

receive any.³⁹ However, if one were to assume away incremental public assistance costs, then the WE and T Program would only have to contribute about .5 per cent to the discounted future earnings of the participants to break even.³⁷

If all incremental public assistance costs are included, estimated at about \$1,000 by Bateman, then the discounted future earnings for a white male, 25 years of age, with 0-7 years of education (approximately \$57,000) must only be increased about 2 per cent in order to break even in this context.³⁸ However, Bateman's entire analysis is severely limited by inadequate data, as he indicates:

"Although these data are suggestive of large potential payoff, the fundamental fact remains that such calculations are pure guesswork and the fragmentary program information which is available permits estimates which are only slightly superior."³⁹

Despite the shortcomings in their data, both Conley and Bateman serve to make the important point that probably only a small percentage increase in future earnings is necessary to cover the costs of a program such as vocational rehabilitation or WE and T.

Gerald Somers has done the most comprehensive study of government sponsored pilot retraining programs to date; his primary concern was the employability of trainees as well as the costs and benefits of retraining programs.⁴⁰ Among Somers findings were: 75 per cent of the trainees found jobs; men benefitted more than women; age was a handicap for trainees over 55; and men who successfully completed training were more employable, not necessarily in what they were trained in, but because employers used the training program as a screening device. Somers also found that past employment history was a factor in that men who had been unemployed for long periods, or were in unskilled jobs, had a particularly difficult time obtaining jobs. Trainees earned more in their new jobs than previously, and paid their share of the training costs in about four months. Society benefitted from the newly employed workers paying increased taxes as well as in diminished unemployment compensation; this took about a year.

Somers concluded that pilot retraining programs such as those funded by the Manpower Development and Training Act can be successful in eliminating hard core poverty within a limited range, but beyond that the need would be for accompanying liberal fiscal policies.

OBJECTIVES AND GENERAL HYPOTHESES

Central to this study is the concept of developmentally significant expenditures. This concept represents an attempt to amplify such analytical tools as cost-benefit and break-even analysis, and to view programs such as the WE and T Program from a different perspective. As was shown, the paucity of data for the WE and T case renders these more conventional analyses rather fruitless.⁴¹ What is needed is another method of indicating some of the potential benefits, and thus, the concept of developmentally significant expenditures is proffered and discussed in Chapter III.

The analytic framework of this study is concerned with the kinds of current expenditures the WE and T participants could make which will have a longer-run significance vis-a-vis the future development of the family members. Other benefits, such as the impact of the WE and T participants' spending upon local or regional economies, are beyond the scope of the analytic framework of this study.

The objectives of this study are: (1) to classify the possible kinds of current expenditures in terms of their potential longer-run developmental significance for all members of the families participating in the WE and T Program; (2) to test hypotheses as to how participants in the WE and T Program spend their incomes within these classes; and (3) to investigate which characteristics, if any, of the participants associated with varying degrees of expenditure within the different classes.

³⁹ Richard Cloward, "How Rights Can Be Secured," *The Nation*, XXXIII (March 7, 1966), p. 11.

³⁷ Bateman, *op. cit.*

³⁸ *Ibid.*

³⁹ *Ibid.*

⁴⁰ Gerald Somers, *Prospecting in Economics*, A Report on Ford Foundation Grants in Economic Research (New York: Ford Foundation Press, December 1966), p. 15.

⁴¹ Bateman, *op. cit.*