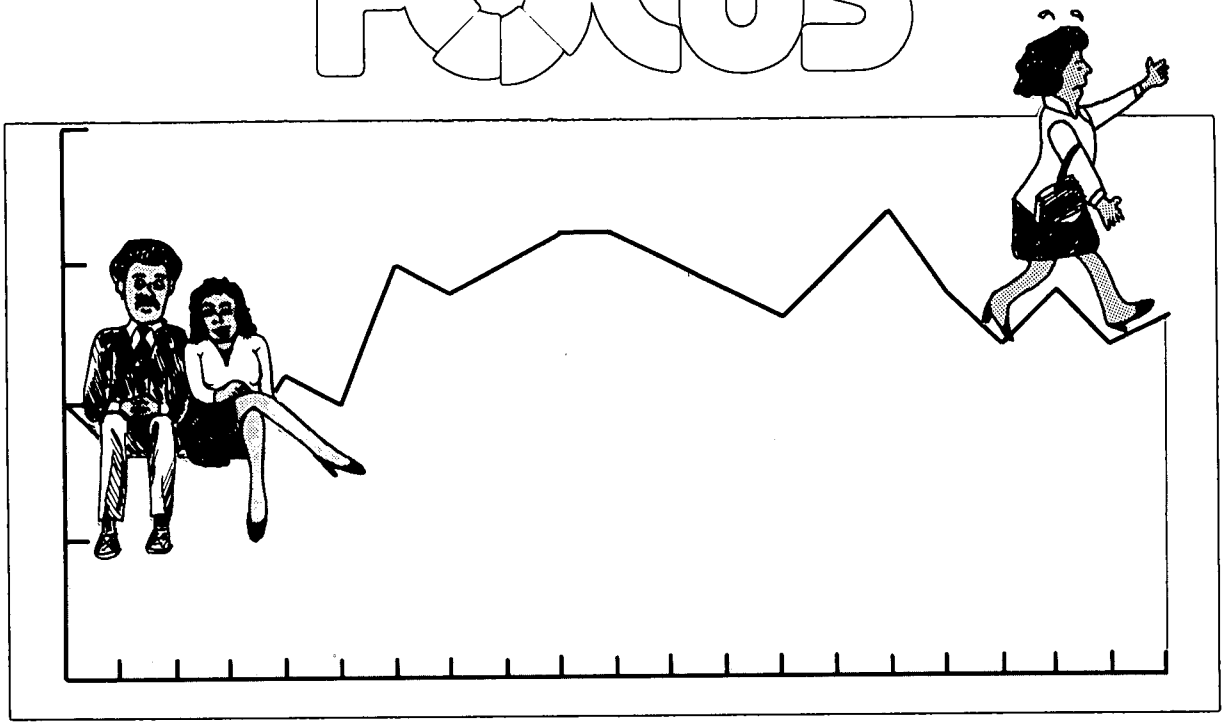
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FOCUS



Black Family Income, 1960-1980

When both husband and wife work, a black family is likely to achieve middle-class status; but in more and more black families, there is no husband.

Investment Policy for Economic Revitalization

Financial incentives to private investors won't solve America's economic problems. In fact, current incentive-based programs tend to work against the very communities they're supposed to help.

Surety Bonding and Minority Firms

Even with set-asides, minority contractors are often stymied by closed doors in the surety industry.

Perspective

Every public policy should include a "civil rights impact statement." I say this not out of any desire to increase the flow of official paper but to stress that racial justice cannot be considered as an issue separate and apart from substantive policy issues. In the 1980s, it makes no sense to say, for example, "Let's solve our economic problems and *then* we'll worry about the implications for minorities." If the nation is truly committed to civil rights, it must express that commitment in every one of its policies.

Over the past two decades, blacks have succeeded, first, in getting laws on the books to guarantee equal rights and opportunities and, second, in using the power of the ballot to achieve support for and implementation of these laws. To be sure, not all the laws have been effective, and the present administration has launched assaults on many of those that have been. Nevertheless, progress on these fronts has been visible and rewarding.

We have learned, though, that justice and equality are not achieved by fiat. Even laws and regulations are not magic formulas. And so we have begun to seek and to exercise political power—the traditional instrument of change in this society.

Today the black vote is on the front burner in the nation's political kitchen. It is page-one news when President Reagan's assistant attorney general goes to Mississippi in a symbolic gesture of concern for the right to vote. And as the administration makes overtures to black voters, Democratic presidential contenders are trying to devise their own peace offerings to the black community. Blacks are finding their political voices, and a lot of white folks are listening.

But beyond electoral politics, blacks are laying a foundation for influencing the public policy process in a sustained and systematic way. Victories at the polls, after all, are but one step on the road to racial justice. Those victories must be translated into hard-nosed efforts to produce social and economic equity. And these efforts require an articulate philosophical and programmatic base on which specific public policies can be constructed.

