

Field Perspectives on the Causes of Low Employment among Less Skilled Black Men

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Abstract

Employment rates of less skilled black men have lagged those of similar white men for the last three decades. This paper presents findings from a unique survey that assessed explanations for this employment crisis by questioning both supply and demand side participants in this labor market. The results provided a number of useful perspectives from the field. Black men looking for work—the supply side—identified difficulties in “getting through the door” as the major reason for their non-employment. These barriers to hiring included felony convictions, drug testing programs, low skill levels and bias. Employers—the demand side—reported negative perceptions of black male applicants consistent with supply side reports. Employers believed that black men were less likely to have the desired interpersonal skills and work ethic, and that they were less likely to pass pre-employment drug tests. The results suggest an agenda for innovative research and policy focused on solving problems related to drug use and improving pre-employment information available to employers, particularly with regard to felony convictions.

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I. Introduction

For decades, academics and policymakers have decried the employment crisis among less skilled African American men.¹ Only half of working-age black men without a high school degree were employed in 2006 as compared to 80% of similar white men, and these numbers do not even account for higher incarceration rates among African American men.² Two features of this racial employment gap are striking: it is limited to men, and it has changed little in over twenty years.³ Researchers have offered many explanations for low employment rates among less skilled black men over the years. Some have proven to have merit. Some have inspired social policy. Occasionally those groups even overlapped, yet the crisis is little diminished. It is time that researchers reexamined this problem in an effort to find innovative, cost-effective and near term solutions.

I take a novel approach to identifying causes for low employment among less skilled black men: I ask them and their potential employers to assess the merits of a number of proposed explanations for the black male employment crisis. This type of survey information is useful because contributing factors to the employment crisis are so numerous that it is difficult for social scientists and policy makers to know where to expend limited resources exploring an innovative solution. Less skilled black men and hourly wage employers were *both* surveyed about their experiences and opinions as supply- and demand-side labor market participants. Supply-side respondents were also interviewed in focus groups.

I designed the survey to assess several proposed explanations for the black male employment crisis, emphasizing explanations with potential to inspire interventions that are both novel and achievable in the near term. Questions on both sides of the survey focused on broad explanations. On the employer side, I asked about the presence of less skilled black men in the applicant pool and the employee pool; screening procedures; and their perceptions of employees of different races and genders. On the employee side, I

¹ From Freeman and Holzer (1986) to Eckholm (2006).

² Author's calculations, 2006 March CPS (ASEC).

³ Employment rate gaps between less educated black and white women are insignificant, although there are differences in rates of unemployment across women of different races since white women are more likely to be out of the labor force.

asked about attitudes toward work and cultural preferences, including risk tolerance; work disincentives created by child support obligations; and information about job openings and search techniques. One important explanation receives little attention in the survey – the possibility that low skill levels among the black male population account for their low employment rates. Increasing the skill stock among African American men must undoubtedly play a role in the long term closing of the employment gap, but it is incompatible with the survey’s goal of identifying innovative, near-term solutions to help today’s non-employed black men.

A second novel aspect of my analysis is its sample. I recruited black men for inclusion in the survey primarily through local social service agencies providing job search assistance. The results thus reflect circumstances facing a particular segment of the heterogeneous population of non-employed black men. The sheer size of this population suggests substantial heterogeneity in their ability and willingness to become employed.⁴ Since a single cause is unlikely to explain the employment choices of half of all such men, researchers and policymakers should exploit this heterogeneity in order to tailor solutions to sub-populations. A first step in this direction is more focused analysis of sub-populations. If a targeted solution could move 20% of non-employed black men with a high school degree or less into employment, the unemployment rate of this group would fall from 50% to 40%. This is a change from a situation in which non-employment is almost the norm (50-50) to one in which nearly 2 in 3 men are employed. The effects of such a shift on impoverished black neighborhoods could be substantial.

The results provided a number of useful perspectives from the field. First, African American men looking for work consistently highlighted difficulties in “getting through the door” as the major obstacle they faced in finding employment. They pointed to felony convictions, drug testing programs, low skill levels and employer bias as major barriers to hiring. Other potential explanations received much less emphasis, including difficulties finding job openings, problems completing applications, and personal

⁴ Maxwell (2006), Newman (1999 and 2006) and Connolly et al. in Newman (2006) identify important dimensions of heterogeneity among workers in the low-wage labor market.

aversion to distasteful types of work. Work disincentives created by enforced child support payments—another recent explanation—were mentioned as a hardship but not a deterrent to working. Employers reported negative perceptions of black male applicants consistent with supply side reports. They believed that black men were less likely to have the desired interpersonal skills and work ethic and less likely to pass a drug test, a common applicant screening procedure. Employers also reported that they did not differentially scrutinize applicants or reward employees of different races. Taken together, the results suggest an agenda for innovative research and policy focused on solving problems related to drug use and improving pre-employment information available to employers, particularly with regard to felony convictions.

The paper proceeds in five sections. I summarize the large literature on relative employment outcomes for less educated black men in Section II. In Section III, I describe the methods of survey construction and administration in more detail. I present results from the employee and employer surveys in Section IV, and I draw conclusions and make suggestions for future research in Section V.

II. Background: A Thirty Year-old Crisis

Several observers have labeled the employment situation for less skilled black men a “crisis.” The employment gap between less-educated black and white men began to widen in the mid-1970s after decades of convergence (Bound and Freeman 1992). *The Black Youth Employment Crisis* was even the title of a 1986 volume edited by Richard Freeman and Harry Holzer that collected economic analyses on diverse aspects of the black-white youth employment gap. The studies in the volume were motivated in part by the decade of stalled relative economic progress that had already elapsed. Despite the call to action implied in labeling a situation a crisis, less skilled black men continued to fall behind their white counterparts in both

employment and labor force participation throughout the 1990s (Holzer and Offner 2004).⁵ Hence the crisis continues unabated thirty years later.

Intractable problems often have many contributing causes. There is consensus that major shifts in fundamental labor market variables (industry- and occupation-level demand and supply) and institutions (unions and the minimum wage) combined to adversely affect relative labor market outcomes for black men throughout the late 1970s and 1980s. Bound and Freeman (1992) show that these shifts reduced employment rates for less skilled black men, hitting those in the Midwest particularly hard, although they emphasize the multi-faceted explanation for stagnating labor market outcomes among black men generally.⁶ Sources of the continued decline in black male employment since 1990 are less clear. Changes in human capital stocks seem to play a larger role in this more recent period. Black gains in skills as measured by standardized tests scores and educational attainment stalled relative to whites beginning with cohorts entering the labor market in the 1990s, and decades of relative progress even reversed itself for urban black youth, particularly boys (Neal 2006). Other standard causes for declining employment rates—i.e. those that accounted for the declines of the late 1970s and 1980s—do not satisfactorily explain the continued relative decline in black male employment (Holzer, Offner and Sorenson 2004). Moreover, Edelman, Holzer and Offner (2006) show that the black-white employment gap opens in young adulthood. Only 50% of black men ages 16 to 24 and not in school are employed while 80% of similar white men have jobs.⁷

The studies cited above rely on traditional analysis of existing data sets to link causal factors and employment outcomes. Unfortunately this type of analysis has not produced a thorough explanation for the

⁵ Holzer and Offner (2004) document the continuing crisis: less skilled black male employment continued to decline through the 1990s, even as employment among less skilled white men and Hispanic men stabilized, and that of less skilled black women improved dramatically.

⁶ Bound and Freeman document that the decline in relative economic progress of black men in 1980s was not limited to less educated blacks, but that less and more skilled blacks were affected by different factors. College educated blacks suffered from contraction of public sector employment. Both less and more skilled blacks suffered from increased relative supply.

⁷ The black-white school enrollment gap is not nearly so large. 47.3% of 16-24 year old white men are enrolled in school while the number for black men is 46%. Hispanic enrollment rates are much lower, but nearly 80% of Hispanic men not enrolled are employed (Edelman, Holzer and Offner 2006).

continued employment crisis among less skilled black men. I approach the problem with a different empirical strategy. I survey labor market participants directly, asking questions that evaluate competing explanations based on self-reported participant behavior.

This approach is similar in style to the studies in Freeman and Holzer (1986), Holzer (1996) and Maxwell (2006) and in spirit to work by Gruber and Mullainathan (2002), who use subjective measures of well-being to examine the impact of anti-smoking legislation on smokers' happiness. Sociologists (Newman 1999 and 2006) have also surveyed labor market participants about their experiences, but the discussion in Pager and Quillian (2005) emphasizes that these surveys typically obscure the object of investigation—particularly in the case of racial differences.⁸ The surveys I present here make race salient from the outset. The main advantage of this direct approach is that it allowed me to ask a large number of questions related to the topic of interest. I was thus able to explore participants' opinions on a wider range of explanations than almost any other study.

