate, by the year 2000, the nation will have an additional 20 million people with little prospect of productive employment, unless changes are made in the way we educate our youth.

The outlook for the future of America then, is one of an increasingly older population, an increasingly minority population, and an increasingly underedu-

cated population. These three factors will impact the position of the country as a world leader and the social and economic viability of the nation as a whole.

Federal leadership in domestic programs has virtually disappeared in the last few years, and the funding of such programs continues to diminish. The debate has centered on the proper role of the federal government in setting domestic priorities. While this may be a worthwhile debate, it has failed to address several institutional issues that are important to the process, particularly those associated with regional cooperation. Loss of federal leadership and funding has reduced the pressures and incentives for local governments to work together regionally—whether effectively or not—to develop strategies for resolving problems, particularly on economic and human resource issues. As a result, local governments do not respond quickly enough to changing trends in their regions. It has also impaired the ability of local governments that have responded quickly to effectively arrive at solutions acceptable to everyone involved.

Obviously, local government boundaries are not going to change in most cases. Therefore, roles and functions need to be rearranged along regional lines to respond to the reality that economic activity, technology, and mobility/communication have little relationship to local boundaries.

Suburban communities are becoming more independent as old and expanding businesses move to the suburbs and new businesses are created in this more conducive atmosphere. Suburban population growth continues to exceed that of the central city in all but a few metropolitan areas. The central cities, on the other hand, have become more isolated and increasingly populated with the elderly, disadvantaged and others in need. Even rural areas adjoining these suburban communities have begun to experience increased growth due to the expansion of suburban populations. These dynamic demographic changes, coupled with economic competition among individual communities, have had a serious impact on the regional community and its ability to act on a larger geographic scale, set priorities, utilize resources rationally, and deal with the social and human needs. Thus many of the trends predicted by Scott Fosler have become the norm rather than the exception.

Does this signal the end of the American century and the rise of the Pacific Rim as many are predicting? Not necessarily. The future cannot be assumed to be predestined in a country that allows its citizens to choose their leaders and their livelihoods. It is a matter of choice, and those choices are reflected in the nature of the response to the change that is occurring.

Issues

In the 1960s, many of the problems associated with the metropolitan areas were addressed by the Great Society programs. These programs focused on poverty, education, housing, employment, and other issues. The programs have disappeared because of the national deficit, political feasibility, and questions of effectiveness, but the problems of the metropolitan areas have failed to disappear. Instead, these problems continued to grow in severity until now we are faced with a crisis situation in metropolitan areas that is characterized by the growing disparity between the economically successful and the poor.

Recognizing that the problems addressed by those programs continue to exist, this project, as a first step, identified the issues facing three metropolitan areas. These issues are varied and far-ranging, from housing and the homeless to drugs and civic pride, from education and health care to employment and economic development.

Twelve issues were identified that affected all metropolitan areas. The demonstration regions were allowed to address any combination of the twelve in meeting the goals of the study. The twelve areas explored in relation to the growing disparities between the rich and poor were: criminal justice, drug abuse, economic development/employment, education, energy, environment, health services, housing, human services, infrastructure development, public finance, and transportation.

Criminal Justice

Crime in the U.S. is an ever-present concern. Much of it is related to the ever-increasing problem of drug abuse. Suburban crime statistics show an increase in crime because two-wage-earner families typically leave homes unprotected during the day. Although the figures reflect an increase in crime, the general belief is that crime is under-reported. Since a substantial majority of the prison population is both minority and economically disadvantaged, what needs to be examined regarding the system of criminal justice? Alternatives to incarceration (e.g., intensive supervision techniques) need to be reviewed for their effectiveness. More effective coordination between law enforcement officials in a region is also needed.

Drug Abuse

The extent of drug abuse in American society is alarming. The country is losing the greater portion of a generation of young people to illegal drugs. The problem is pervasive and affects all aspects of society, from productivity lost through on-the-job drug abuse, to the lives lost from overdoses, to the cost that society

incurs fighting the war on drugs. It is a metropolitan problem not restricted to the central city, but spreading to suburban areas as well. Regional drug efforts need to be galvanized into a comprehensive network that attacks the problem in all areas of the metropolitan region. Effective strategies for combatting drug abuse on a regional basis are desperately needed. This is one area that should receive a great deal of attention.

Economic Development/Employment

The extent to which development occurs depends on several factors, among which are the availability of a stable labor force and the provision of the necessary infrastructure to support development. One of the trends noted in this area is the increasingly high unemployment rate among central city residents and the increasing availability of jobs in suburban areas. However, suburbanization of jobs is not the main problem in some regions of the country. For example, New York City has captured about a quarter of all new jobs. The number one economic development issue for New York City then is preparing and training the labor force.

The coexistence of high unemployment and a large number of available jobs is the problem that requires a resolution. Regions can appropriately address the issue of how to match these two resources. The types of jobs coming on line in the new service economy will require skills and knowledge that the unemployed in the inner city do not possess. What programs are available or should be made available to address this problem? Suburban areas are developing new businesses and attracting business from the inner city to suburbia, what needs to be done at the regional level to ensure that some of that development occurs in the core city?

Education

In many aspects the schools in metropolitan areas have not kept pace with the educational needs of the community nor with the education being provided to students in suburban schools. What does this mean in terms of educational opportunities for the poor in metropolitan areas? What does this mean in terms of the metropolitan area's ability to attract industry and expand its employment base? What resources are needed to correct problems in basic education, and how can various governments cooperate to ensure that the proper tools are being made available?

One aspect of education that is often overlooked in metropolitan areas is the impact of immigrant populations on the educational system. In New York, for example, students speak about 120 primary languages in addition to English. When 20 or more students

with the same language are interested in a course, it must be provided in that language, assuming their English capability is below a prescribed norm and is not equivalent to their native language ability. How has this change in the ethnic characteristics of the population affected the ability of the school system to meet its students needs?

A generally accepted maxim is that a region cannot attract high technology industry unless it has a sound higher educational system capable of producing the type of individual necessary to meet the needs of the high tech business. What would be needed in terms of higher education facilities or the reorganization of existing higher educational facilities in metropolitan areas to foster economic development and to meet the needs of the region once growth occurs? Can the existing higher education structure be used to accomplish this. If not, what additional educational facilities may be needed?

Energy

Metropolitan areas are increasingly concerned with the environmental impact of the by-products of current fuels. What will be the impact of changes in the types of fuels used? What will be the impact of changes in the cost of energy both long-term and short-term? What sources of energy will replace fossil fuels, and what are the economic implications of this change?

Environment

Environmental issues affect everyone in the metropolitan community, but, because of where they live, the poor suffer more from the impacts of pollution than the economically privileged. How can the environmental impacts on the poor be determined and addressed?

Health Services

Although the focus in recent years has been on the provision of health services for an aging population and how to provide for that population as the costs of reliable and affordable health care becomes a major issue, the real tragedy and failure of health services is in poverty areas. There it is a severe problem. The children are the ones who suffer due to a lack of prenatal and postnatal care and to poor parenting skills of teenage mothers resulting in poor nutritional habits being developed at a young age. In addition, poor families have no permanent primary health care source. They typically rely on hospital emergency rooms which are expensive and provide poor care on a long-term basis. In a sense, poor health care can be considered a major cause of continuing poverty. What can be done to address the provision of health care

services to those most in need of them on a regional basis?

Housing

Housing is one of the most pressing problems in any metropolitan area. The shortage of housing impacts the poor to a greater extent than the rest of society given the limited resources that they have available for shelter. The competition for affordable housing under existing conditions is extremely intense. Shortages of available housing affect educational opportunities and employment opportunities for the poor. What land use controls are needed to enable a region to plan for housing and employment to be located closer to each other? What incentives can be used to encourage the construction of low- and moderate-income housing units, affordable housing for the middle-class, and an increase in the stock of rental units?

Human Services

Trends show growth in the older population in metropolitan areas. How will this impact the services that are needed in these regions, and how should they be provided? Who provides the funding for programs needed by the elderly? In contrast to this, we also have an increasing need for child care facilities as the number of women entering the workforce continues to grow. Whose responsibility will it be to provide that service? Will the private sector bear the cost, or will the federal government step in and provide financial relief? What will be the actual costs of providing the service?

Infrastructure

Infrastructure needs are growing faster than the ability of the system to respond to them. Replacement of existing and decaying structures is the greatest area of concern. The large financial investment required in this area compels areas within a region to work together to respond to the problems.

Transportation

If any one element characterizes the changes that are occurring in this country, it is the urban transportation system. These systems no longer meet the demands placed on them by ever-increasing traffic in urban areas. Rush hours are becoming longer. In certain metropolitan regions, rush hours are encouraging violence as individuals, frustrated with the ineffectiveness of the system, vent their frustration on other motorists. The transportation needs of metropolitan areas must be examined. In addition, strategies must be developed for local governments to use in responding to these concerns. A re-evaluation

of mobility is in order as the changes taking place point out the difficulty of addressing the problem with current practices. Once again the poor and the under-class suffer from a lack of mobility to a greater extent than other members of society. This lack of mobility limits their ability to participate fully in the economic opportunities that are available.

Public Finance

None of the issues can be addressed unless sources of funding can be identified. This includes exploring public/private ventures, user and impact fees, realistic federal funding, and modernized state, regional, and local tax systems.

Summary

These issues were prioritized by each region. The steering committee in each demonstration region identified additional issues or subsets of these issues for further evaluation to determine how well the region and its institutions are prepared to meet these major needs.

The project approached these problems from both a substate regional level and from a national perspective. The identification of issues to pursue at the regional level was the responsibility of the steering committees established in each demonstration area. These committees included representatives of local governments as well as, civic, business, academic, and other interest group representation. Each region undertook a scan of the trends occurring in its area and determined the impacts on the region's future economics and demographics, its growth and land-use trends, its quality of life, and its regional infrastructure needs and needs of the region's older urban areas. The impact and nature of fiscal and tax disparities were also explored, as were the need for and capability of each region to provide key human resource services to its disadvantaged and needy citizens in such program areas as drug and alcohol abuse, education, aging, homelessness, and job/manpower training.