The recent JCPS publication *A Policy Framework for Racial Justice* provides just such a base. This document (summarized in the June 1983 issue of *Focus*) reflects the judgments of a group of distinguished black thinkers on the "vast array of problems black Americans face in the closing decades of the twentieth century." Since its publication in June, it has received a remarkable amount of attention in all quarters of the nation.

In a column entitled "Looking Beyond Racism," *Washington Post* journalist William Raspberry had this to say about *Policy Framework*: "Two things are new, and in my view, constitute the seeds of a potential breakthrough in black leadership thinking: the acknowledgment that it is time to rethink policies ostensibly designed to help black people and the notion that black people themselves must assume major responsibility for solving the problems that remain."

Policy Framework identifies three policy clusters that are central to further progress toward a just society: the national economy, the black family, and education. "These critical areas clearly overlap," the statement says, "and none can be dealt with alone. But they provide a framework for constructing solutions to the real, structural failures of the society and not just the superficial cracks and tears. If comprehensive action is taken in these areas, not only blacks but the American society as a whole will benefit."

In all of these areas, what we need are not policies directed solely at blacks but general policy decisions that take full account of special impacts on disadvantaged minorities. Black voters are sophisticated enough to see that their interests are inextricably linked with those of other Americans. The country needs to recognize that its interests are inextricably bound to those of its least advantaged citizens.

Eddie N. Williams
President

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Black Family Income, 1960-1980

by Henry E. Felder

(Dr. Felder is associate deputy assistant secretary of the U.S. Department of Housing and Urban Development. This article surveys the changing patterns of black family income over the past two decades: 1982 census data have just become available, which will permit us to examine developments from 1980 to 1982 in a future issue.)

In 1960, the median income for all black families was 55 percent that of whites. In 1980, it was 58 percent that of whites. These figures are sometimes cited as evidence that blacks have made no economic progress in the past two decades. But they obscure two important facts.

First, there have been significant economic changes for *segments* of the black population. Some black families, most notably those in which both the husband and wife work, have made substantial economic progress. At the same time, the number of black families headed by single women has increased, and these are the families most likely to live in poverty.

Second, between 1960 and 1975, the median income ratio for blacks rose by 7 percentage points, to 62 percent of white family income. It is the decline of the ratio to 58 percent between 1975 and 1980 that leaves blacks where they were before. The 1960-1980 figures have led some to conclude that the Great Society programs did not work; the actual pattern casts doubt on that conclusion.

A Widening Gap in Income Levels

Three income levels, chosen somewhat arbitrarily, are used to describe the income distribution of black families and to compare their incomes with those of whites: (1) low: less than $10,000 annual income; (2) moderate: $10,000-24,999; and (3) upper: $25,000 and over. The 1980 median income for all families was $21,023; the 1980 poverty level set by the Office of Management and Budget was $8,385 for a family of four. (Income levels throughout this article are given in constant 1980 dollars.)

There have been some significant gains in the number of black families with annual incomes of $25,000 or more. The proportion of black families at this upper-income level increased from 4.2 percent of the black population in 1959 to 18.5 percent in 1970—an increase of 341 percent. Since then, however, the figure has grown only slightly. It reached a high of 22.6 percent of the black population in 1978, then slid back to 19.8 percent in 1980. Thus the increase in the number of black families at this income level was a modest 7 percent during the seventies.

The proportion of black families in the moderate income range increased slightly during the sixties, from 35.8 percent in 1959 to 45.3 percent in 1970. By 1980, however, only 39.8 percent of all black families were in this category.