This paper is not the first to examine the low wage labor market through the use of surveys (Maxwell 2006; Newman 1999 and 2006; Moss and Tilly 2001; Holzer 1996), but it is the first to target *both* employers and employees in the labor market for less skilled black men. Freeman and Holzer (1986) and Pager and Quillian (2005) made the black male employment crisis their particular focus, but the former surveyed black youth and the latter surveyed firms. Freeman and Holzer coordinated the administration and analysis of a survey of urban black youth that questioned respondents extensively about their activities in and related to the labor market.⁹ The wide range of questions asked in their survey makes it similar to the employee survey analyzed here. A number of their findings are echoed in this paper—which is reassuring since their sample size is much larger—but the passage of twenty years makes fresh survey results useful.

⁸ Economists take this approach as well when studying attitudes about race. See Fong and Luttmer 2007, who examine racial bias in the context of charitable giving.

⁹ The 1985 Boston Youth Labor Market Survey.

Surveys of employers in the low skill labor market have typically been wide-ranging. Holzer (1996) analyzes multi-city data from a survey of low wage employers. Holzer's survey collected detailed information in job requirements, screening procedures and compensation. A number of his findings overlap with those presented here. In addition, my survey addresses employer attitudes about problems in the labor market for less skilled black men and asks about employer perceptions of candidates according to gender and race. This is similar to evidence elicited by Moss and Tilly (2001) who conducted wide-ranging in-person interviews with employers. Both Holzer (1996) and Moss and Tilly (2001) were supported by the Multi-City Study on Urban Inequality, a large project designed to tackle the black male employment crisis by surveying urban employers of low skill workers. Information gathered in the Multi-City Study provided valuable insights on the demand side of this market. Survey evidence presented here was gathered on a much smaller scale but builds on this earlier work through questions that incorporate recent explanations for low black male employment.

Survey questions were designed to be wide-ranging—touching on a number of potential explanations for low employment among black men—but several focus areas received the most attention. Focus areas were topics on which evidence from a small, targeted survey is most likely to be informative as compared to large data set analysis. Employee questions focused on work disincentives created by child support obligations, cultural influences and attitudes toward work, and job seeking methods. Employer questions focused on the gender and racial composition of both applicant and employee pools, applicant screening procedures, and perceptions of applicants from different race and gender groups. Focus areas were selected in part for their ability to inform existing literatures.

Work disincentives generated by court-ordered child support obligations have been the subject of state-level difference-in-difference analysis by two research teams. Freeman and Waldfogel (2001) find that changes in child support enforcement laws in the 1980s and 1990s increase the percentage of never married women receiving it. Thus the impact of this change fell disproportionately on minority families, with

benefits going in large part to less educated black women while costs were borne by similar black men.¹⁰ Because child support payments increase with a father's income, this amounts to a distortionary tax on black male labor in the formal sector with predictable effects on work incentives. Evidence in Holzer, Offner and Sorenson (2004) suggests that increased child support enforcement played a significant role in accounting for employment and labor force participation declines among less skilled black men ages 25-34 although Freeman and Waldfogel (1998) find little impact of child support enforcement on employment for these men. Survey evidence may shed light on these contradictory findings.

Attitudes toward work have received comparatively little emphasis in the study of the black male employment crisis. They are, however, a subject well-suited to a survey of labor market participants because social scientists have little choice but to survey individuals in order to examine the attitudes they hold. Survey evidence will allow me to explore the important but contentious possibility that attitudes toward low wage jobs constitute a cultural obstacle to employment for less skilled black men. Patterson (2006) has recently argued that a culture of non-work is taking hold among young black men as a result of social acceptance and even glorification of gangster lifestyles. Attitudes toward work were explored empirically by Datcher-Loury and Loury (1986) in *The Black Youth Employment Crisis*. They conclude that work aspirations are relatively more important determinants of labor supply for black men than for whites, a finding that bolsters the alarm sounded by Patterson.

The possibility that black men are not hired for available jobs, even when they apply, motivates the remainder of the survey's focus areas. This is closely related to the "racial mismatch" phenomenon (Hellerstein, Neumark and McInerney 2007). Hellerstein and coauthors show that a dearth of nearby jobs *into which blacks are hired* drives low employment rates among urban blacks, as opposed to a shortage of nearby jobs alone—the contention of the spatial mismatch hypothesis (Ellwood 1986). Questions of the

¹⁰ In some cases benefits actually accrue to the states instead of single mothers, as some states have reserved the right to use child support payments to recoup the cost of welfare payments made to single mothers, a practice called "pass through." (Edelman, Holzer and Offner, 2006)

employee sample about job search practices and of the employer sample about screening procedures, perceptions of applicants based on race and gender, and racial composition of applicants versus employees address the mechanisms that might drive the poor hiring rates of blacks observed by Hellerstein et al and those in Cutler and Glaeser (1997).

Questions about one screening procedure in particular, pre-employment drug testing, are unique to this survey. Pre-employment drug testing has received some attention in the literature but little is known about its potentially disparate impacts by race and gender. The limited evidence available suggests potentially disproportionate impacts for less skilled black men. The frequency of employer drug testing has increased dramatically since the 1980s, rising from a range of 18% to 32% to a range of 38% to 77% depending on the sample of surveyed firms (Hartwell et al 1996).¹¹ Large employers are much more likely to drug test than small firms; firms in the Midwest and South are more likely to test than those in the Northeast and West; and manufacturing, construction and utilities/transportation firms are more likely than services, retail/wholesale and FIRE to test. Employers are also more likely to test new applicants than existing employees. Even if less skilled black men were no more likely than other applicants to use drugs, testing patterns could disproportionately impact this group based on the industries they work in, regional patterns, and the fact that black men are more likely to be looking for work than white men.¹²

The disparate effects of a second common employment screen, criminal background checks, have been more thoroughly explored. Bound and Freeman (1992) argue that increased identification of blacks with criminal records contributed to declining black employment rates starting in the 1980s, and Freeman (1996) provides evidence that declining labor market opportunities worsened this trend by making crime

¹¹ They report that representative BLS surveys of employers find rates of drug testing among employers with more than 250 employees of 32% in 1988 rising to 46% by 1990.

¹² See Kaestner (1998) and Saffer and Chaloupka (1998) for studies of usage rates.

relatively lucrative compared to formal work.¹³ Holzer, Offner and Sorenson (2004) find that incarceration policies also play a role in declining employment and labor force participation among black men ages 25-34.

Two recent studies find significant racial discrimination in hiring (Bertrand and Mullainathan, 2004; Pager and Quillian, 2005). Bertrand and Mullainathan find that employers discriminate in calling applicants they believe are black for interviews, while Pager and Quillian find that employers are much less likely to hire blacks and ex-felony offenders in practice than they say they are in carefully designed surveys on the topic.¹⁴ Although employer bias and discrimination may account for low employment rates among blacks, the survey was not designed to test a pure discrimination hypothesis. Instead, employers were asked detailed questions about their perceptions of typical black and white job candidates. Their answers inform the discrimination literature by revealing multiple dimensions on which employers perceive black and white candidates to be different, and not always to the disadvantage of black men.

Finally, it is worth mentioning two trends that make the continued worsening of black male employment even more puzzling. The first puzzle is that the deteriorating relative economic position of these men has continued in the face of improvements in relative measured skills and educational attainment of black men, although this convergence slowed in the 1990s (Holzer & Offner 2004; Freeman 1996) and even reversed itself on some measures for urban black youth (Neal 2006). The second is the dramatic improvements in employment and labor force participation among less educated black women that began in the mid-1990s.¹⁵ In considering ways to ameliorate the employment challenges faced by less skilled black men, it is important to keep these developments in mind and to consider what they imply about the likely success of potential interventions.

¹³ See Cook and Laub (2001) for a review of youth crime trends by race and gender. They show that black men born roughly 1970 to 1985 were part of an unprecedented youth crime wave relative to whites.

¹⁴ Additionally, the correlation between actual hiring tendencies and the survey self-reports is quite low. Employers also dramatically overestimate their probability of hiring a hypothetical applicant in survey studies when compared to actual call back rates in audit studies. Indeed, Pager (2003) finds call back rates in her audit study that are similar to those reported in Bertrand and Mullainathan, a “resume based” audit study.

¹⁵ Some of these gains were due to policy changes that were part of the mid-1990s welfare reform legislation. Meyer and Rosenbaum (2001) find that welfare reform led to employment gains for single mothers, a change that would disproportionately impact African Americans women.