"Waves of Anger"

Waves of anger are spreading in this country—from the fashionable enclaves of Orange County, California, to the insufferable ghettos of Harlem in New York City; from the working class ethnicity of Boston's Roxbury to the immigrant haven of Little Cuba in Miami. From East Coast to West, from north to south, a wave of emotion threatens to engulf the country in economic instability and political unrest. It portends a time fraught with the dangers of the Third World in this First World country. It portends

a time that calls for far-sighted initiatives to respond to the inevitability of change. And, it portends a time that will require Americans to set aside the differences perpetuated by society and band together to meet the challenge of ensuring the economic security of the nation.

America is becoming more and more a two-class society, composed of the "haves" and "have-nots"—with the "have-nots" consisting overwhelmingly of minorities who have been alienated from the political and social structure of the country and who feel as though they have no stake in the economic or political future of the nation. A country which has so much to offer all of its citizens is indeed unfortunate if it is unable to respond to the needs of the least among its citizens in a meaningful way.

Have-not youth have turned to socially unacceptable means of escaping the harsh reality of a bleak economic future. This includes participation in gangs, crime, and drugs. For the well being of the nation, we must ensure that these individuals have a stake in the country and impress upon them the fact that when they lose, society as a whole loses. Only by working together can individuals change an environment of hopelessness into an environment of hope.

The have-nots are not the only ones who need this message of hope; the haves need it as well. They have to be willing to make the changes necessary to provide the have-nots with hope, and, at the same time, understand that this also protects what they have fought so hard to accomplish in this country. If everyone is provided with economic security, the nation as a whole has a "win-win" situation.

Orange County

Take, for example, Orange County. Amid the growth, economic well-being, and prosperity, an undercurrent of fear, anger, and hostility exists. The very growth that provides the prosperity of the area prompts concern. The creation of new jobs and new industry is perceived by some as a threat to a valued lifestyle. Could the real fear be fear of the unknown?

The county sponsored an initiative to limit growth; it failed. On the surface, the legislation would appear to be a response to the impacts of growth and the impacts that uncontrolled growth places on infrastructure requirements. On the surface, those appear to be the concerns. Could this proposal conceal something more subtle and insidious? Is it actually a circling of the wagons, a closing of the gates and raising of the drawbridge in an attempt to place barriers up to keep those individuals with different cultural experiences out of the mainstream of "the good life" in Orange County? Is this simply a manifes-

tation of the fear and anger at the inability of local government to address social issues such as crime and drugs?

While Orange County struggles with the issue of no-growth, Los Angeles struggles with a lack of housing, a lack of employment opportunities, and a poor educational system that does not meet the needs of its students. The city is trying to attract new business, build new facilities, and respond to the needs placed on it by a poor, underemployed, elderly population. How can the disparities between the suburban counties and the inner city be addressed? Where is the entity to bring the two governmental structures together to address both concerns?

Why is Orange County so adamantly opposed to growth? Is it because the demographics for the region project that by the year 2000 no majority population will exist—that 41% will be Hispanic, 40% Caucasian, 10% Black, and 9% Asian? Is a fear of this change in the region's demographics what inspired the no-growth initiative? Is this concern generating the fear, anger, and hostility that is bubbling just below the surface? If it is, how can this anger be diffused? How can the hostility be erased? How can the fear be overcome? How does a region ride this wave of anger and use it to make changes that will benefit the region as a whole, rather than allowing it to be used to erect barriers to understanding?

Washington, DC

In the shadow of America's Capitol, fear and unease are pervasive. A murder took place every day for the first 31 days of the year; 80% of them were drug-related. A growing sense of frustration with the lack of sensitivity to minority issues on the part of the federal government have left many disenchanted with "the system." The inability of the inner city unemployed to access suburban job centers means jobs go begging in the suburbs, while those desiring work go begging in the inner city. The plight of the homeless continues to worsen both in the city and in the surrounding suburban jurisdictions. Drug-related violence spreads to the suburbs; the problem is no longer confined to the impoverished central city. Traffic congestion in the suburbs becomes a source of daily frustration. As growth continues with few restrictions, the quality of life deteriorates; frustration, anger, and hostility rise.

A wave of anger surfaces in Virginia's neighboring Fairfax County, when a pro-growth Board of Supervisors is replaced by a no-growth Board. The wave of anger surfaces when neighborhood groups band together to drive drug dealers off their streets and out of their neighborhoods. The wave of anger

surfaces when much-needed transportation projects in suburban areas appear to be shelved over the objections of vocal citizen groups. This wave of anger quietly builds; recognition and response are needed.

Cause and Effect

Relating direct causes and direct effects is often difficult. Usually the relationship is circumspect, and the true impacts are only indirectly attributed to the cause. What then have been the conditions responsible for producing this wave of anger?

The trends addressing the changing demographics as cited above may explain part of the fear and anger. Perhaps the economic disparities that are becoming more pronounced in society are another cause. Perhaps simply the existence of "haves" and "have-nots" is the cause. Whatever the cause, the effects on society have been, are, and will be of extreme significance.

Perhaps now is the time to examine the need for new governance structures that will respond to the needs being generated by the changing political and economic realities. Existing institutions seem unable or unwilling to act. If they cannot, then new institutions or new ways for existing institutions to respond to these challenges must be found.

The challenge to the nation is to face up to the problems that exist and not to overlook the implications of what is bound to occur if the problems are not addressed. Extrapolated reality can only point to a future society that is constantly battling with itself, which prevents it from battling the rest of the world on economic or political fronts.

How, then, can the wave of anger be harnessed? First, we must commit ourselves to approaching the resolution of problems from a regional perspective, because many of the problems that generate the anger do not respect institutional boundaries and span the entire region. This commitment would mean providing for a shared authority between a regional agency and local governments to resolve regional problems. Second, the regional agency must tap into the neighborhood resource network, bringing neighborhood groups together to address their concerns. Third, programs must be instituted to resolve the employment concerns of the "have-nots" thus providing them with a stake in the economic future of the country. This approach has been successful on a limited scale in Philadelphia, PA, and Boston, MA.

Philadelphia

In Philadelphia, a program titled SCAN (Survey of Community Assets and Needs) was formed as a

venture of the Community Leadership Seminars of Philadelphia. SCAN is an effort to draw a comprehensive picture of the community for its leadership. Recognizing that greater Philadelphia is undergoing a dramatic transformation, the survey was prepared to inform the civic leadership of the impact of the change. CLS publishes this report on a regular basis as a record of changing needs and priorities in the region.

SCAN addresses a wide variety of issues and presents the changes in each of the areas as an integral part of the whole. Although SCAN does not provide a complete map of the data connections nor a full analysis of their implications, it does present a framework to help civic leaders understand this period of change.

Using SCAN, CLS believes that the community's concerned leaders can focus on those areas which offer the greatest potential for development. The role of the community's leadership—corporate, governmental, neighborhood, and civic—is to direct action, facilitate dialogue, sponsor inquiry, and pressure people and institutions to address the important issues which represent opportunities and obstacles to the sound development of this community. Local leadership will use SCAN to develop agendas and set priorities for community action.

SCAN provided data on trends occurring in the greater Philadelphia area. These trends included a discussion of changes in population, the structure of the economy, land use, and institutional and organizational change. These changes were further examined in terms of their impact and influence on employment, education, housing, human services, health services, energy, environment, criminal justice, urban transportation, infrastructure, and public finance.

The report on the project concludes that two of the most profound long-term changes occurring in this era of transformation have significant regional implications. First, an integrated global economy is rapidly evolving as international commerce becomes increasingly important. Only markets able to respond on a regional scale and with regional diversity will succeed. To compete in this economy will require regional marketing strategies and other coordinated responses. Second, a major shift in national policy is underway. As the federal government retreats from long-held fiscal and regulatory roles, responsibility for a host of problems and opportunities now will fall increasingly to political, business, and civic leaders at the state and local level.

In this new environment, regional cooperation must emerge preeminent. Regional cooperation—a partnership between the city and the suburbs based

on mutual interest and guided by emerging political and economic realities—is necessary for economic survival. This was the conclusion reached by SCAN.

Boston

In Boston a program titled "Challenge to Leadership" has been in operation for the past few years under the direction of Cardinal Bernard Law with assistance from David Soule of the Metropolitan Area Planning Council (MAPC). This project has brought together the leaders of various segments of the Boston community in an attempt to address problems facing the region and the surrounding suburban areas. Envisioned as a means of addressing the issue of racism in the Boston community, the project has actually been expanded to include an evaluation of several issues that contribute to racist attitudes and conditions in the city.

The idea for the project was proposed to the cardinal by various business and political leaders in the city. A series of breakfast meetings with a number of individuals in leadership positions in the city followed. Cardinal Law was able to focus the discussion on putting a structure into place that would determine what major problems faced the region and discuss how these problems could be addressed by the business and government communities. The exercise was seen as a way to use existing organizations and involve as many of their leaders as possible in the decisions concerning the future of the city.

The group's first effort was to identify the problems and set the priorities they would pursue. This was accomplished by holding a one-day workshop to discuss these issues. The second part of the effort was the commissioning of background papers to explore the issue in greater detail and to propose strategies for addressing the priorities.

The Challenge to Leadership group invited more than 400 individuals to the workshop to set priorities. A local television station, with assistance from MAPC, put together a videotape that examined what were perceived as the problems facing the region. These problems were then prioritized and became the focus of solutions proposed by the group. Among them were: civic virtue, education, health, housing, public communication, and regional cooperation.

The group was divided into task forces whose assignment was fleshing out each of the priority issues. At the second meeting, in November, 1987, an action plan was put together for the project. Currently the various task forces are being asked to implement the action plan.

These two projects provided input for the NARC effort by defining structures that had been used to address similar problems. A report on these two efforts was passed along to the demonstration regions as part of a workbook that NARC developed for the project. The next section of this report contains the findings from those demonstration regions.

Views from Three Regions

NEW ORLEANS, LA : CRISES IN LEARNING

BETWEEN 1960 and 1986, the population of the New Orleans SMSA and the state of Louisiana increased an average of 1.3% per year. In 1983, the University of New Orleans projected an increase of 1.5% per year for New Orleans from 1986 to 1990, and 1.2% per year from 1990 to 1995. The low-growth estimates made in 1983 appear slightly optimistic for the short term, through 1990, but the total population loss in the last three years has been modest given the economic downturn. Estimates by UNO, as of July, 1987, of population in the SMSA indicate a decline of .8% from the 1986 figure.