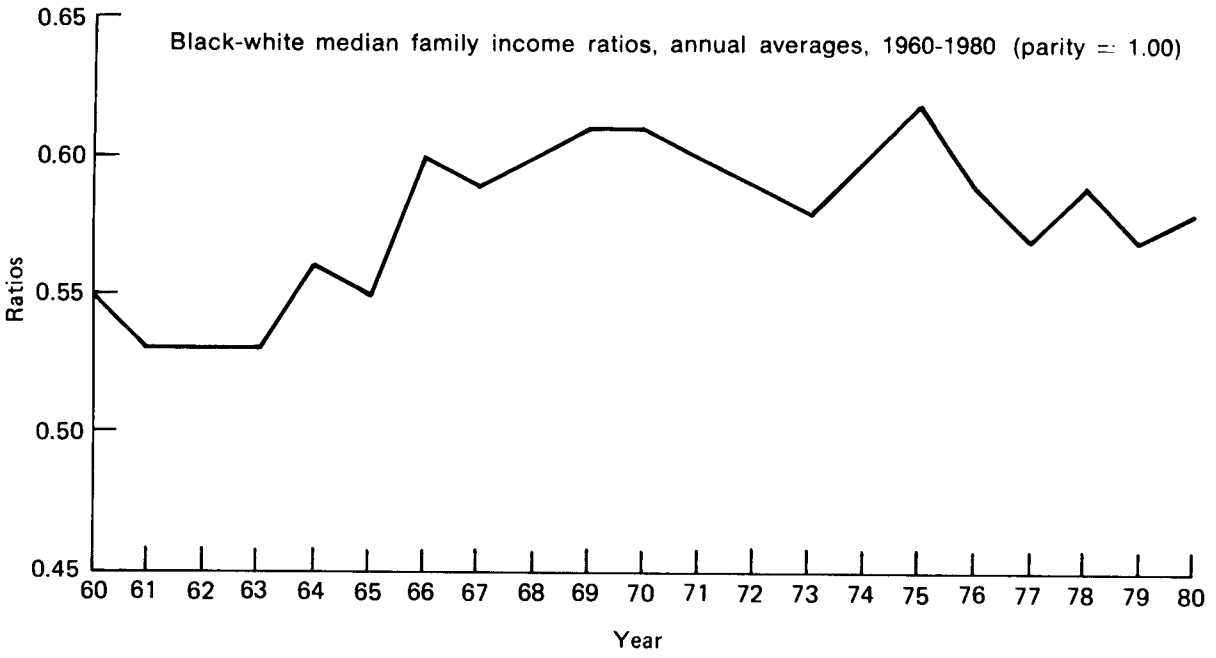
At the lower end of the scale, the proportion of black families earning less than $10,000 a year dropped during the sixties, from 59.9 percent in 1959 to 36.5 percent in 1970, then rose slightly in the seventies, to 40.4 percent in 1980.

Although during the seventies black families did not maintain the rate of movement into the upper-income ranges they experienced in the sixties, these data provide evidence that a substantial black middle class evolved during the sixties. Black families in which husband and wife both work form the base of this fairly stable middle class—in strong contrast to the continuing poverty of single female-headed households. The growing and hardening schism between black households headed by married couples and those headed by single females may have serious ramifications.

Family Type and Place of Residence

The most severe economic problems facing black America involve families headed by single black women. These families tend to be poor and to de-

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Investment Policy for Economic Revitalization

by Gregory D. Squires

(Dr. Squires teaches in the sociology department at Loyola University of Chicago and edits the Journal of Intergroup Relations.)

The redevelopment of America's decaying central cities—areas characterized by the loss of millions of manufacturing, wholesale, and retail jobs and disproportionately high populations of unskilled blacks, Hispanics, and other minorities—requires that elected officials redefine their proper role in the effort to aid these communities.

Present approaches are founded on the notion that municipalities can attract capital to depressed areas by offering a few marginal tax breaks to selected private businesses. It is assumed that such inducements will be sufficient to generate investment, jobs, and purchasing power in these depressed areas and, further, that the increased spending will trickle down to everyone's benefit. But programs based solely on incentives to private investment have failed, primarily because they rely on the very forces that led to the decline of urban America.

Private investment decision-making has been responsible for the loss of millions of jobs. Economists Barry Bluestone and Bennett Harrison estimated that between 32 and 38 million jobs were lost in the 1970s because of private investment decisions to close or relocate businesses. Many of these businesses had actually been profitable, or had become unprofitable only after parent corporations invested their assets in other subsidiaries and neglected to maintain the older facilities.

Corporate mergers have also drained capital that might otherwise have been invested to create new jobs. Robert Sherrill reported that, in 1981, $82 billion was spent to finance 2,395 mergers, almost 50 percent more than in 1980. Harvard researchers Robert H. Hayes and William J. Abernathy found that economic decline in the United States is attributable more to this emphasis on short-term profits at the expense of long-term research and development than to high union wages, government interference, or foreign competition.

Given these demonstrated investment priorities, along with the increasing concentration of the economy and the ease with which capital can be shifted to all parts of the globe, it is not surprising that tax incentives have had limited impact on corporate location decisions and even less effect on the generation of economic growth. At best, these tactics encourage private businesses that are already planning to expand or relocate to shop around for the highest public subsidy available.

Not only are incentive-based plans ineffective; they represent a direct loss of revenue to the government, a concomitant loss of services, and an increased tax burden on those least able to pay.

Under redevelopment policies based on the trickle-down theory, the cure of social ills is merely a hoped-for byproduct of growth, rather than an explicit goal of rational planning. And since the financial incentive–industrial attraction policies have proven ineffective in generating growth, there is nothing to trickle down. Industrial revenue bonds (IRBs) are a telling example of this flawed approach to urban redevelopment.

Industrial Revenue Bonds

IRBs are issued by state and local governments, ostensibly to provide financing for industrial development that will create jobs and spur the local economy. Because the earnings on the bonds are exempt from federal taxation, bond purchasers—usually banks—are willing to make loans to private businesses below market rates. Nationwide sales of IRBs grew from $100 million in 1960 to $8.4 billion in 1980.