III. Construction of the Employer and Employee Surveys

The survey consisted of two different questionnaires, one for each side of the labor market.¹⁶ For the sake of explication I refer to survey respondents these as the employer and employee samples, although no direct employer-employee relationship exists between any two respondents in the surveys. Respondents in the employee survey may not even be employed.

Questions on both sides of the survey focused on broad explanations. On the employer side, I asked about the presence of less skilled black men in the applicant and employee pools; screening procedures; and employer perceptions of employees of different races and genders. On the employee side, I asked about attitudes toward work and cultural preferences, including risk tolerance; work disincentives created by child support obligations; and information about job openings and search techniques.

Both sides were also asked to broadly assess the reasons for and potential solutions to low employment rates among less skilled black men. This part of the survey asked identical questions of both the employee and employer samples, allowing me to compare perceptions about the fundamental problem in this labor market. Responses to overlapping questions may suggest the existence of a “bottleneck” problem on which both sides agree or, alternatively, disagreement about the nature of the problem and its solution.

Both parts of the survey asked multiple questions within the main focus areas. On the employer side, the survey first addressed questions of how applicants compare to employees on a number of dimensions. Respondents were asked the racial, gender and educational composition of their applicant and employee pools to determine whether employers interact with less skilled black men at the application stage, or whether barriers to employment occur even earlier in the employment process. The survey then asked employers about their use of screening procedures including drug tests, reference consultation, and criminal

¹⁶ Copies of the surveys are available for reference online at www.nd.edu/~awaggone/research.htm.

background checks. Finally, employers compared hypothetical applicants of different races and genders and reported which (if any) group was more likely to possess a range of characteristics. These comparisons allow me to examine whether and on what dimensions employer perceptions systematically favor one race or gender. I asked respondents to make both inter-racial and inter-gender comparisons in order to disentangle perceptions about blacks generally from those about black men specifically.

The employee survey was longer and somewhat more wide-ranging. Questions were grouped into three focus areas: attitudes toward work and cultural preferences, including risk tolerance; work disincentives created by child support obligations; and information about job openings and search techniques. Within these areas, however, respondents were asked several questions which often allowed me to evaluate related explanations. Questions about work attitudes and cultural preferences were the most wide-ranging. Respondents were asked about their willingness to work, identification with work, reservation wages and their willingness to take financial and non-financial risks. Additional discussion of the employee survey questions is presented alongside the results.

The survey makes race salient from the outset. As discussed above, this distinguishes my approach from that of earlier studies of race and hiring in the less skilled labor market. The most obvious disadvantage to this approach is the issue of social desirability, the phenomenon that drives respondents to bias their answers to fit what they feel the researcher wants to hear. A number of steps were taken to minimize bias from this source, particularly in the employer survey where social desirability is more of a concern.

Care was taken to convey the subject of the survey to respondents in a manner that would make them feel free to respond honestly. The framing language clearly assumes gender and racial differences in the labor market (which is true on many dimensions). Presenting these differences as an established fact should make respondents—employers in particular—feel they are part of a larger trend and that they are not behaving differently if they express opinions consistent with racial or gender differences among applicants

or employees.¹⁷ It is also clear that employers are being asked about their opinions or “perspective” rather than their actions. Every effort was made to guarantee anonymity.

Respondents were recruited through a number of channels designed to target participants in the hourly wage labor market in the South Bend area under the assumption that less skilled minority men are most likely to participate in this end of the labor market, if they participate at all. Respondents to the employee survey were primarily recruited in cooperation with local service providers, although a small number of respondents replied to an open advertisement in the local paper.¹⁸ Recruitment materials stated that respondents should be African-American men between the ages of 18 and 40 with no college education, although a few respondents did not meet these criteria. All respondents received a \$10 gift card as compensation for their time. Although recruitment efforts did not specifically target the unemployed, men in this demographic by and large identify themselves as either unemployed or seeking employment.

Recruiting respondents to the employer survey proved more difficult, due largely to employers’ reluctance to comment on race and gender issues in hiring. Roughly two thirds of the employer sample was recruited by in person solicitation of hiring managers on duty at local businesses. Hiring managers were asked if they were willing to take a copy of the survey to be returned anonymously by mail; roughly 60% accepted the survey in person.¹⁹ They were then given the option of returning a separate form requesting a \$10 gift card in compensation for their efforts. The response rate conditional on accepting the survey was roughly 44%. A second phase of employer survey recruitment allowed self-identified hiring managers to respond to the survey online. Respondents in this phase of the survey were recruited through an advertisement in the major local paper, and comprise roughly one third of the employer sample. At the

¹⁷ It was reassuring that more than one employer survey respondent expressed gratitude for the opportunity to talk frankly about his/her opinions on this matter, which allays some concerns about social desirability bias.

¹⁸ Local service providers advertised the opportunity to take a 45 minute survey at a particular time in exchange for \$10 to their clients and provided space to administer the survey on the appointed date. There seems to have been little effort on the part of providers to screen participants. The service providers included a community improvement outreach center supported by the University (The Robinson Community Learning Center), the local workforce development board (WorkOne), a center providing a range of services to help adults transition into stable homeownership and employment (Center for the Homeless), and a traditional soup kitchen/homeless shelter (Hope Rescue Mission).

¹⁹ 72 establishments were contacted in person and asked to take a survey.

conclusion of the survey, they were given the option of requesting compensation in the form of a \$20 gift card.²⁰

The strengths and weaknesses of the sample are largely obvious but bear stating. Sample sizes were constrained by time and budget considerations. In total, 33 men responded to the employee survey and a subset of roughly one third of these also participated in the focus groups. The employer survey had 31 respondents for a total of 64 respondents in the project overall. These sample sizes are modest when compared with larger surveys conducted by economists in this field but compare relatively favorably with sample sizes more typical in sociology.²¹ Moreover, response rates to the employer survey compare favorably with those for other employer surveys, which increases confidence in the representativeness of that part of the sample.

Both the employer and employee samples likely contain a disproportionate share of respondents who feel strongly about the subject. In the employer sample, it is not necessarily the case that the selection process is monotonically related to respondents' opinions on the topic. Employers with stronger opinions from both ends of the spectrum may have been more likely than those who are unconcerned about the topic to answer a survey. The offered compensation was intended to reduce selection bias along this dimension by providing an incentive for participation above and beyond personal concern. Additionally, reminder postcards were mailed to firms where a hiring manager had accepted the survey. The reminders yielded an additional handful of responses, a change which nevertheless resulted in an increase in the employer sample size of more than 10%. Recent evidence suggests that such "harassment" of reluctant responders can significantly improve the representativeness of a sample (DiNardo, McCrary and Sanbonmatsu, 2006).

²⁰ A higher compensation level was offered for the online survey because it required that individuals take an extra step -- logging on and finding the survey -- that was not required of respondents to surveys that were hand delivered.

²¹ The final wave of the sample used in Newman's work (2006) has 40 respondents.

Reported results reflect the opinions of men in contact with local service providers who assisted in sample recruitment. African-American men who were concerned about their employment situation were almost certainly overrepresented among the employee respondents. However, survey results can be used to assess program innovations to help the sub-population of less skilled black men in contact with service agencies. Generalizing the results to the entire population of less skilled black men should be done with caution, although I will provide evidence on how observable characteristics of employee respondents compare to characteristics of the black male population as measured in a nationally representative data set.

A final limitation to the study is its focus on a single local labor market. However, the South Bend labor market shares many characteristics with those of larger urban industrial centers in the Great Lakes region and the Northeast. It is particularly similar to two of its larger neighbors, Chicago, Illinois, and Toledo, Ohio.²² The central cities in all three of these metropolitan areas have substantial African-American populations; the share of blacks in the city population is 26%, 36%, and 25% in South Bend, Chicago and Toledo, respectively. Both Toledo (6%) and South Bend (11%) have substantial Hispanic populations but these are significantly smaller than the population in Chicago (29%).

All three cities had unemployment rates of approximately 10% in 2005, higher than the national average of 5.1%. The industrial composition of employment in these cities was also similar. In all three, education and healthcare services was the largest sector, followed by manufacturing in both Toledo and South Bend with manufacturing a close third in Chicago. Finally, all three are surrounded by suburban areas that substantially increase their populations, have lower minority shares and unemployment rates and higher shares of employment in professional services.²³

IV. Survey Results

²² All statistics in this paragraph are taken from the 2005 American Community Survey area summaries available at <http://factfinder.census.gov>.

²³ The population (age 16 and over) of South Bend city is 74,000 while the MSA population is 232,000. Chicago city's population is 2 million while the surrounding area is 7 million. For Toledo the numbers are 220,000 and 500,000.

Tables 2 and 3 summarize responses to the main questions of interest from the employee and employer surveys, respectively. Response rates on all items of both the employee and employer surveys were near 100%, with significant exceptions noted. I examine responses to employee and employer questions separately before analyzing the two overlapping questions about the causes of and solutions for black male non-employment. Detailed discussion of the implications of the survey findings is reserved for the paper's concluding section.