The latest release of information by the Louisiana Department of Labor put the state's unemployment rate at 10.5% for May of 1988, a 2 percentage point improvement over the previous year. Since December of 1984, job losses in the metropolitan area are estimated to have exceeded 50,000, nearly 9% of all jobs in the market region. The job base for the first quarter of 1988 is about the same level as in 1978, but, thanks to a building boom in the early 1980s, the office and commercial building infrastructure is in place to support the number of jobs available in 1984. The office building vacancy rate has been around 25%. According to the 1988 New Orleans Housing Market Analysis, published by the UNO Real Estate Market Data Center, at the current absorption rate, assuming no new construction, the region has a 5- to 10-year supply of office space before a 90% occupancy rate would be achieved.

Economic Indicators

Construction, petroleum, the port, and tourism are four of the five leading economic indicators tracked by the UNO Division of Business and Economic Research. The fifth, a general indicator, is a composite of three things: a New Orleans help-wanted index, the Louisiana rig count, and the prime interest rate. According to first quarter 1988 figures analyzed and published in UNO's Louisiana Business Survey, the hoped-for economic recovery is not yet where New Orleans would like it to be, but the decline seems to have stopped. Two of the indicators are up—the port and tourism. Two are down—construction and petroleum. The general indicator has shown perceptible, if irregular, improvement over the last five quarters.

Construction

Building permit data for the New Orleans SMSA show a 58.8% drop in residential building permits in the last three years, even though small increases occurred in Orleans and St. Charles parishes. Single-family permits were down by 34.9%, two-to-four units down by 84%, and permits for five or more units down by 92.9%, according to statistics cited by the Housing Market Analysis. In Orleans, St. John, and St. Tammany parishes, no permits were issued for five or more residential units through the third quarter of 1987. Regional Planning Commission data for the fourth quarter of 1987 and the first quarter of 1988 for Orleans and Jefferson parishes only, is shown on the following table:

Building Permits Issued			
	<u>Jefferson</u>	<u>Orleans</u>	<u>Total</u>
1987:1	278	200	478
1987:4	123	119	242
1988:1	132	122	254

This represents a 46.8% decrease from 1987:1 to 1988:1, but a 5% increase from 1987:4 to 1988:1. According to Professor Ragas, in the HMA, the inventory of existing, unsold detached housing (at record levels in most parishes of the state) is likely to depress the rate of new construction for the next two years.

Commercial construction is also sluggish. F. W. Dodge Division of McGraw-Hill Information Systems Company in New York reports that in May of 1988, residential building contracts were down 6% from May, 1987. On a year-to-date basis, residential contracts for the New Orleans area fell 26%, but non-residential contracts jumped 25% in 1988, for a total decrease of about 1%. For the state as a whole, total construction contracts fell 18% on a year-to-date basis.

The only current commercial construction project in the New Orleans CBD is nearing completion later this year. The construction of the extension of the east/west runway at the New Orleans International Airport is underway on schedule, but major construction on the Riverfront Aquarium will begin sometime

in 1989, assuming legal challenges to the location are not successful. Construction on the Convention Center expansion has begun on a very limited basis after having been delayed for months by state fiscal difficulties and ongoing protracted legal negotiations between the City and the Board of Commissioners of the Port of New Orleans. Construction of a major warehouse and distribution complex in eastern New Orleans should begin sometime in 1989.

Petroleum

After a dramatic dive to about \$9 a barrel in June of 1986, the spot market price of a barrel of South Louisiana sweet crude exceeded \$20 in June of 1987. On June 30, 1988, the spot market price was \$15.23. Unstable and falling prices impact Louisiana's economy significantly, contributing to the unemployment rate and revenue losses resulting from lower oil prices.

The Port

The port is showing steady growth and has since its low point in 1985. Both imports and exports have registered healthy increases, and the Port Authority continues to restructure and position itself to take advantage of opportunities that may arise.

While expansion of port activity is certainly a good sign, it does not translate directly into a larger number of jobs. Automation and containerization in the industry have greatly reduced the number of jobs generated at the port. Labor and contract disputes (due at least in part to fierce competition among unions for the remaining jobs) cast a shadow over the continued prosperity of the port. Without a strong manufacturing and processing base in the New Orleans area, activity at the port still depends largely on national and international monetary and trade policies, and routing decisions by the shipping industry.

Tourism

The tourist and convention industry has, like the port, shown steady improvement in the last three years. New Orleans is moving to develop more family-oriented attractions that will encourage visitors/conventioners to bring the family and stay an extra day or two. However, those major attractions will not be open until the 1990s. Expansion of the Convention Center has been delayed for months and the scheduled 1991 opening date will not be met. Some conventions had already been booked for the expanded facility and may be lost if they cannot be accommodated elsewhere in the city.

Internationally famous annual events like the Sugar Bowl, Mardi Gras, and the Jazz and Heritage Festival continue to be reliable attractions for tens of

thousands of visitors. The city attracts other major events periodically, like the Super Bowl, the NCAA Final Four, and major national conventions, such as the Republican National Convention. While these boost the tourist industry, they are sporadic events that cannot be counted on annually.

The City of New Orleans has, due to fiscal austerity, actually reduced the appropriation to the Greater New Orleans Tourist and Convention Commission from \$184,000 to \$172,000. The GNOTCC has no budget for marketing the city to tourists this year. St. Louis spends over \$4 million annually to market the city to tourists; San Antonio budgets \$6 million. In New Orleans, much of the money to market the city comes from private sources like hotels, groups of businesses (e.g., the Royal Street Merchants Association), and individual attractions like the Audubon Zoo, which have their own advertising budgets. In spite of occasional slowed growth, the tourist industry is expected to be healthy for the future.

Conclusion

The performance of the leading economic indicators for the last five quarters suggests that the economic decline has been replaced by a stabilizing economy which is beginning to show uneven signs of slow recovery. The hoped-for strong recovery has not yet arrived but is still expected, though somewhat later than predicted. The industries that drive the local economy—petroleum, the port, and tourism—all depend heavily on national and international factors and trends that are beyond the control of state and local governments and industries. The petroleum industry, which for the past two decades has been the dominant driving economic force in the state, is probably the most volatile of all economic sectors.

The state government has begun a long and difficult task of fiscal restructuring and economic diversification and redevelopment. Even assuming some success, results will not be evident until the 1990s.

In spite of the massive job loss in both the New Orleans SMSA (an estimated 9% of all jobs) and the state during the last three years, no correspondingly massive loss in population has occurred. While it has not grown, the population has remained relatively stable. Professors Ragas and Meistovich warn in *Housing Market Analysis* that out-migration will lead to further substantial losses in population if the economy does not recover soon enough.

Effects of Crisis

New Orleans exists in crisis. The impacts and effects of this crisis are beyond the scope of any single

agency to provide an adequate response. The effects of the economic crisis can be seen at several levels. Drug abuse is an ever-increasing problem in the city. It continues to exist despite law enforcement efforts aimed at reducing the supply of drugs and rehabilitation and education efforts aimed at reducing the demand. Drug-abuse-related arrest data gathered by the Narcotics Division of the New Orleans Police Department shows 3,290 drug arrests for 1987, reflecting a 56% increase over 1986.

The number of reported crimes in New Orleans increased by less than .5% in the first nine months of 1988 compared with the same period in 1987. Violent crimes, including murder, rape, and armed robbery, increased by 23.6% through September compared with the first three quarters of 1987. According to Police Superintendent Warren Woodfork, drug trafficking is blamed for the increase in violent crime.

According to Michael A. Conte, associate director of the University of New Orleans' Division of Business and Economic Research, the unemployment rates were 8.7% for both December and November, 1988, up from 8.1% on December, 1987. Major revenues for New Orleans have decreased \$34.12 million from 1985 to 1988. Major causes are: loss of federal revenue-sharing, \$15.6 million; loss of 1/2-cent dedicated sales tax, \$7 million; and loss of state funds, \$11.3 million, since 1985. According to the City of New Orleans, Office of Economic Analysis, revenues for 1988 will be \$18.5 million less than budgeted.

A 1982 study by New Orleans Child Watch, found that 21.1% of teenage pregnancies were second pregnancies, 5.4% were third pregnancies, and 1.3% were fourth pregnancies. Today, one out of five births in New Orleans is to a teenager.

In the school system, one out of five first grade students is held back. The same rate applies to seventh-graders. Fewer than half of the students attending high school will graduate. New Orleans ranks high among cities with adults who do not finish high school. Statistics from the U. S. Department of Education, point to the fact that Louisiana is last in percentage of literate adults.

These statistics point to the need for a new approach to addressing the problems of the city/region. Past responses, no matter how dedicated, have not been adequate. They have been impaired by fragmentation, duplication, discontinuity, and the lack of strategic planning. More importantly, they have lacked a strategic focus, an overarching vision that would lift perspectives and directions beyond the stereotypical symbols of the welfare state to a new, integrated vision of human development as the essential foundation of all economic development.

Summary of Findings

The New Orleans city/region is at risk. Its future is imperiled not by competition or technological change, not by outside forces or dangers, but by the steady weakening and disintegration of its learning system at virtually every point: in the home, in the neighborhood, in the marketplace, and in government.

The problem manifests itself in many ways: in persistent poverty; staggering illiteracy; high drop-out rate; low rate of academic achievement; alarming number of teenage pregnancies; low level of entrepreneurship and business expansion; high rate of crime and juvenile delinquency; low per capita spending on education, libraries, and museums; poor management policies and practices of government; disunity and increased racial tension; and the decline of those old virtues—civility, respect for elders, self-reliance, and community pride.

The problem faced by New Orleans is so great and so grave that it cannot be met by schools alone, or by a mayor alone, or by all of government alone. The problem has been created by the entire community, it can only be solved by the entire community. The challenge must be met by a united city/region mobilized at every level by a common concern and inspired by a common vision.

The common concern is the crisis in learning that permeates and affects every aspect of the city/region's life. The common vision is that recommended to the nation by the National Commission on Excellence in Education. The challenge is to create a learning society. In a learning society, the value of learning imbues and informs all aspects of life; learning becomes ingrained in the culture. In a learning society, each institution contributes to this value by providing learning incentives and opportunities as well as by supporting the learning agendas of other institutions.

Strategy

The challenges faced by the region are so great and so grave that they cannot be met by educational institutions alone, or by social agencies alone, or, for that matter, by all of government alone. The challenge must be met by a united city/region, mobilized at every level by a common concern, inspired by a common vision, and committed to the attainment of a common set of objectives.

New Orleans recommended the following strategies to address their problems:

Strategic Focus.

All institutions in the city/region should adopt the development of human skill and capacity as a com-

mon strategic focus, integrating the policies and activities of social services, economic development, and education into a comprehensive policy framework. With this perspective, the purpose of social services, for example, would shift from being one of income maintenance to one of human development. Economic development policy would focus less attention on land, infrastructure, and capital development and more attention on entrepreneurship and other forms of human resource development. Educational policy would focus more on the output of learning, namely knowledge, and less on educational inputs, such as number of teachers, finances, etc. More importantly, this strategic focus would enable the community, through both its public and private sectors, to direct its limited resources with greater policy precision, coordination, and effectiveness than it currently is doing.

Regional Commission on Learning and Economic Development

A Regional Commission on Learning and Economic Development (see Appendix) should be established: (1) to serve as the community's vehicle for communicating and engraining the strategic focus of human development within the region and (2) to develop a coordinated strategic vision of what needs to be done by the community's public and private sectors. The commission would also serve as an excellent vehicle for requesting, facilitating, and encouraging coordinated actions or strategies to be carried out by other organizations, such as the Compact for Learning and Economic Development (see Appendix), area governments, and individual private organizations.

Compact for Learning and Economic Development

All voluntary associations and coalitions should join the Compact for Learning and Economic Development, and the Compact should become one of the region's major vehicles for initiating, executing, and coordinating the actions and strategies recommended or endorsed by RCLED. The Compact provides a flexible mechanism for mobilizing public and private energy and resources to accomplish specific tasks and objectives. Among the early action needs that have already been identified by Compact members or through this process are the following:

1. Shelter for Homeless Families.

Develop and adequately staff a new shelter for homeless families, coordinated with and under the auspices of the Coalition for the Homeless, the Multi-Service Center for the Homeless, and the Healthcare for the Homeless Programs.

2. Alliance for Human Services.

Provide adequate staffing and other resources to the Alliance for Human Services, a network of virtually every social service agency in the region. The Alliance can and should be the spearhead for dealing with the issues of welfare reform and teenage pregnancy.

3. Basic Skills Center.

Develop a demonstration, computer-based basic skills center in a low-income area of the city to develop the basic skills of both the residents and the workers of the area.

4. Parental Empowerment Project.

Implement the Parental Empowerment Project as described in the Appendix.

5. Grants Center.

Establish a regional Grants Center to assist social service agencies, schools, and other educational organizations, and economic development agencies in identifying and applying for government, corporate, and foundation grants.

6. Directory of Cultural Resources.

Publish and disseminate the Directory of Cultural Resources developed by the Partnership for Culture, Community and Tourism (see Appendix).

7. Inventory of Scientific Research.

Publish and distribute the computer-based Inventory of Scientific Research developed by the Partnership for Science and Technology (see Appendix).

8. Environmental Awareness Campaign.

Organize and conduct a comprehensive environmental awareness campaign designed to make the general public more aware of their contributions to the degradation of "Planet Earth" by their ignorance, neglect, and bad habits (see Appendix).

University Initiative for Strategic Human Development

Support should be developed for the University Initiative for Strategic Human Development as proposed by City College for Loyola University, outlined in Appendix X1. The University Initiative for Strategic Human Development represents university-initiated early action strategies which can serve as a model for university involvement in workforce development and as a spawning ground for RCLED-recommended programs. Certain of the university initia-

tives will take the form of Compact partnerships; others will involve the reorientation of existing university structures and programs.

Funding

Seed money should be sought from national foundations for funding some of the initial costs of the

Regional Commission on Learning and Economic Development, several of the Compact's early action projects, and the proposed University Initiative. The primary purpose of the foundation funding is to serve as leverage for obtaining local funds from both the public and private sectors and to encourage local institutions to make the difficult, long-term commitment to tackling these problems.

New York, NY: Bridging the Social Chasm

IN New York City, one household in eight lives under the federally defined poverty level. The disparity between the impoverished and those who participate in the economic mainstream of society is growing. For some the poverty is temporary; for others it is permanent. The New York demonstration area focused its study on conditions that contribute to the sense of permanence associated with poverty, particularly those conditions that government might ameliorate.

The study examined most closely those conceivable government actions that are difficult or impossible to implement effectively because of the structure of government in the tri-state urban region. This structure consists of some 800 municipalities, each with its own local taxes and land-use controls, and as many separate school districts. The region also has 23 county governments and five New York City boroughs, which have extensive social service and public health responsibilities, along with other governmental functions.

The Regional Plan Association projects that the number of jobs will increase more than the number of entrants into the labor force in the region. In this very strong economy, the permanently poor will consist of two groups:

1. Those retired or not working because they are unable, or unwilling, to prepare for jobs; are blocked from jobs—as many are now—by a communications or transportation gap between employer and potential employee; or, have no child care at a price commensurate with their prospective income.

2. Those working or on pensions with income too low to buy adequate housing, food and health care.

A leading business organization concluded recently: "If present trends continue, the scarcity of well educated and well-qualified people in the work force will seriously damage this country's competitive position. A growing underclass will lack the necessary skills and work habits. They will lack the levels of literacy needed to make informed choices about their lives or to take part in the political process."

The statistics in this area are bad and getting worse. The downward forces that influence the pool of labor in this country are circular—as though the plug has been pulled on the American labor pool and an increasing number of individuals are being sucked out. A number of variables are interrelated. Poverty, for example, is related to poor academic performance. Nearly half of 19-23 year olds who are poor rank in the lowest quintile in the Armed Forces Qualification Test, generally regarded as one of the least culturally biased tests.

Academic performance is related to the drop-out rate. Half of the students who scored in the bottom quintile in achievement tests in 1979 failed to graduate from high school on time, compared to 4% of those in the top quintile.

Reduced years of schooling leads to poverty. For males 18-24, the gap between the mean annual incomes of a high-school dropout and a graduate without college is now 59%, up from 31% two decades ago. Academic performance also relates to social pathol-

ogy. In a sample of 19-23 year olds arrested in New York City in the last year, 68% were below average in basic reading, writing, and math skills.

One-parent families are also strongly related to poverty. Two-thirds of the children who grow up in one-parent families spend nearly all their childhood in poverty compared to 2% in two-parent families.

Ways to intervene in this downward cycle and turn it upward have been demonstrated. The federal nutrition program for women and infants has been shown to save \$3 in short-term hospital costs alone for each \$1 spent, yet it now serves fewer than half those eligible. Headstart and other high-quality preschool programs save \$6 for every \$1 spent, but only one-fifth of those eligible are participating in the program. In elementary schools, certain remedial reading and mathematics programs brought academic achievement of disadvantaged first to third graders almost up to the other pupils' for only \$600 per pupil. Summer Training and Education Project demonstrated that academic work during the summer sharply reduces learning loss between grades, especially for black and Hispanic youth.

State education departments are now evaluating innovative programs, publicizing those that work and helping schools to adopt them. The "National Diffusion Network" describes more than 400, which the states draw on in their own success story catalogues and replication efforts.

Unfortunately, the possibility of success demonstrated by these programs is not widely enough understood to achieve the political support for their use in a concerted attack against the forces that are expanding the underclass. According to 1988 Census Bureau data, 23.2% of New York City residents have incomes below the poverty line, and that percentage has remained remarkably stable through the great City prosperity of the 1980s. Gordon Berlin and Andrew Sum conclude,

Although more experimentation is warranted, there is less of a problem of what to do than of how to do it on a large enough scale and on a sequential basis, so that one intervention serves as a stepping stone to the next intervention. This means moving beyond building good programs to establishing entire systems that are designed to raise the average by helping those at the bottom....

Two obstacles to social and economic opportunities are not addressed by these programs: lingering job discrimination, which gives young people an excuse to drop out; and growing social isolation of poor blacks and Latinos. Black high school graduates still

don't earn as much as white dropouts. Recent studies issued by the Community Service Society demonstrate promotion discrimination against both blacks and Latinos in New York City government.

As to isolation, between 1970 and 1980, poor people in the five largest cities of the U.S. increased by 22%, while total population in those cities was decreasing by 9%. Within those cities, the number living in areas where at least 40% were poor went up by 161%. Loss of institutions and role models maintained by economically stable and secure families are, therefore, missing. Few poor whites live in poverty areas.

In addition to institutions and role models, economically stable and secure families provide channels into the mainstream and upward mobility. They also support and maintain high quality in neighborhood services needed by the poor—i.e., schools, banks, supermarkets and other stores, doctors, dentists, and lawyers.

Just as poverty causing poverty sets up a downward spiral, so discrimination causes isolation. Those isolated lack personal rapport, resulting in discrimination.

Public policies should aim at long-term income and racial integration in neighborhoods, schools, higher education, and urban centers of activity so all income levels and racial-ethnic groups use many facilities and institutions in common. This will require: (1) systematic encouragement of gentrification of low-income urban neighborhoods while protecting living conditions of low-income residents; (2) opening of higher-income areas to low-income families of all racial-ethnic backgrounds; (3) rededication to school integration; and, (4) recentralization of jobs and services in downtowns used by people of all incomes.

To maintain America's dedication to equal opportunity, to maintain social tranquility, and to assure an adequate labor force, the nation must devote its highest priority to helping the severely disadvantaged into the social and economic mainstream. This means a massive campaign to use what we already know to help them and a new emphasis on living together in neighborhoods, schools, and workplaces.

Prudential Chairman Robert C. Winters put this priority in perspective: "Poor urban children may lack the very basics: warmth, health, a quiet place to study. By the time they're in first grade, they're already in a deficit position... This deficit looms as a much greater challenge to America's ability to compete than the twin deficits, the federal budget and trade deficits, that we all read about in the papers every day."

Conclusions and Recommendations

Replication of Successes

Many programs around the country succeed in improving the chances of the underclass to join the mainstream society and economy. In the last few years, scientific evaluation has measured the success of many of these programs. Some of these programs have been replicated. Though they still reach only a tiny minority of those who might benefit, they demonstrate the feasibility of replication.