A. Responses to the Employee Questions

Background characteristics in the employee sample reflected the target population of African American men without a college degree.²⁴ The ages of men in the sample ranged from 20 to 50, with the sample divided approximately evenly across the three decades. Marriage rates were low, and nearly 50% of the sample did not complete high school through the traditional channels. However, 30% of the sample obtained some schooling beyond high school, and three fourths of respondents without a high school diploma had obtained a GED. These sample characteristics are similar to education and marriage rates for black men in this age group nationally, as reported in Panel B of Table 1. Panel B reports national averages based on Current Population Survey data from 2006, and those for marriage and education align reasonably well with the employee sample means although the CPS does not report GED and high school diploma holders separately. Table 2 also indicates that a large share of the sample suffers from instability in their living situations, which may reflect the fact that many subjects were recruited from social service agencies providing temporary shelter.²⁵

The employment histories reported by respondents suggest that men in the sample were on the

²⁴ Two respondents did not identify themselves as African-American on the item asked about racial and ethnic background, and one respondent reported holding a bachelors degree.

²⁵ Objections may be raised to the use of subjects recruited from temporary shelters since these individuals may seem not to meet the goal of being on the margins of employment. It should be kept in mind, however, that these agencies serve a heterogeneous population that includes individuals who find themselves without a place to stay for short periods of time as well as the chronically homeless. Many of the former are or have been employed and are in regular contact with other social service agencies, making them much like men recruited through other service providers.

margins of the formal labor force. Almost all of them had held a job in the formal sector for more than three months at some point in their lives, and one third of them held a formal job at the time of the survey.²⁶ 87% of men in the sample had searched for work at some point in the last year. These men are not so discouraged about their job prospects that they have stopped searching for work in the formal sector (and left the labor force), but their histories of job seeking and current employment rates are relatively poorer when compared to black men generally. According to the figures reported in Table 1, unemployment is less prevalent among black men nationally than among employee sample respondents. This difference may be due to the fact that most respondents were recruited through local service providers whose clients are often seeking work. The same difference is seen when one considers job seeking in the previous year. The CPS does not ask whether an individual looked for work last year, but Panel B of Table 1 reports CPS figures on weeks worked last year.²⁷ These show that a large share of the black male population was not working for the full (50 to 52 weeks) year, making them likely to have sought work in that period. Yet the job seeking rate in the employee sample would still exceed the population rate even if all black men who worked less than a full year had sought jobs.

I first examine the recent contention that increased enforcement of high child support payments has discouraged work among less skilled men, particularly African-Americans (Holzer, Offner and Sorenson 2004; Edelman, Holzer, and Offner 2006). Questions about children and child support allowed me to assess whether the self-reported situation of men in the target group was consistent with the child support hypothesis. I find that a large share of the target population do face considerable child support obligations. Approximately 70% of respondents reported that they had children, while 30% reported owing child support and another 30% reported that they lived with one or more of their children (a share that is also close to the national average in Table 1). Of those who reported owing child support, 63% said the

²⁶ The phrase “regularly scheduled” was part of the second question but not the first, and this may have contributed somewhat to the disparity in those measured outcomes.

²⁷ The CPS does not ask whether an individual looked for work last year.

deductions for child-support would amount to 25 to 50% of their paycheck.²⁸

To gauge the reliability of responses to questions about child support, I asked similar questions about taxes. These questions were not intended to test for work disincentives generated by taxes but rather to gauge respondents' awareness of deductions likely to be made from their paychecks. As with the child-support question, all respondents answered a question about whether or not they would be obligated to pay taxes. 82% of the sample reported that they would have to pay taxes, and 87% of those who responded "yes" indicated that between 10 and 25% of their paycheck would go to taxes.²⁹ Respondents have a reasonably accurate perception of both their obligation to make paycheck deductions for taxes and the magnitude of those deductions. It seems likely then that responses to the questions about child support obligations and magnitude were honest and correct.³⁰ However, it is unclear to what degree these obligations discourage work. This question was addressed in focus group sessions and is discussed in the next section.

Other observers have suggested that less skilled African-American men may have developed a high tolerance for risk and poor attachment to the labor force due to cultural influences that glorify risky lifestyles and deride work (Patterson 2006). I use a variety of questions to assess the plausibility of this hypothesis. Economists describe a willingness to take risks as "risk-loving preferences," and they have developed standard questions to gauge risk preferences. In addition to these, I asked questions about attitudes toward low wage job environments and pay structures to assess other preference-related explanations for low employment among this group.

Risk preferences and behavior reported by respondents provided mixed support for the view that

²⁸ These figures are roughly consistent with the picture outlined in Chapter 6 of Edelman et al (2006). The authors report that about 1/3 of poor, non-custodial parents pay child support, whereas 3/4 of non-custodial parents in my sample report owing it. Edelman et al. also report that of the poor, non-custodial parents who pay child support, 25% pay more than half their gross income.

²⁹ According to income tax schedules at irs.gov, most of this sample would likely be taxed at the lower end of this range.

³⁰ Reporting on tax liability versus child support obligations may be affected by the way the questions were phrased. In the case of child support obligations, respondents were asked "Do you owe child support?" but in the case of taxes they were asked "On a formal job, would taxes be deducted from your paycheck?"

this group aspires to risky lifestyles incompatible with steady work. Rates of seatbelt use and smoking appear roughly similar to those for the general population, while rates of significant alcohol use appear relatively high.³¹ In addition to these traditional measures of risk attitudes, the survey included a novel measure, asking respondents how often they avoid situations in which they suspect loaded firearms will be present. 60% of respondents said they always avoided such situations while 20% reported that they never avoid them. Although I know of no benchmark against which to compare the responses to this question, the data do not appear to support the view that the part of the black male population targeted for this survey has as a rule embraced a risky gangster-inspired lifestyle.

An assessment of financial risk tolerance is presented in Appendix Table A1. I included questions about willingness to accept risk in the income stream because these can be directly compared other populations in which similar assessments were made. The risk tolerance measure is based on one developed and analyzed in Barsky, Juster, Kimball and Shapiro (1997). Barsky et al classified respondents into four risk categories based on their self-reported willingness to trade a certain income stream for a gamble that offered permanently higher or lower income. Table A1 shows that the distribution of the employee survey population over the four types is similar to that reported for a representative sample of older workers in Barsky et al. Employee sample respondents, however, are more likely to be in the most risk tolerant category and less likely to be in the least. While it is possible that the younger population in the employee sample might account for this, it seems unlikely since the share of employee survey respondents in the two extreme categories differs substantially from the even most risk tolerant groups in the HRS, as documented in Barsky et al.³²

A related set of questions on the survey concerned work and pay attitudes. Responses to a number

³¹ Tables in Barsky et al (1997) based on the HRS report rates of smoking (similar to those reported here) and alcohol use. Smoking rates among black males in the National Survey on Drug Use and Health are somewhat lower (NCHS 2006). An alternative measure of alcohol use is also reported in NCHS (2006), but a reasonable comparison suggests the rates reported here are high. Seatbelt use figures are from Glassbrenner and Ye (2006).

³² These also differ from the shares of blacks in these categories reported in Barsky et al. Groups with the largest shares in the high tolerance category were Asians, immigrants, and Westerners.

of these questions contradicted the view that this population has unrealistic expectations about their earnings or disdain for certain types of jobs—a correlate of the risk-loving hypothesis. Respondents reported their reservation wages to be in the range of \$5-\$14 per hour and thought they deserved only slightly higher wages, in the range of \$7-\$18 per hour.³³ Older workers named higher reservation wages, and reservation wages and MPL were much more strongly correlated among this group. Thus it appears that young men report a willingness to accept entry level wages but feel they deserve more while older men tolerate less disparity between the wages they earn and those they expect. This is counter to a theory of black male unemployment in which this group (or young black men in particular) have unrealistic expectations about their earning power and are unwilling to accept market wages.

Respondents were also asked about their preferences concerning pay schedules. Their responses speak to a number of explanations for low employment among black men. First, respondents were asked whether the alternate week pay schedule of most formal jobs made those jobs less appealing. About half said yes. An affirmative response to this question could reflect two things: credit constraints or other budgeting problems that make it difficult for respondents to wait two weeks for another paycheck, or again, risk preferences that make steady income less appealing than unstable income. A follow-up question asked respondents which of four pay schedules they would prefer: daily payment for their work, weekly payment, biweekly payment, or biweekly payment with a random cash advance made at some point during the pay period.

The first two options correspond to the credit constraint hypothesis; the third option is the status quo and the fourth corresponds to a payment structure that would appeal to individuals with risk-loving preferences. A large majority of respondents reported that they would prefer to be paid every week, suggesting that this group is somewhat credit constrained or least faces some budgetary difficulties, although

³³ Respondents were asked about the lowest hourly wage they would accept to determine their reservation wage and about the hourly wage they thought they deserved to determine their self-reported marginal product. Interestingly, it is the self-reported marginal product that most closely matches national wage data for this population in Table 1. The mean of the self-reported marginal product was \$10.80 in the employee sample, while the reservation wage was lower at \$8.40.

these are not as severe as a preference for daily payment might suggest. Most respondents preferred receiving their payments in check rather than cash form. Clearly the problem of converting pay from check to cash is not a major work disincentive for this group, but it is difficult to know what else this preference might imply. Perhaps banking access is not a severe problem among this subpopulation, but perhaps respondents are simply willing to pay high premiums to check cashing businesses.³⁴

Respondents were also asked about aspects of a job, aside from the pay, that would make them what not want to take it. This question allowed respondents to identify as many factors as they wanted and was intended to investigate aversion to unpleasant but common features of low wage jobs. The most common issues reported by far were difficulties in finding transportation to the job and unpredictable hours. Other job and work environment characteristics by and large were not considered problematic. This is noteworthy because job aspects included on the survey were chosen to assess the importance of job characteristics that would put an employee at odds with social norms that might discourage conformity or menial tasks.

A third set of questions focused on barriers in the employment process that occur prior to a successful job application. Observers have pointed to poor information networks and difficulties in completing job applications as reasons for low rates of employment among black men (Wilson, 1987). Respondents were asked about Internet usage and job search experiences in order to assess their access to information as well as to probe for challenges they may face at application. Roughly 80% of the sample reported that they use the Internet with some frequency.³⁵ 75% reported that they had applied for four or more jobs in the last year, although only 25% said that they had heard or seen “a lot” of openings for jobs they could do. Most respondents, 72%, said they only saw “a few” or “some” such openings.³⁶ Problems completing job applications were rare. Nearly half the sample said they never had a problem with this. The

³⁴ Stegman (2007) reviews what is known about the extent of the payday lending industry, a practice often tied to check cashing. There is some evidence that blacks are more likely to use payday lenders than whites and that payday lending establishments are concentrated in minority neighborhoods.

³⁵ This figure is close to the rates of internet job search reported among medium-skill level workers in Maxwell’s survey of low wage workers in the San Francisco Bay Area (Maxwell 2006).

³⁶ Results not in Table 2 are available upon request.

most common application problem, cited by 30% of respondents, was a feeling that “People have been unfriendly or unhelpful when I asked for an application”; after that, 18% of the sample reported that filling out applications was “tedious but not hard.” These results suggest that, at least among the target population, neither access to information about job openings nor difficulties in completing applications themselves are major obstacles to employment.

Responses to the employee survey cast doubt on a number of explanations for high unemployment rates among the target population. These include aversion to low wage jobs, a culture of non-work, unrealistic earnings expectations, poor information about available jobs, (a total) lack of work experience and barriers in the application process. In fact the survey responses provided little guidance on where the most significant obstacles lie, although risk preferences in this population put them outside the mainstream. Where do the main obstacles lie? Focus group discussions with a subset of the employee sample shed light on this and are discussed in the next section. The overlapping questions asked of employee and employer respondents also provide guidance on what this population perceives to be the main barriers to higher employment rates; these responses are discussed following an analysis of the employer survey’s unique components.

B. Employee Sample Focus Group Highlights

Conversations in two focus groups with a subset of employee sample respondents highlighted a consistent set of obstacles to employment. In the opinion of the participants, their problem could be summarized as “getting through the door.” These men felt that meeting the standards of employer screening procedures and attracting employers’ attention in a slack labor market were the primary difficulties facing them as job seekers. They perceived that making the transition from job applicant to employee required either personal connections or great luck to successfully pass through employer screening procedures. Importantly, there was consensus that once a black man like themselves was hired, he would

not feel overly insecure in his position. While respondents felt that employers may look for reasons not to hire black men, there was little sense that employers look for reasons to fire them.

Two employer screening procedures were considered particularly difficult to meet: requirements regarding felony convictions and a negative drug test. Participants noted that having a personal connection at the firm to which they applied, or in rare cases an opportunity to explain the felony conviction, could persuade employers to hire them in spite of a felony record. Additionally, some employers only ask about convictions in the last five years, rather than ever, and participants noted that this could often be helpful.³⁷ Regarding the drug test, participants explained that one difficulty is that employers retain applications for a long period of time and may call for an interview several months after the application was submitted. Participants noted that this contributed to a cycle of despondency where drug use continues since the probability of an offer of employment is so unlikely that remaining drug free is not worth it.

Participants also reported that employers seem to believe information on the applications presented to them, even in cases where it is false. There was also a sense that employers valued experience over education in the case of black men in particular. Some participants felt that employers discounted reported higher education among black men, making the transition from less to more skilled jobs difficult. Participants suspected that employers have a template in mind when evaluating black job candidates. Deviations from the template, such as higher education, are discounted while assertions that match the template are believed, even when false.

Although participants did not mention it explicitly, it is important to note that the obstacles they identified are likely to apply disproportionately to better hourly wage jobs, i.e. the “good” jobs in large companies and in particular in manufacturing. The large firms are more likely to have well developed hiring policies that include drug screens, background checks and that place value higher education credentials.

³⁷ Participants also noted that felony convictions are not the only channel through which interaction with the legal system may adversely affect employment. Employers occasionally screen for arrest records. In this case, an arrest—even without a conviction—may be grounds for denying employment, as has also been reported in the New York Times (Liptak 2006).

Focus group participants perceived other explanations for low unemployment rates offered in the literature as second order, although this list of other problems was long. Lack of information about job openings or application procedures was not perceived to be a major problem although “good” jobs were considered scarce, a finding consistent with responses to the written survey. Child support obligations were viewed as a problem for black men but not necessarily a direct obstacle to employment. In part because of these obligations wages were perceived to discourage employment at very low wage jobs, like those in the fast food industry, but low wages were not seen as a problem themselves. Transportation and unpredictable scheduling were also mentioned as problems, as were occasional personality conflicts and limited opportunities for advancement that were potentially racially motivated. Additionally, participants expressed a strong desire to find work in the manufacturing sector or perhaps in the healthcare field, believing these to be both good jobs and jobs for which they as men were suited.³⁸ They also perceived great benefits to being in unions. Participants considered themselves especially unsuited for clerical and office work, believing women to have a substantial comparative advantage in this line of work.

C. Responses to the Employer Questions

An overview of responses to the employer survey is presented in Table 3. Hiring managers who responded to the survey were majority white and female. African-Americans made up only 13% of employer survey respondents, about half their share in the city population. Over 90% of the employer sample had completed high school with half of these reporting that they held at least a bachelors’ degree. The major sectors of employment for less skilled workers were well represented in the sample (a possible exception is health care) although they are not represented in proportion to their shares of less skilled employment, probably because of important firm size differences between manufacturing and the food

³⁸ They indicated that healthcare jobs involving manual labor, like those of orderlies, aides and technicians would be most appropriate for them as opposed to clerical positions.

service and retail sectors. For the same reason, the share of employers from unionized firms is lower than the area average.³⁹

Employer survey respondents also reported a range of managerial arrangements and experience levels. Respondents included those who had only recently started with their firm or on their current job as well as those who had been with their firm or on their job for many years. Supervisory arrangements were also quite varied. Managers supervised 28 employees on average, with one respondent reporting 160 employees under his or her supervision. It is likely that hiring managers who report no employees under their supervision are human resources specialists with their firms, tasked only with hiring new employees. Rates of hiring, firing and layoffs suggest that these managers work in a high turnover environment. Hiring is common while firing is somewhat rare and layoffs extremely rare, suggesting high quit rates in the positions these managers oversee.

The employer questions first ask respondents about the race and gender composition of their applicant and employee pools. This area of focus is similar to the focus on the employee questions: to determine whether less skilled black men even make it into the applicant pool or whether barriers to employment occur before they successfully complete an application. Employers report that their employee pools contain smaller shares of African-Americans and of men than their applicant pools, a finding consistent with the perception of focus group respondents that they face obstacles at the point of hiring rather than earlier in the path to employment.⁴⁰ 86% of employers report that the share of their employees who are black is under 25%; 47% report that the share of employees who are male is under 25%. On the other hand, only 60% of employers report a black applicant share under 25% and only 26% report a male applicant share under 25%. Additionally, only 10% of employers reported a share of high school graduates

³⁹ According to BLS data, 13% of Indiana employees were represented by unions in 2005. The survey did not include questions about firm size, which would be an appropriate way to weight employer survey responses. The closest approximation to this in the survey is probably hires per year.