The Regional Plan Association would establish on a temporary basis, a regional replication committee and staff. Its purpose would be to persuade appropriate organizations anywhere in the tri-state area to adopt practices and programs that are succeeding in helping underclass people to enter the mainstream and to find the technical assistance and financing they need to do it.

Any such system should be regional because the economy is regional; large pockets of poverty exist throughout the tri-state area, but sources of business and foundation assistance are concentrated in a few places, not always the neediest; and, without regional evaluation, inner-city diplomas will often be held in low esteem, as Berlin and Sum point out.

The process would be somewhat similar to RPA's current practices in persuading governments and other organizations to follow sound planning and environmental practices. Some expert observers feel whole new systems must be implemented to change current practices. By contrast, this proposal assumes that considerable progress can be made piecemeal by stimulating change where targets of opportunity are found—e.g., people in the right institutional positions who are eager to do better and ready to follow leads or by capitalizing on the potential for new organizations to step into the institutional breaches. Conceivably, spreading piecemeal successes will generate system change as legislators and other public policy leaders become more aware of the possibilities.

For the new organization, RPA would seek board members who have had experience working in human services—health and education—as board members, as professionals, or as the business side of public/private partnerships. Initial funds would be sought from foundations already committed to propagation of successes. If the work is effective, the achievements of the organization are expected to persuade governments to provide much of the support.

The new organization would learn the practices of existing groups, the obstacles they have encountered, and, where they could use generalist help—e.g.,

working with them on a general public information campaign to inform people that there are solutions to what most people in the region feel are intractable problems. This generalist organization linked to specialist organizations can achieve the necessary cross-fertilization. Dr. David Hamburg, president of Carnegie Corporation, testified to a joint committee of Congress on making wider use of effective child development programs:

As a practical matter, it will be necessary to achieve cooperation among several institutions in a particular community—and the mix might well differ from one to another. Schools, universities, media, churches, business, community organizations, government at various levels, and organization of the scientific and scholarly community—all of these could play a highly constructive role in addressing the problems of concern here. To do so, they will need attention, stimulation and incentives beyond those presently in view in most communities.

The new regional organization could also try to work out with the groups already promoting successes a common strategy for accelerating diffusion. This might include identifying likely targets and allocating them to one organization or another, stimulating the creation of new diffusion groups, attracting talented and dedicated people, and periodic exchange of experience.

Policies to Achieve Racial, Ethnic and Income Integration

William Julius Wilson and others have documented the growing isolation of the very poor and some of its effects on them.

In earlier years, the black middle and working classes were confined by restrictive covenants to communities also inhabited by the lower class; their very presence provided stability to inner-city neighborhoods and reinforced and perpetuated mainstream patterns of norms and behavior. (p. 7, *The Truly Disadvantaged*)

The residents of these areas have become increasingly socially isolated from the mainstream patterns of behavior. (*op. cit.*, p. 58)

The National League of Cities has published a study of impacted ghettos, asserting that the measure of "isolation is important because it gives an indication of the chances open to a poor person to connect with wider opportunities."

In *Within Our Reach*, Lisbeth B. Schorr's survey of programs that are "breaking the cycle of disadvan-

tage," a British study is cited that demonstrates that a boy growing up in a poor female-headed household

need not necessarily suffer damaging effects... But when single parenting is not only a family fact but a community fact, the effect—especially on boys—can be highly disruptive of normal development. When the whole neighborhood is made up of families without fathers or a consistent male presence, not only the income but also the discipline and role models that fathers traditionally have provided are missing. Boys are left to learn about manhood on the streets, where the temptation is strong to demonstrate prowess through law-breaking, violence, and fathering a child.

Finally, James P. Comer's observation about racial isolation and academic failure: "My three friends... never read books—which frustrated and angered their teachers. What the teachers did not realize was that their parents were afraid to go the library; indeed, they were uncomfortable around White people in general and avoided them."

Regional Plan Association proposes to raise the issue of racial, ethnic, and income integration among the values to be considered as a basis for its new regional planning process. A "values" project will be one of the initial phases of that process—exploring with people who have a wide range of experience and viewpoints whether energetically seeking integration should be a fundamental goal of the plan.

Public and corporate policy can promote or inhibit integration in three physical planning elements: (1) neighborhoods, (2) schools, and (3) urban centers. Assuming strong agreement that integration should be a major value sought by a new regional plan, the RPA would identify the policies needed to achieve it

and try to implement them as it does all elements of its plan.

Among policies to be considered are:

1. a process for rationing gentrification to halt the change while the neighborhood still has mixed incomes
2. policies that encourage limited gentrification by focusing on public safety in low-income neighborhoods, preserving architectural, environmental, and historic quality, and encouraging sense of community through neighborhood design and community organization
3. cross-district school integration with enrichment that attracts middle-income families
4. emphasis on open housing law enforcement
5. inclusive zoning which trades higher density to developers for low-income units
6. continued emphasis on downtowns for office jobs and services—accommodating public transit so those without cars can participate, providing a focus for one community of both rich and poor, and keeping everyone together throughout the day.

Forums to Achieve Policy Agreement

Recognizing that people of widely diverse viewpoints on the causes of poverty might nevertheless agree on solutions, the final recommendation called for a series of forums bringing together opinion leaders from left to right to focus on solutions to the "chasm." The first forum topic would be early childhood development. If that succeeds, other topics would be: punishment and rehabilitation of criminals, minimum standards of housing that society should guarantee, and rules for workfare.

LOS ANGELES AND SOUTHERN CALIFORNIA: ACCOMMODATING DIVERSITY

SOUTHERN California has been experiencing very rapid demographic and economic change in recent years. Present conditions and future trends clearly contain the threat of a region divided in ways and at

scales not foreseen or experienced in the past. This project examined some of the economic and social disparities existing within the region and developed strategies for addressing them.

A number of major trends toward division are apparent within the region encompassed by the Southern California Association of Governments:

1. an increasingly bi-modal economy with more high-tech, high-skilled, high-paying jobs at one end and more low-skill, low-paying jobs at the other end and fewer mid-skill, mid-level jobs
2. increased atomization of the economy with more smaller, highly specialized companies producing on a contract basis for larger companies
3. changes in the age structure as a result of the aging of the baby boom population and the high birth rates of the immigrant groups
4. significant ethnic shifts with increasing ethnic diversity
5. geographical divisions between richer, newer, safer, lower density, and cleaner communities and poorer, older, less safe, higher density, more overcrowded, and more polluted communities.

Los Angeles examined the level and composition of population and employment growth in Southern California as well as the impact of that growth on social services, housing, education, health care, criminal justice, governance, and neighborhood and community issues. In addition, an examination of other issues such as job/housing balance, distribution of growth, movement toward a bi-polar economy, and the changing occupational structure were included in this assessment.

Growth in Southern California

Total population in the SCAG region is projected to increase from 12.8 million in 1985 to 18.3 million in the year 2010. This is equivalent to adding the total population of the state of Indiana to the region. In 1980, one out of every 20 U.S. residents lived in the SCAG region; by 2010, projections call for one out of every 15 to make this region their home.

In recent years a dramatic shift has taken place in the ethnic composition of the region's population. In 1970, 75% of the region's population was Non-Hispanic White (NH White). By 1980, the NH White population had declined by half a million people, and their share of the total population was reduced to 61%. At the same time, the Hispanic and NH Asian/Other groups increased in size significantly. The Hispanic population grew from 14% of the region's population in 1970 to 24% in 1980, and the Asian/Other population increased from 3% to 6% over the same period. By the year 2010, NH Whites are projected to decline to only 41% of the population.

Hispanics are projected to account for 40% of the region's population by then, with blacks projected to represent 10% of the population and Asian/Other projected to account for 9%. In effect, by the year 2010, the current minorities will become the majority of the population.

For both the nation and the SCAG region, the population will be aging. By the year 2010, the baby boom population of the 1950s and early 1960s will be in their late forties and fifties. Although the nation and the SCAG region will be aging, the population of the SCAG region is projected to remain younger than the nation's population. The influx of immigrants who are typically young and in the reproductive age groups and the higher fertility rates of the Hispanic population account for a younger age structure of the SCAG population as compared to the nation.

Employment and Economy

Total employment in the SCAG region increased from an annual average of 4,270,000 in 1972 to 5,923,100 in 1984. To put this job total in perspective, only the states of California, New York, and Texas have more jobs than the SCAG region.

The Draft Baseline projects that between 1984 and 2010 total employment will increase from 5,923,100 to 8,954,100. This is an increase of three million jobs during the period. This growth is about equivalent to adding all of the jobs in the states of Washington and Oregon to the region. Jobs are projected to grow at an average annual rate of 2.0% per year. During the period between 1984 and 2000 employment growth is projected to moderate from recent trends. The slower growth reflects moderation in long-term growth rates at the national level.

Growth is projected to slow even further after the year 2000. In the 2000-2010 period, the average annual percentage increase in total employment is projected to be only 1.2%.

In recent years a dramatic shift has occurred in the Southern California economic base. The region has been undergoing a transition from a goods-producing manufacturing economy to an information-based service economy. During the 1972-1984 period, the manufacturing share of total employment declined from 23% to 20.5%. By contrast, the services share of total employment increased significantly from 17.1% to 22.2%. Other sectors with rapid employment gains were finance, insurance and real estate, and trade with annual increases of 5.1% and 4% respectively.

The trend toward a service-based economy is projected to continue during the 1980s and 1990s. By

the year 2000, 27.5% of all regional employment is projected to be in services.

Employment growth in the services sector is projected to moderate considerably during the 2000-2010 period. This reflects the slower overall growth in U.S. employment projected for this period. Despite this slowdown, the draft Baseline Projection indicates that 29.3% of the SCAG region labor force will be employed in services by the year 2010.

Overall services employment increased at a rate of 6.6% per year during the 1972-1984 period. One of the highlights of the projections is that the rapid increase in services employment is expected to continue, but at a slower rate.