⁴⁰ This is also consistent with findings in Holzer (1996).

in their workforce of under 25%, which suggests that the employee pool is predominantly comprised of high school graduates.⁴¹

Respondents in the employer sample were also asked how they know the race or ethnicity of applicants—a reasonable questions since applicants do not put this information in writing. Almost all applicants reveal their race or ethnicity (and also gender) before the hiring decision is made. A large majority of managers interview applicants personally and determine race and ethnicity at this point in the process, while a substantial share distribute applications personally. A very small number of hiring managers reported that they could guess an applicant’s race or ethnicity from their names or addresses, or that they determined this in another manner.

In addition to personal interviews, hiring managers use a range of other screening devices. The second focus of the employer survey was to assess common screening procedures. Results in Table 3 show that the most important of these is checking references provided by the applicant, while criminal background checks and drug testing are also common.⁴² Although it appears that employers value high school graduates as employees, given their large shares in the reported employee pools, less than one quarter of hiring managers verify educational attainment reported by job applicants. There appears to be some relationship between screening procedures and workplace integration, although the sample sizes in the survey do not permit precise comparisons. More integrated workplaces—in terms of race or gender—are more likely to check references, education and criminal background for applicants. An exception to this is drug testing practices. Employers with higher shares of male employees and those with *lower* shares of black employees were more likely to require applicants to take a drug test.

The final portion of the employer survey asked respondents to make comparisons between two hypothetical sets of job applicants, one a black man and black woman and the other a black man and a white

⁴¹ This question did not distinguish between GED recipients and high school graduates.

⁴² The rates of managers reporting that they almost always or always required drug testing were similar to those found in Maxwell’s survey (2006). Maxwell also finds that employers relax this requirement when faced with a tight labor market; the figures reported here correspond to Maxwell’s numbers for a moderately tight labor market.

man. The comparisons were intended to assess employer perceptions of different race and gender groups, which may shed light on reasons for the differential rates at which African-Americans and men move from the applicant to the employee pool. The reasons for the racial comparison are obvious. A gender comparison, holding race constant, was included in order to assess whether employer perceptions of black men and black women differ. As discussed in Section II, black women have experienced great labor market success relative to black men in recent years but it is unclear whether this is correlated with more favorable employer attitudes toward black women than black men.

Results from these comparisons are reported in Table 4. Survey respondents were presented with the same table and asked to check one box for each comparison set. Note that respondents were allowed to report that they perceived no difference between the two applicants being compared. Each cell of Table 4 reports the share of respondents choosing that response. Response rates for these comparisons were close to 100%. Perusing the columns headed “Same” shows a high correlation between the shares reporting no difference between applicants in the first comparison set (black man and black woman) and the second (black man and white man). This means that along dimensions in which employers perceive differences between black men and white men, they also perceive differences between black men and black women. Hence employer perceptions of gender differences generally accompany perceptions of racial differences in the comparisons made here.

Employer perceptions are generally but not uniformly unfavorable to black men. The share of respondents reporting no difference between black men and white men on a given comparison ranges from a low of 37% to a high of over 96%. Gender differences were reported somewhat less often. The share of respondents reporting no difference between black men and black women ranges from 50% to 100%. There are a number of dimensions on which over 90% of employers perceive no difference across either of the comparison sets. These are primarily areas concerning actions the employer can take and include

whether or not the manager should do a criminal background check or call references and on how managers treat employee attendance.

Areas in which employers perceive the biggest differences between applicants were primarily on dimensions related to job qualifications. Over 50% of respondents reported that white men were more likely than black men to have needed reading and math skills, technical skills and work experience. Interestingly, employers also reported perceived gender differences along these dimensions, but these were not as uniformly unfavorable to black men. Another important area of difference included dimensions that might be summarized as interpersonal skills or attitude. In particular, employers held negative views of a black male applicant's ability to resolve personal conflicts, fit in with current employees, trustworthiness, work ethic, firm loyalty and likelihood of continued employment at the firm. Although employers perceived gender and racial differences in applicants' problem solving and troubleshooting skills, again these were not as uniformly unfavorable to black men. Crime and drugs were also perceived as problems more likely to arise from hiring black men, although the shares of respondents reporting this difference range from a quarter to a third of the sample, in contrast to the higher shares reporting skills and attitude differences.

In spite of the fact that employers perceive racial and gender differences along many dimensions that might be relevant for employability, shares of respondents reporting that it is easier to tell who among a pair of applicants will be a good employee overall are fairly modest. 85% and 77% of respondents saw no difference between applicants in comparison sets 1 and 2, respectively, in terms of how easy it is to tell who will be a good employee. In light of this, it is difficult to know how to interpret the many reported differences in Table 4 but I discuss the possible conclusions one might draw in Section V.

D. Differences and Agreement: Asking Employers and Employees about the Problem and Solutions

The employer and employee surveys contain one overlapping question that asked respondents about the main reason, in their opinion, that black men without a high school degree have relatively high unemployment rates. Table 5 reports both employer and employee responses to this question. The options offered to respondents were identical on both sets of surveys, the only exception being that the bias explanation was listed first on the employee survey and last on the employer survey.⁴³ Employee and employer respondents differ in their opinions about the importance of bias in the labor market with 53% of employee survey respondents reporting that bias among employers is the main reason for high unemployment among black men as opposed to 10% of employer survey respondents. They also differ in their tendency to report that the main reason was not among the listed options; 20% of employer survey respondents chose “other” in contrast to only 9% of employee survey respondents.

These differences aside, one might characterize responses to the remaining options as indicating broad agreement across the two respondent groups. The share in both groups that indicated black men did not really want steady jobs was small while both groups identified a lack of technical qualifications as a main barrier. The share of employee respondents identifying technical qualifications as a primary barrier to employment (34%) is higher than the share of employer respondents (23%), which is interesting given the large shares of employers who perceived black men as less likely to have needed technical qualifications in Table 4. A higher share of employee respondents thought that the lack of good jobs for which black men qualify was a main obstacle, while a higher share of employers thought that black men lacked the needed people skills or work ethic, although the magnitude of these shares was similar across the two groups.

Employers and employees differed more significantly on the question of how to solve the problem of low employment rates among black men. When asked about programs that might help them get a job (employee questionnaire) or encourage managers to hire more black men (employer questionnaire), 9% of employee survey respondents said that no program would help while 50% of employer survey respondents

⁴³ Employer survey respondents were somewhat better at adhering to the instructions to choose only one option, as can be seen by totaling the shares in each column.

shared this opinion. Still, there was some agreement across the two respondent groups. Respondents in both groups identified programs that would assist employers in identifying applicants with desirable characteristics—such as a program to provide attendance information on job applicants or other background information—as potentially helpful. A substantial share of employee sample respondents indicated that GED assistance programs would also be helpful, even over and above a part-time high school option. Neither group expressed much interest in job sharing as a potential solution.⁴⁴ Approximately one quarter of both groups identified other options as potentially helpful although no systematic alternative suggestion emerged from either group.

V. Conclusions and Discussion of Useful Avenues for Future Research

This paper presented results from a wide-ranging survey of supply- and demand-side participants in the labor market for less skilled black men. Labor market outcomes for this group have stagnated and in some periods even worsened relative to their white counterparts over the last thirty years. During that time, social scientists have investigated many causes for this lack of relative progress. Yet the employment situation of less skilled black men in the U.S. is still best characterized as a crisis. Of particular concern is the fact that non-employment has become the norm (in that employment rates hover around 50%) for this group in many areas. While a number of explanations for the racial employment gap have been proven to have merit, they often imply costly long-term solutions.

The situation calls for innovation. To identify potentially useful avenues for research and intervention, I administered a survey that assessed explanations for this employment crisis by questioning both supply and demand side participants in this labor market. Employers and men seeking work were surveyed via confidential paper questionnaires, and men seeking work were also interviewed in small focus

⁴⁴ This option was included since the possibility of learning the ins and outs of a job from a more successful friend or peer (like a black woman partner or relative) or of negotiating a more flexible schedule might alleviate retention problems among black male employees.

groups. The geographic scope of the survey was limited to a single local labor market, South Bend, Indiana, but one that shares many features with Northern urban industrial centers, making it a representative location for the study of unemployment among urban black men.

The results provided a number of useful perspectives from the field. First, African American men looking for work consistently highlighted difficulties in “getting through the door” as the major obstacle they faced in finding employment.⁴⁵ Other potential explanations received much less emphasis, including difficulties finding job openings, problems completing applications, and personal aversion to distasteful types of work. Another recent explanation, the work disincentives created by enforced child support payments, was mentioned as a hardship but not a deterrent to working. On the other hand, employers expressed beliefs that black men were less likely to have the desired interpersonal skills or work ethic. Employers also suggested that they perceived black men as less likely to pass a drug test, a common applicant screening procedure, but that they did not differentially scrutinize applicants or reward employees of different races.

Taken together, the results from this project suggest a number of novel avenues that policy makers and researchers might explore with the goal of reducing the crisis-level rates of non-employment among less skilled black men. These will, however, also require careful evaluation to determine their efficacy in reducing barriers to employment for these men. It is also important to bear in mind that the survey targeted a particular subset of less skilled black men. Men involved with the survey were all in contact with local social service organizations and were by and large actively seeking work. None of them were teenagers. This was a group struggling to gain a foothold in the formal sector, but nevertheless one that had already decided it wanted that foothold and that for the most part had some experience working formal jobs. This is likely to be a much easier group to move into steady employment than, for example, formerly incarcerated

⁴⁵ Barriers at the employment (hiring) stage were also highlighted by employers in Holzer’s 1996 study.

individuals who have never held a formal sector job or teenagers who have not yet committed to supporting themselves.

These caveats aside, the results suggest three comparatively novel interventions for researchers and policy makers to explore as short term solutions to high unemployment among this group as well as a more standard long term approach. Taking the long term first, we must find a way to improve the skill sets of black men. As Neal (2006) explains in detail, the record of human capital investment in this community over the last three decades has been abysmal, and the results for labor market outcomes for these men were predictably devastating. It is telling that even black men themselves identify their relative lack of skills as a barrier to employment in this survey and employers share this opinion.

Short term, there are at least three ways in which social scientists and policy makers might work to improve employment outcomes for these men. First, we can address problems arising from coarse screening procedures concerning felony convictions. Second, we can attempt to reduce the rate at which men are denied employment because of a positive drug test. A third option is to improve retention rates for less skilled black men who are hired into formal sector employment. Poor retention rates in this group is a less obvious problem than the first two, but one that becomes apparent upon studying responses to both sets of surveys as well as aggregate national data. I discuss policy and research options related to each of these in turn.

Employers most commonly screen for felony convictions by simply asking job applicants to self-report whether or not they have ever been convicted of a felony at the time of application. Larger employers may conduct follow-up background checks to verify an applicant's claim. The problem with these procedures is that they seldom provide more detailed information about an applicant's conviction, yet the circumstances and associated penalties vary widely among felons. The result is that a hardened felon who served many years in an institution presents the same information about his felony conviction to an

employer as does an individual who committed a minor felony as a teenager and served no jail time for it.⁴⁶

This is a classic asymmetric information problem and the resulting market unraveling, in which minor felons remain unemployed because they are indistinguishable from hardened felons, is entirely predictable. Fortunately detailed information about an individual's felony conviction is a matter of public record and can be easily verified by employers, provided they can access the information in a cost-effective manner for them. Moreover, few companies explicitly bar felons from employment. It is more common to simply use questions about felony convictions as one of a number of screening devices. Researchers and policy makers should investigate cost effective ways of conveying this information to potential employers. One possibility would be for local parole agencies or police departments (or another social service provider) to provide a certified statement detailing the circumstances of an individual's conviction and time spent incarcerated. Individuals who choose to do so could obtain a copy of this information to present to employers at application. A number of focus group participants noted that the credible provision of such information was often essential to persuading employers to hire them. Currently such information is most often provided on an ad hoc basis through personal connections. For example, a number of participants relied on the director of a social service program to call employers personally and explain circumstances surrounding their convictions and time served. Having social service agencies provide this information in a transparent manner for all felons could dramatically improve the information employers have about these applicants and reduce problems associated with the need for personal connections and intermediaries as conduits to employment for these men.

Drug testing is a second screening procedure that seems to be working against less skilled black men. In this case, serious questions remain about the role that increased drug testing plays in the low

⁴⁶ The story of one of the focus group participants illustrates a distressing pattern along these lines. This individual argued with a former girlfriend over a necklace he had given her as a gift. In the process, he struck an acquaintance and forcibly took the necklace from the young woman. He was arrested and unable to post bail. He was advised by a public defender to plead guilty to a minor felony in order to be released most quickly from jail. The man now deeply regrets his felony conviction and feels that young men are often pressured to plead guilty to minor felonies in order to move the legal process along with no regard for the lifetime of negative consequences a felony conviction might have.

employment rates of less skilled black men. Researchers should attempt to answer this question before turning to the policy questions of whether and how we might lower rates of recreational drug use in this population in order to expand the set of jobs for which these men qualify.⁴⁷ However, results from the surveys and interviews documented here suggest that a successful intervention along these lines could improve labor market outcomes for this group. On average employers considered black women and white men to be much more likely than black men to pass a drug test, and there was broad consensus in the focus groups of black men that drug tests constituted a real obstacle to employment for men like themselves.

Focus group participants characterized recreational drug use as a normal activity in their community rather than a widespread epidemic of hard-core addiction. As such, they suggested that drug use patterns might be altered provided the appropriate incentives, but the low probability of receiving an employment offer that required a drug test was insufficient to dissuade them from using. Provided that research supports the idea that drug use lowers employment rates in this population, policymakers might consider ways to incentivize these men to stay clean, particularly during a long and uncertain job search. For example, states may make continued receipt of unemployment benefits contingent on passing regular drug tests. Alternatively, states may consider reducing the child-support burden for men who stay clean, possibly by forgiving child support obligations that accrue during periods of unemployment.

Improving retention rates for less skilled black men who become employed is a final channel into steady employment to which policymakers and researchers might productively turn their attention. It is obvious from the survey data collected here that previous formal sector employment does a relatively poor job of insulating these men from future unemployment, and employers perceive that black men are relatively unlikely to last very long as employees. Tabulations from the NLSY79 show that on average less educated black men hold somewhat fewer jobs between the ages of 18 and 40 than similar white men but they

⁴⁷ Kaestner (1991, 1994a and 1994b) has examined the relationship between drug use and wages and labor supply in a nationally representative sample but without a particular focus on race and drug testing.

experience more unemployment spells.⁴⁸ It appears that although black men get jobs at similar rates to white men, they hold them for shorter periods and are more likely to transition to unemployment rather than directly to a new job or voluntary non-employment. The reasons for these retention problems are likely numerous.⁴⁹ However, the potential benefits to making progress on this dimension are likely to be high -- after all, these men are already employed and we need only find strategies for keeping them there.

More research is needed to understand employment retention problems in this population and in particular to determine whether employer perceptions of relative retention rates are correct. In the meantime, researchers and policymakers may also pursue a simple strategy for improving retention--that is simply to improve attendance. It is more difficult to get fired or quit if one is consistently showing up for work. This is another area in which an incentive program might encourage individuals to find other ways to resolve short-term problems that might have otherwise caused them to miss work or to quit. Additionally, respondents in both the employer and employee surveys suggested that improved screening on the dimension of attendance might increase hiring rates for these men. This could be accomplished through simple social program that monitors and certifies attendance for these men at various social service obligations, parole meetings and the like.

In closing I want to address the role of employer perceptions. The policy recommendations above focus on the supply side of the market. An alternative approach to labor market inequalities is to focus on the demand side, for example by enforcing equal opportunity employment legislation more closely. The success of a supply versus demand-side approach depends on employers' willingness to hire more black men once the nature of supply changes in that market. Section IV provides clear evidence that employers perceive the typical black male job applicant as less qualified than white or female applicants on a number of

⁴⁸ <http://www.bls.gov/nls/y79r21jobsbyedu.pdf> and <http://www.bls.gov/nls/y79r21unempbyedu.pdf>.

⁴⁹ Employers who successfully hired significant numbers of women moving from welfare to work faced similar retention problems that adopted a number of strategies to address them. An example of this is described in a Stanford GSB case study (Bradley 2003). Ferguson and Filer (1986) document racial differences in absenteeism and show that reduced absenteeism for young black men is correlated with job characteristics.

dimensions. Yet employers report little difficulty in determining which candidates will make good employees, regardless of race and gender. This is not consistent with a theory of statistical discrimination, in which employers are less likely to hire black men because determining who among them will make a good employee is relatively difficult for employers. Instead it appears that employers feel they have good information about black male employees (and therefore race itself is irrelevant to determining who will make a good employee) but that this information is unfavorable to these men. Thus I am optimistic that supply side interventions can re-start black-white employment convergence among American men.