General Impacts of Growth

Social Services

The potential impacts of population growth in the Baseline Projection on the demand for selected public assistance programs such as AFDC, Food Stamps, and MediCal were examined by applying current usage rates of today's population to future population levels. Approximately 807,000 SCAG region residents were enrolled in the AFDC program in 1986, receiving \$147 million in payments per month, for an annual cost of \$1.8 billion. By 2010, total recipients could reach 1.2 million persons, at an annual cost of \$2.6 billion in 1986 dollars. Similar increases would be seen in the other programs.

These projections provide only limited insight into the possible changes in demand. In reality, demand will not necessarily grow in direct proportion to the overall population growth. Instead demand will be influenced by many other factors, including: future income, unemployment and educational levels, the age structure of the population, etc. For example, the primary recipients of AFDC are children. By the year 2010, children aged 0-8 years are predicted to be a smaller portion of the overall population.

A disproportionate amount of the poor in this region are members of ethnic minorities, and they are correspondingly more highly represented among users of AFDC, Food Stamp, and MediCal programs. Whether the predicted growth of ethnic minorities disproportionately increases demands on these programs depends on increased educational and economic opportunities being made available to and used by the minority poor. The availability of strengthened opportunities in the areas of job training, community college programs, and child care can make a difference.

Population growth is expected to result in added demand for many other social services provided in the region. The rapid growth of the age group 65 years and older is expected to result in much heavier demand for the many types of programs that serve this group, such as in-home support services, "friendly visiting," adult day care, case management programs, handicapped/disabled assistance, legal aid, and adult protective services.

The 3.3 million immigrants projected over the 25-year span will continue to make programs specially oriented toward immigrant groups important. Adult education and adult language programs, legal aid, and cultural transition community aid programs are just a few that will continue to be in high demand.

Child care programs for preschool and school-age children will need to be greatly expanded as the number of children and the number of women in the workforce increase in the future. For example, the labor force participation rate of all women aged 25-54 is projected to grow from 65% in 1980 to 81% in 2010. The preschool age population is predicted to grow by 53%, and the school age population (5-14 years) by 43%. A critical shortage of child care services already exists in the region.

Housing

According to projections, an additional 2.9 million dwelling units will be needed between 1984 and 2010 to house the predicted population. This represents an average of 109,000 additional units per year and compares to the past decade's average rate of 72,000 per year. A growth rate this high raises some questions about the housing industry's ability to accommodate consumer demands adequately.

Potential issues of inadequate infrastructure, inadequately zoned land, and local political pressures for growth control could also create impediments to this level of housing growth. The type of housing demanded by the future population will be greatly influenced by the following predicted changes in the region's age groups:

1. The predicted doubling of the 65-year-and-above population will likely create greatly increased demand for various forms of "elderly" housing, ranging from traditional single-family homes and retirement communities to "granny flats," accessory units within homes, elderly rentals with social and health care services provided on the premises, and nursing homes.
2. Similar high rates of growth (91%) in the 35-64 year group could significantly increase demand for larger family homes with more amenities.

3. The slow growth (14%) of the age group in the new household formation stage (15-34 years) indicates a real slowdown in demand for rental units which are the predominant type of housing used by this age group.
4. A major unanswered policy issue involves two housing demand determinants that seem opposed: the large forecasted gain in Hispanic/Asian/black households, which cumulatively have a low rate of home ownership, and the large forecasted gain in households in the 35-64 age group, which traditionally have high ownership rates. What remains unclear is whether the unequal distribution of incomes between non-Hispanic whites and other ethnic groups will persist over time or change to accommodate the increasing demand for home ownership.

"Fair-share" housing issues relating to an equitable distribution of low- and moderate-income housing among jurisdictions of the region will become more critical. Most of this housing is currently available in Los Angeles County. A greater need will exist for more low-income housing in other counties of the region. Already the region as a whole has a shortage of low- and moderate-income housing. The Regional Housing Allocation Model estimated a shortage of 800,000 units existing in 1983.

Education

By the year 2010, projections show approximately 870,000 more school age children (5-17 years old) in the region than in 1980. The school age population will grow from 2.4 million children to 3.2 million children, a 37% increase. The implications for public education needs are significant.

Regionwide, an estimated 580 additional elementary and junior high schools will be needed, as well as an estimated 95 senior high schools. Recent estimates place the cost of new schools in Los Angeles at \$10-12 million for elementary schools, \$30 million for junior high schools, and \$60 million for senior high schools. Many schools in the region are already overcrowded, especially in the inner cities and rapidly urbanizing areas. Today, schools cannot be built fast enough because of inadequate financing for new school construction.

In addition to more schools, an estimated 31,000 additional teachers will be needed, not including replacements for existing/retiring teachers. This demand will not be met unless teaching is made a more attractive profession. The challenges are to find better methods for recruiting and retraining teachers and to get more highly qualified teachers who can help improve educational quality and teach an in-

creasingly diverse student population. Incentives that will make teaching more attractive, such as higher salaries and smaller classroom sizes, will have to compete for scarce resources with other priorities such as school construction.

Academic performance of all students in grades K-12 has suffered a general decline since the late 1960s. In addition, California's school system has had particular difficulty educating a growing population of disadvantaged minority youth. Encouragingly, educational reforms enacted in the early 1980s have resulted in authentic gains in the performance of all students, proving that performance can be improved where money and attention are focused.

Health Care

Population growth, as well as other demographic changes, will exert increased demands on the region's health care service system. A key challenge will be to provide all SCAG region residents with accessible, affordable, and effective health care.

The age group 65-years and above uses health care services at three times the rate of the general population, because of its higher incidence of acute, chronic, and disabling diseases. From 1980 to 2010, projections show this age group growing by 104%.

Trends also indicate a growing demand for non-institutional alternatives to custodial nursing home care that are less costly and ultimately more preferential to the elderly. For example, home health care is expected to be in much greater demand, entailing services such as ambulatory assistance, meal preparation, therapy, visiting nurse services, and companionship. Another emerging alternative is the "lifecare community," similar to a retirement community, but offering health care facilities and services on the premises.

Changes are needed in insurance coverage for the population 65-years and above to help cover extended or catastrophic care. These changes will become more important as the elderly population lives longer and is faced with chronic or disabling diseases.

The health care system must also consider the continuing needs of the poor who must rely on free or low-cost health care provided by state or county programs. Demand for assisted care will increase if this same level of poverty continues with higher population levels.

Criminal Justice

The significant increase in population over the next 25 years suggests that law enforcement, the court system, legal personnel, and correctional facili-

ties all will need to be expanded. Despite the region's expenditure of 2.5 billion for criminal justice in 1984, a perceived shortage of law enforcement personnel exists, and the region experiences a backlogged court system and overcrowded correctional facilities.

In addition to population growth, other factors may affect the amount and rate of crime in the future and accompanying criminal justice needs. These factors include: the changing age composition; changes in the demographic and socio-economic characteristics of the population, including education, job skills and employment status; and, increased densities.

In terms of corrections, the public's desire for harsher sentences has led to California's tougher criminal sentencing laws, further compounding already overcrowded conditions in local, state, and federal correctional facilities. The region needs to increase facility capacity to alleviate overcrowding and ensure additional space potentially needed for the future.

One difficulty will be finding acceptable sites for new facilities. Many people believe that treatment, prevention, and rehabilitation need to be examined more seriously as alternatives to punishment as a response to crime.

The amount of crime in the future will likely be influenced by demographic changes in the population. Males aged 15-29 currently commit 61% of all violent crimes and 65% of all property crime in the SCAG region. Between 1980 and 2010, this age group is projected to grow by 21%—a rate that is considerably lower than the predicted growth rate of the overall population, but one that nonetheless warrants attention.

Governance

With the projected growth of nearly 6 million people over the next 25 years, numerous new cities will probably be created in rapidly urbanizing unincorporated areas, and major annexations will occur to several existing cities. The instigating reasons for incorporation will be desire for greater political autonomy, better services, and, quite possibly, the desire to control the pace, scale, and nature of development. The growth of ethnic minorities also has major implications for political representation within city, county, and state governments. Today's lack of minority representation in government is not likely to be tolerated by minority communities in the future. Certainly many political district boundaries will need to be adjusted concomitant with the growth of minority communities in order to assure adequate voting strength and representation.

Social and Economic Disparity Issues

Movement Toward Bi-Polar Economy

In many ways, the SCAG region has become a bi-polar economy. Rapid growth has taken place in the low-skill, low-wage sectors and in the high-skill, high-wage sectors, while the middle-skill, middle-wage sector has experienced moderate to flat growth. Within the manufacturing sector, rapid growth has occurred in low-tech sectors such as apparel and furniture as well as high-tech sectors such as computers, electrical components, and medical instruments. Similar change are occurring within the services sector.

The most rapid growth is concentrated in the areas of business services, especially computer services, while other service sectors have experienced more moderate growth rates. Similar patterns can also be detected within other sectors such as trade, finance, insurance and real estate, and transportation, communications and utilities.

A recent study by Harrison and Bluestone examined these trends at the national level. They found that the job market is splitting increasingly into a small, high-wage top and a big, poverty-level, low wage bottom, with a declining share of working people falling in-between. In terms of wage and salary incomes, we are experiencing the polarization of America.

The extent of this bimodality and polarization is subject to debate. Regardless of the extent, we face a present and growing issue regarding access to opportunities. Even if the rungs on the career ladder exist, people in lower level jobs will find it difficult to advance without proper education and training as well as physical access to jobs.

Changing Occupational Structure

No dramatic changes are likely in the types of jobs that will be created in the United States. A recent *Business Week* article points out that three factors are working to produce a leap in the skills the economy will require: First, technology is upgrading the work required in most jobs. The modern workplace needs people with high reading and math capabilities, so millions of jobs go unfilled while the army of unskilled remains unemployed. Second, job growth will be fast in high-skill occupations, primarily in the service sector. Many of these jobs will require knowledge that did not exist twenty years ago. Finally, the way in which work is now being organized requires a completely new set of skills. As companies shift to Japanese style work teams, employees will have to sharpen their ability to communicate.

This changing occupational structure will perpetuate a continued mismatch between the jobs created and the skills of the labor force. A study by the Hudson Institute found that more than three-quarters of the nation's new workers will have limited verbal and writing skills, but they will be competing for only 40% of the new jobs. Most new jobs will require workers who have solid reading and writing skills, but fewer than one in four new employees will be able to function at the needed levels. This situation is even more serious in the SCAG region with its relatively high numbers of unskilled immigrants.

This problem is especially acute with minorities who are the neediest of new workers. As employers become increasingly dependent on them, minorities are lagging behind in reading and writing skills. These workers tend to be stuck in occupations that are disappearing, while few have jobs in growing industries. This finding was demonstrated in the Los Angeles area by Professor Blakely of UC-Berkeley.

Distribution of Growth and Job/Housing Balance

Rapid growth, heterogeneity, diversity, and dynamism have characterized the evolution of the Southern California region, especially during the past decade. A closer look at this picture reveals unbalanced rates of change and of spatial distribution throughout the region over the years. These phenomena are among the reasons why the positive aspects of growth are overshadowed and why growth has brought such severe impacts.

From 1970 to 1984 total employment in the region increased approximately 41%, most of it in the highly urbanized areas of Los Angeles and Orange counties. The two counties captured around 80% of the growth in employment. Proportionately, this is almost twice as much employment growth as housing construction.

The region registered a 31% increase in housing between 1970 and 1984 with only 45% of the growth occurring in these highly urbanized areas. This means that more workers had to drive longer distances to get from their residence to place of work and back. Residents of several communities in Riverside and San Bernardino counties drive long distances to their jobs in Los Angeles and Orange counties. For some, the one-way commute already reaches ninety minutes to two hours.

Projections show most of the employment growth between now and 2010 occurring in the highly urbanized areas, while most of the increase in housing construction takes place in the urbanizing regions of Riverside, San Bernardino, and southeast Orange counties. This increasing job/housing imbalance can

only intensify existing problems and further impact patterns of mobility and air quality, the distribution of tax revenues, the character of communities, productivity, the socio-psychological well being of workers, and the general quality of life in the region.

Summary of Trends

A number of major trends toward economic and social divisions are apparent in the SCAG region:

1. Economic projections by the Southern California Association of Governments point toward an increasingly bi-modal economy with more and more high-tech, high-skilled, and high-paying jobs at one end, an increase of low-skill, low-paying jobs at the other end, and fewer middle-skill and middle-level jobs—the middle steps in the opportunity ladder. Subsequent additional research done for this project indicated that middle level jobs will probably show continuing growth, but that the nature of the middle level jobs will change significantly. A critical challenge, therefore, will be to provide education and training to correct the mismatch of skills and to train the labor force for these new middle level jobs as well as the lower and higher level jobs that will be created in the future.
2. Increased atomization of the economy is generating more smaller, highly specialized companies, often producing on a contract basis for larger companies rather than functioning as parts of a larger company. The new middle skill jobs are being created almost entirely in small companies. David Birch of MIT points out that more than 14 million jobs were created from 1980-1988, while the Fortune 500 lost 3 million. A total of 17 million jobs were added to companies smaller than the Fortune 500; of these, 90% were in companies starting the period with less than 100 employees. In many cases the smaller companies, while offering greater opportunity, may offer fewer employee benefits, less training and job security, and be harder for parts of the labor force to access.
3. The region is becoming more divided demographically. In the 1950s and 1960s, the region experienced a huge in-migration from the rest of the United States. In the 1970s and 1980s, Southern California became the new home for large numbers of immigrants—some refugees, some undocumented—from Mexico, Central America, and Asia, as well as a significant number from the Near East. These immigrants are creating families much larger

than the families of the maturing post-war babies so that the region is trending towards three age bulges: the "Roaring '20s babies" (the parents of the "baby boomers"), forming a group of elderly much larger than we have ever had; the "baby boomers" themselves; and, the "echo boom" children of the "baby boomers" greatly augmented by the children of recent immigrants. In addition, the region is experiencing for the first time net out-migration to the rest of California and the western states. This out-migration is primarily non-Hispanic white. As a result of these shifts, the region is becoming more ethnically diverse with the two dominant large groups, Hispanic and non-Hispanic white, moving toward balance at approximately 40% each by 2010.

4. Existing and incipient economic and demographic divisions are often reflected and further emphasized by urban geographic divisions and by age of urban development. Thus, a fairly distinct division often exists between communities which are richer, newer, safer, and cleaner and those which are poorer, older, less safe, more overcrowded, and more polluted. Research done by the University of California indicates that the state's labor markets are becoming increasingly segmented and segregated. As a result, jobs appear to be moving away from minorities.
5. Societal and geographic division may have been influenced by the environmental movement of the late 1960s and early 1970s which impacted the speed and cost of development and was particularly strong in California. Also, the statewide tax and spending limitations initiatives (Prop 13 and Prop 4) at the end of the 1970s cut money available for services and for infrastructure construction and maintenance. More of the costs of services and facilities are now being shifted to the immediate consumer through development fees, growth of private schools, hook-up fees, etc. This heightens social divisions between the less affluent and the more affluent.
6. In the late 1980s, the region is witnessing a very strong movement supporting growth control. The growth control movement is strongest in the fringe areas where most new growth is occurring, although it is also strong in more affluent older communities as well. The growth control movement, caused partially by the shortfalls brought on by the passage of Props 13 and 4, could further heighten social and geographic division by

limiting housing supply and escalating housing costs.

Action Program

The following are the components of an action program to address economic and social disparities in the SCAG region: a socio-economic impact assessment process; regional human service coordinating capacity; a prototype economic development model; and, a leadership development proposal. In addition, a number of strategies are proposed to facilitate the empowerment of and communication among diverse communities within the region.

Socioeconomic Impact Assessment

In the Southern California region, disparities of income, job availability, housing, skill levels, educational achievement, and access to public services are significant and may be growing. Governmental actions may exacerbate the existing disparities along ethnic, economic, and sub-regional community lines. This project will design, demonstrate, and implement a socio-economic review process in governmental decisionmaking in Southern California (see Appendix).

Today the community's ability to influence public decisions based on their socio-economic impacts are limited. Currently neither National Environmental Protection Act nor the California Environmental Quality Act require a socio-economic impact analysis in their EIS or Environmental Impact Report process. Although the socio-economic impact analysis was not required, SCAG and Southern California Air Quality Management District have recently conducted a socio-economic impact analysis and review process in connection with the regional air quality management plan. SCAG has an opportunity to lead the nation in making regional policy responsive to community and sub-regional socio-economic concerns.

Debating the socio-economic impacts of policies will: help reconcile public and private, regional and sub-regional interests in the process of making public policy; include community and sub-regional groups in governance and facilitate their ownership stake in the region's future; make agencies more aware of the implications of their decisions; and, improve our understanding of, and the availability of data on, social and economic conditions, disparities, trends, and impacts.

The project contains three main elements:

1. Determine (a) which impacts should be investigated, (b) which policies, plans, or projects should trigger an impact statement, and (c)

what role socio-economic impacts should play in policy making—this to be accomplished under the guidance of a steering committee which will include members of the diverse communities in the region. This element will also include a review of the data and analytical methods available and the design of a model socio-economic impact report and review process.

2. Assist SCAG or a member jurisdiction in demonstrating the model socio-economic impact report and review process on a specific plan or project. Evaluate the model on its ability to elucidate the impacts, involve the community, and improve the decision process. Explore the benefits to the community and agency as well as the cost of the review. Recommend improvements in data and analysis techniques. Revise the model for adoption.
3. Adopt the revised process in SCAG decision-making. Develop legislation requiring socio-economic impact reviews of public policies (and, perhaps, private projects) for adoption in the California Environmental Quality Act, National Environmental Protection Act, and other statutes, as appropriate. Develop guidelines for public access to data on disparities impacts and their mitigation.

In order to facilitate monitoring of the impact mitigation, the committee has proposed that SCAG create a Growth, Environment and Development Management Information System. GEDMIS would address in a comprehensive, interlocking, and time-wise correlated manner the provisions in the plans and EIRs for growth, environment, and development in the whole region. It would create an informational base, always open to the public, which would show what each agency and jurisdiction promises to do, and does do on a time scale to achieve the goals and numerical targets of the new Regional Plans and EIRs (see Appendix).

Human Service Coordination

A number of groups have stressed the importance of the coordination of resources in the provision of human services. In this case, the recommendation is a result of similar findings of the LA 2000 study, the NARC/Ford Foundation project, and the Strategic Plan for the Greater Los Angeles United Way. All three projects found that the current delivery system for human services in the region lacks a mechanism by which it can assess the needs of the changing population and its own capacity to respond to those needs. To correct this imbalance, a consortium of human service providers has been proposed.

In general, the consortium would develop the necessary data base for the needs assessment (in connection with SCAG), establish an information network among agencies and other providers, help match services to facilities, and help coordinate the delivery of services at the local level. The goal is to increase the efficiency and responsiveness of a delivery system that must provide for the increasingly diverse needs of the region's multi-ethnic and varied age groups.

Economic Development Approach

The trend section of this report described the numerous changes that are occurring within the SCAG region. The changes in demography, economic structure, and career opportunities create the need for a new structure to bring these activities together. These changes are happening so rapidly in this region, that existing institutions of government, business, education, and labor cannot respond quickly enough. This is especially true in the area of economic development. Creative and innovative programs and institutional structures are needed in order to develop effective economic development strategies.

Basic Focus—The Job and Economic Development Subcommittee has concentrated on the issues of education and training as the means to achieve job and economic development and thus overcome employment and advancement disparities. The challenge is to prepare the labor force for the changing skills needs at all levels and to provide "career ladder-ing" programs where training is provided for positions at different skill levels. In this way, not only are advancement opportunities created in the middle and upper rungs, but openings are also created at the bottom as workers move up the ladder.

Description of Area—The Job and Economic Development Subcommittee has focused on formulating a prototype economic development plan at the sub-regional level for western San Bernardino County and eastern Los Angeles County. This is an area that has a low job/housing ratio, where adding jobs could benefit transportation and air quality and improve work opportunities for a diverse population. Eleven cities in this sub-region have already banded together to form an organization called the Baldy View Public/Private Coalition. The group is composed of public, private, and at-large members from each city. One of their objectives is to promote economic development and job growth in this area. To this end they have made education and training a top priority.

Chaffey Model for Economic Development—Chaffey College (the community college serving the western San Bernardino County area) has developed

a proposal called the Chaffey Model for Economic Development (see Appendix). The model envisions the community college as a key link to the local business community. The model would create a regional center for economic development to: develop a well-trained labor force, improve the quality of life, enhance productivity, create new job opportunities, and increase participation of unrepresented and underrepresented groups in business and industry as employees and employers. A unique feature of the model is the partnership between business, industry, education, and government whereby each benefits as a participant.