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Table 1: The National Picture - CPS Figures on Relevant Demographic Groups

Panel A. Employment Rates for Individuals Ages 20 to 50

	1986		2006	
	Men	Women	Men	Women
White	87%	67%	86%	72%
Black	74%	61%	72%	69%
White, HS Degree or Less	84%	61%	84%	63%
Black, HS Degree or Less	70%	54%	65%	60%
White, HS Degree or Less, Central City	82%	59%	82%	57%
Black, HS Degree or Less, Central City	67%	52%	62%	57%
White, 11th Grade or Less, Central City	74%	42%	81%	44%
Black, 11th Grade or Less, Central City	52%	36%	50%	33%
White, 11th Grade or Less, Central City, Age 20-30	75%	41%	79%	35%
Black, 11th Grade or Less, Central City, Age 20-30	45%	19%	52%	30%

Panel B. Characteristics of the Urban Black Male Population, Ages 20 to 50

	11th Grd. or Less	HS Graduate	Some College	College Plus
Share of Urban Black Men Ages 20-50	13%	44%	30%	14%
Married	19%	29%	28%	44%
Live with own child(ren)	23%	26%	26%	42%
Employed	50%	66%	78%	84%
Weeks Worked Last Year				
Did not work last year (NIU)	49%	27%	15%	13%
1 to 26	8%	10%	10%	4%
50 to 52	33%	54%	64%	78%
2005 Wage	\$11	\$13	\$13	\$18
[Standard deviation]	[4.4]	[5.0]	[5.0]	[8.8]

Notes: Source is March CPS, tabulations from <http://cps.ipums.org> online analysis tool. Wage is only for those workers who report being paid by the hour. Weeks worked last year universe only includes individuals who worked at least 1 week last year.

Table 2: Responses to Select Employee Survey Questions

Marital and Parent Status

Married	24%
Any children	70%

Education

Some High School	12%
GED	36%
High School Degree	18%
Some College or Tech School, no degree	18%
Community College or Tech Degree**	12%

Living Situation

Alone	24%
With wife	18%
With girlfriend, child's mother	18%
No stable living situation	42%

Child Support

Owe child support	30%
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Risk Taking

5 or more drinks per day	12%
Wear seatbelts always	82%
Smoke regularly	33%
Smoke occasionally	27%
Avoid situation with loaded firearms always	60%

Internet Usage

Never	12%
Few times in life	9%
Occasionally	18%
Once per month	12%
Once per week	12%
Daily	36%

Work and Pay Attitudes

Reservation wages	\$5-\$14 per hour
Self-assessed deserved wages	\$7-\$18 per hour
Alternate week pay makes jobs less appealing	49%
Prefer payment every week	66%
Prefer check to cash	53%

Aspects of a job that would make you not want to take it

Transportation issues	45%
Unpredictable hours	39%
Manager seems to distrust you	16%
Others: Uniforms, race/gender of manager, punctuality expected, working w/ strangers, dirty work, pressure for friend discounts	0 to 9% each

Job Search and Employment History

Held formal job 3+ months	93%
Held formal, regularly scheduled job at survey	34%
Looked for work in last year	87%
Never had problem completing application	45%
Felt unhelpfulness, unkindness at application	30%

Notes: Sample: African American Men, Ages 20 to 50, N = 33. All but two respondents identified themselves as AA. ** One respondent reported holding a Bachelor's Degree.

Table 3: Responses to Select Employer Survey Questions

Race and Gender

White	80%
Black	13%
Female	55%

Education

BA or higher	45%
Community college or tech degree	16%
Some college or technical school	30%

Industries and Unionization

Food service	36%
Retail	30%
Manufacturing	20%
Unionized firm	3%

Respondent Job Experience and Employee Turnover

	<i>Mean</i>	<i>Min</i>	<i>Max</i>
Years with firm	5.8	0.25	20
Years on job	4.7	0.06	20
Employees supervised	28	0	160
Hires per year	25	1.5	250
Fires per year	4.6	0	26
Layoffs per year	0.7	0	6

How do you know race or ethnicity of applicant?

Interview applicants personally	77%
Distribute applications personally	27%

Characteristics of Employee and Applicant Pools

Share of employees with HS degree is < 25%	10%
Share of employees who are black is < 25%	86%
Share of employees who are male is < 25%	47%
Share of applicants who are black is < 25%	60%
Share of applicants who are male is < 25%	26%

Screening Procedures Used Almost Always or Always

Check criminal background	37%
Check references	63%
Check reported educational attainment	22%
Drug testing	36%

Notes: Sample size is 31. Sampling procedures described in text. All statistics are unweighted.

Table 4: Job Applicant Comparisons in the Employer Survey

	Comparison Set 1			Comparison Set 2		
	Black Man	Black Woman	Same	Black Man	White Man	Same
It is easier to tell who will be a good employee.	11.4	3.85	84.6	0.00	23.08	76.92
An applicant from this group is more likely to...	_____	_____	_____	_____	_____	_____
...have the needed reading and math skills.	3.85	26.92	69.23	0.00	51.85	48.15
...have needed technical skills.	32.00	12.00	56.00	0.00	59.26	40.74
...have work experience.	7.69	26.92	65.38	3.70	59.26	37.04
...have problem solving and troubleshooting skills.	15.38	19.23	65.38	11.11	33.33	55.56
...be better at resolving personal conflicts.	15.38	34.62	50.00	0.00	51.85	48.15
...commit or encourage crime at the workplace.	26.92	0.00	73.08	26.92	7.69	65.38
...fit in with current employees.	7.69	23.08	69.23	0.00	33.33	66.67
...be trustworthy.	3.85	23.08	73.08	3.85	34.62	61.54
...have a better work ethic.	11.54	30.77	57.69	0.00	48.15	51.85
...be loyal to the firm.	3.85	26.92	69.23	7.41	40.74	51.85
...pass a drug test.	0.00	37.04	62.96	3.85	30.77	65.38
A hiring manager should do a criminal background check.	3.70	0.00	96.30	0.00	3.70	96.30
A hiring manager should call references.	0.00	3.70	96.30	0.00	7.41	92.59
An employee from this group won't last long.	22.22	3.70	74.07	34.62	3.85	61.54
A manager should reward an employee in this group if they seem to be a good employee after 3 months.	0.00	3.70	96.30	0.00	3.70	96.30
... After 1 year.	0.00	0.00	100.00	0.00	3.70	96.30
It's a bad sign if a new employee from this group misses work without calling in after 2 weeks on the job.	7.41	0.00	92.59	3.85	3.85	92.31
... After 6 months.	3.70	0.00	96.30	0.00	3.85	96.15

Table 5: Perceived Problems and Solutions in the Labor Market

Black men without a high school degree have very high unemployment rates. In your opinion and drawing on your experience as a Black man, what is the main reason for this? Check one.

Employee	Employer	
53%	10%	Most employers are biased or are reluctant to hire these men for reasons unrelated to the job
9%	7%	Most Black men do not really want steady jobs so they do not apply
22%	13%	Most Black men want a job but not the jobs they are qualified to do or that are available
19%	37%	Most employers cannot hire these men because they do not have the people skills or work ethic to be good employees
34%	23%	Most employers cannot hire these men because they do not have the technical qualifications for existing jobs
9%	20%	Other

Which of the following potential programs do you think would most help you to get a job or get a better job? Pick one.

22%	A program to help me get my GED on my own time and at my own pace
9%	Part-time high school to help me pick up where I left off in school and keep me on schedule
9%	A program where I could share a job with one or two friends, and we could work out between us how to cover our shifts
22%	A program to help me prove to employers that I can have good attendance
28%	A program that would tell employers about the other good activities that I do, like taking care of my children sometimes or helping at
28%	Other
9%	None

Again in your opinion, which if any of the following would most encourage managers to hire more Black men? Check one.

13%	A program that provides attendance information on an applicant, such as attendance rates in the last school attended or attendance
10%	A program that provides other background information on applicants, such as their criminal record or volunteer activities in
0%	Allowing 2-3 people to share a job, deciding between themselves how to cover shifts
0%	Allowing employers to fire workers who have been arrested for a non-workplace crime
0%	A one year grace period for wage garnishment for unemployed workers who start jobs
50%	None
23%	Other

Table A1: Risk Assessment

TYPE	Response to Income Gamble			Employee Survey Distribution	HRS Population Distribution
	<i>1/3 Gamble</i>	<i>1/5 Gamble</i>	<i>1/2 Gamble</i>		
I	Reject	Reject	-	52%	65%
II	Reject	Accept	-	15%	11%
III	Accept	-	Reject	9%	11%
IV	Accept	-	Accept	24%	13%

Notes: Gamble is a risky income stream that doubles certain income or decreases by gamble fraction with 50-50 odds. Certain income is \$20,000. Question is based on survey instrument developed in Barsky et al (1997) and administered in the 1992 Health and Retirement Survey. Types are analyzed in Barsky et al. Type I is the least risk tolerant, IV is the most.