The model includes 62 separate activities that are grouped into a total of 11 cluster units. Following are some of these clusters and sample activities:

1. Contract Training Unit—customized training, apprenticeship programs, JTPA and ETP programs
2. Center for Technological Advancement and Productivity—quality control training, technology transfer, high-tech instruction, and models of technological applications
3. Institute for Management Development and Advancement—professional development and leadership training
4. Small Business Service Center—small business development assistance center, small business institute, and small business incubator
5. International Studies and Business Development Institute—international business center, a center for multi-cultural affairs
6. Telecommunications and Multimedia Services—a teleconferencing center, cable TV and videotaping services
7. Employment Support Services—career/vocational assessment, workforce literacy, job placement, and employee assistance partnership programs
8. Experiential Learning—cooperative education, mentor programs

Chaffey has also developed an education and training partnership for technology for local employers which includes a unique proposal for career ladder. The college is arranging for coordination with the two other community colleges serving the Los Angeles County portion of the subregion and with the high schools in the area.

Other Components of Prototype Economic Development Plan—The Chaffey model is viewed as part of a more comprehensive prototype economic development plan for this area. While education and

training are key elements of this prototype, it will also include other components such as infrastructure, housing, and other economic development activities.

A number of transportation-related issues affect economic development in the Baldy View area. In a recent position paper, the Baldy View Public/Private Coalition identified six major transportation needs for the area:

1. improvement of transportation funding, such as a state gas tax increase, lifting of Gann cap, development impact fees, a county sales tax, and tolls
2. completion of major improvements, such as Ontario International Airport ground access improvements
3. provision of non-highway alternatives, such as commuter rail, express bus service on freeway, and expanded transit service
4. better use of existing system, such as high occupancy vehicle lanes, ramp metering, and encouraging car pooling and transit use
5. improvement and maintenance of the street network, such as expanding the arterial street system to its full potential and improving maintenance and rehabilitation of street network
6. provision for the future, such as identifying and protecting future transportation corridors, supporting alternative fuels and vehicles, and supporting demand management

A major transportation issue in the area is the uncertainty over the future volume of air passenger and air cargo activity at Ontario International Airport. The number of annual air carrier operations at the airport has been considerably underestimated. As a result, the airlines have refused to underwrite the bonds for the construction of a new airport passenger terminal. The Department of Airports and SCAG have urged the Air Resources Board to raise the constraint, but the ARB has not acted on it. Noise complaints from the City of Chino have further complicated the issue. This situation has led the Department of Airports to authorize the preparation of a new EIR.

Air cargo operations at Ontario International Airport have expanded dramatically, primarily due to the expansion of the fast-forwarding package delivery industry. A proposal has been made to construct an international air cargo terminal to meet this demand. The City of Ontario recently proposed purchasing the airport from the Los Angeles City Department of Airports. They feel that local control of the facility will enable them to expedite needed improvements.

Other important infrastructure issues include wastewater treatment facilities, sewer capacity, air quality, water supply and flood control.

Housing—Another key factor in economic development is provision of adequate housing in differing price ranges. While the nature of the housing supply varies city by city, the study area as a whole currently has a housing supply fairly close to regional and county averages regarding percentage of stock for different income levels.

The projected needs over the next five years, as set forth in the Regional Housing Needs Assessment of SCAG adopted in 1988, indicate a slightly lower proportion of added lower-cost units will be needed here than for either of the counties as a whole or for the entire region. Nonetheless, assuring that added housing is available in a spread of costs will be a difficult and important task here, as in cities throughout the region. It will be critical for the economic development program to provide the diverse labor force needed, for the workability of the training and retraining programs, and for the achievement of the transportation and air quality benefits to accompany the improved job/housing balance. Cooperative public and private programs to assure the needed range of housing must be an integral part of the broader economic development program.

Other economic development activities that will be taken into account when formulating the prototype economic development plan include enterprise zones (such as Agua Mansa in Rialto area), provision of "incubator" facilities, and redevelopment efforts. A number of actors in the economic development arena must be involved in this process: city councils and redevelopment agencies, local chambers of commerce, county economic development offices, the Inland Empire Economic Council, private industry councils, the West End Certified Development Corporation, the Small Business Administration, and Inland Empire West.

Funding Alternatives—The cost to implement the Chaffey Model for Economic Development is expected to be several million dollars over a 3-year period. One avenue for funding could be as a state-funded demonstration project. Funding possibilities are also available through the Vocational Education Act for training of this kind. The recently passed federal trade bill is another possible funding source.

In order to develop the comprehensive economic development plan, including a broad range of economic development activities, seed money will be needed for the Baldy View Public/Private Coalition. Possible sources of funding include foundations, private corporations, local contributions, and state and federal grant programs.

Leadership

The fourth and final element of the action program is a regional leadership program. If the other elements of the program—socio-economic impact assessment, human services coordination, and economic development prototype plan—are to be successful, having a group of leaders throughout the region who are sensitive to and committed to dealing with these issues is crucial. Thus, the fourth part of the action program is designed to provide leadership training to facilitate this process.

The Vision/Process Subcommittee recommends that regional leadership training: provide leaders with information on regional and sub-regional projections, plans, and impacts; develop a commitment to inter-local collaboration; and, recruit leaders to participate in regional and sub-regional planning and problem-solving groups.

Project Recommendations

Unresolved issues and elements of the action program are recommended for future research:

1. Further research is needed into the changing occupational structure within the region and the effect of those changes on wages etc.
2. A demonstration project for socio-economic impact assessment should be developed and evaluated.
3. A prototype economic development plan and network should be formulated on a demonstration basis (such as the Baldy View and Chaffey model).
4. A joint effort by SCAG and the United Way should be undertaken in order to improve the coordination of human services.
5. Scholarship money for regional leadership training should be sought.

Summary of Project

Site Selection

The National Association of Regional Councils selected three demonstration regions to serve as data collection sites for the project. The selection of these sites was based on criteria established by NARC which included the following items:

- (1) population, social and economic conditions, and existing governmental arrangements
- (2) demonstration of sufficient interest and commitment to the project by a council's board and staff, supporting the goals of the project and insuring that the project is completed successfully
- (3) submission of information indicating how a demonstration project fits into the strategic plan or goals for the council's role in the region
- (4) use of a steering committee that would involve appropriate regional civic and private interests in the project
- (5) follow-up activities and publicity efforts related to the demonstration project showing how the project would be used to advance or improve regional decision making and public-civic-private interest relationships
- (6) willingness to provide matching funds of 50% of the seed grant
- (7) willingness to meet the work program requirements and schedule of the project

The three sites chosen to participate in the project were: the Southern California Association of Governments in Los Angeles, CA; the Regional Plan Association in New York, NY; and the Regional Planning Commission for Jefferson, Orleans, St. Bernard and St. Tammany Parishes in New Orleans, LA.

Each of these sites represents a unique point of view on what problems require the most attention in metropolitan areas and the manner in which local government should respond to these problems. Los Angeles, in particular, offers the opportunity to explore the nature of a new kind of urban area that includes the entire spectrum of social and economic benefits and problems; it provides a huge social labo-

ratory that is changing the concept of metropolitan areas in this country.

Objectives

This project prompted several regions to assess their future needs in the social and economic area, determine their capability to meet those needs, look at new strategies for addressing social and economic issues, and encourage a regional discussion by its citizens of key issues and strategies. At the national level, the summary overview of these regional efforts was analyzed to determine the applicability to the country as a whole of issues and solutions created for each of the demonstration regions. Finally, the project encouraged other regions to undertake similar exercises and identify needs for future national domestic policy discussions.

Regional Objectives

The project identified three objectives at the regional level:

- (1) To explore the current state of regional governance in three specific regional communities with special attention to their capacity to address critical social and economic issues
- (2) To assess each region's most crucial future physical, social, and human resource needs
- (3) To determine strategies each region can undertake to respond to these trends and needs

These regional strategies will address the process that links all major interests and institutions (academic, civic, business, public) to assure that communication, negotiation, and decision-making with a common vision and strategy are used to meet those needs and that a partnership is developed to implement the necessary decisions.

The product of this regional process will be a renewed commitment to basic social equity with economic and educational opportunities being provided for the disadvantaged. In addition, strategies will be developed for making the regions more economically competitive and methods will be determined for implementing these strategies in a more cost-effective

tive manner. The process will also enhance the diversity, resources, and unique aspects of the region and its communities and will sustain and improve its quality of life and cultural heritage. Finally, this regional process will develop strategies to improve regional public decision-making, examine techniques to improve service delivery, and better distribute those costs to users and those who directly benefit. Special attention will be devoted to determine the roles of special districts and authorities and the impact of the fragmentation of local government.

National Objectives

The objectives at the national level will be to collect and analyze regional reports and to extrapolate this information for application and dissemination at the national level. This national overview will be used to determine strategies that are appropriate for the various regions and to encourage other regions to undertake similar efforts.

Project Approach

This project used demonstration sites to accomplish its objectives. Three regional councils were selected as demonstration areas. These councils are representative of the metropolitan areas throughout the country and were selected based on criteria established by NARC.

To assist each demonstration site, NARC developed a detailed workbook to be used as background information and as a guide for their work tasks. This workbook includes a summary of overall national trends, assessment criteria for evaluating various issues, and suggested strategies for each of the regions.

Finally, a report will be prepared at the conclusion of the project which will contain findings and recommendations based on the individual regional demonstration efforts.

Postscript

This project has been a fascinating adventure into the very essence of the problems facing the nation. As the project evolved, many of the issues that were being examined by the demonstration regions became the focus of nightly news programs. Many times the stories originated in one of the regions.

The nation is faced with many challenges that must be confronted if we are to survive as a world-class power in the next decade. This study is only the beginning of a process that must be undertaken at the

regional, state, and national levels if effective solutions are to be developed.

With commitment, an understanding of the basic causes of the existing conditions, and experiences shared, successful programs can be developed. As we progress towards the resolution of the social and economic disparities that exist, we must keep in mind that every individual must be a part of the American economy if we are to have continued success as a nation.



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