Many enabling ordinances explicitly cite the redevelopment of depressed inner-city communities as a principal justification for the subsidy. But abuses of IRBs have been widespread.

Chicago's Economic Development Commission in 1982 approved a $900,000 IRB for Sam's Liquors. According to the Chicago newspapers, Sam's Liquors promised to create 19 new jobs by 1986—if business doubled. Hardly a massive jobs program, but an executive of the company had strong Democratic party ties.

John Bosshard obtained a $600,000 IRB from the village of Bangor, Wisconsin, to finance construction of a building for his bank. Tom Loftis, a Wisconsin assemblyman, testified before the House Ways and Means Committee that although the ordinance specified the project was to be located in a blighted area, Bosshard managed to erect the structure on the outskirts of town, in a subdivision he was developing.

Moreover, though IRBs were intended to aid small industrial businesses without access to normal capital markets, many IRBs have become, as Senator Howard Metzenbaum of Ohio put it, "simply the financing method of first choice for large, profitable, financially powerful international corporations which would build and expand with or without these bonds." Likewise, IRBs are frequently used by communities to lure business away from other communities, thus creating no net gain in jobs.

The impact of IRBs is doubly costly. The Congressional Budget Office estimated that the federal government gave up $700 million in direct revenues in 1980 and predicted that loss would rise to $2.9 billion in 1986. At the same time, according to the Municipal Finance Officers Association, the increase in IRBs creates competition in the municipal bond market, raising interest rates generally and hiking borrowing costs to state and local governments for more essential services such as public schooling and road repair. Consequently, not only do expected jobs fail to materialize, but already inadequate inner-city services are cut even further.

Minority groups are especially burdened by this approach to urban revitalization. Minorities tend to be overrepresented both in businesses that close down and the communities most adversely affected by economic decline. They are often underutilized in new businesses or expansion of existing firms. A

study of firms receiving IRB financing in Milwaukee, Wisconsin, found that minorities and women were underutilized by 75 percent and that 25 percent of the firms had been found by the U.S. EEOC to be in violation of federal equal employment opportunity requirements. And Wisconsin is one of the few states with a nondiscrimination clause in its IRB law.

A perennial problem had been the secrecy with which many IRB programs were operated. While some jurisdictions have long required public hearings prior to the approval of any bond and have maintained records on the size, purpose, and other characteristics of bond programs, many others have not. When IRBs are issued with no public input and no public records are maintained on the use of the funds, evaluating the programs poses major difficulties.

Such problems led Congress to tighten restrictions on IRBs in the 1982 Tax Act. Public hearings are now required before any bond can be issued. And issuing authorities must now report to the Treasury Department the names of IRB users, the amount and interest rate of the bonds, and descriptions of bond projects. But these administrative quick fixes will not heal what ails IRBs or turn them into an adequate vehicle of economic revitalization.

Participatory Approaches to Economic Development

If the nation's economic and social problems cannot be solved by "throwing money at them," they will not be solved by throwing incentives at them either. We cannot rely either on financial incentives to the private sector as the key to growth or on growth as the solution to social problems. As the U.S. Commission on Civil Rights recently found, employment disparities between white males, on the one hand, and minorities and women, on the other, persist in expanding industries and communities as well as those on the decline.

Government at all levels has a responsibility to take an active role—in partnership with private industry and community organizations—in planning economic development and shaping public as well as private investment. Ingredients of such an approach are already in place in some communities.

Carefully managed IRBs or other incentives can be useful tools as *part* of an overall economic development plan, but only if safeguards are established to ensure that the intended public benefit will be realized. Recipients could be required to specify the number of jobs a given project is to create, with a portion of the subsidy to be returned if that number is not achieved. Communities would then be guaranteed more than promises for their money.

Massachusetts and Connecticut have created venture capital funds to support small businesses that produce socially useful goods and services and to create jobs in areas of greatest hardship. In Massachusetts, funds are allocated to community development corporations whose boards represent a cross section of the population; in Connecticut, the state receives royalties on future sales by the funded businesses, thus enhancing the state's ability to provide public services. Recognizing the many advantages of employee ownership, at least five states have enacted legislation to facilitate employee purchases of businesses that otherwise would close.

In some cases, the public sector can compete directly with the private sector. North Dakota State Bank, for example, has proven profitable, returning millions of dollars to the state's general fund and assisting the economic development of that region.

Some municipalities are exploring municipal fire insurance programs. Under such programs, the city would sell insurance and would therefore receive the revenues currently going to the agents of private insurance companies as commissions and to stockholders as profits. These funds could be used instead to renovate housing units, install smoke alarms, or fund other efforts to reduce the risk of fire—and ultimately the price of insurance. Such an approach can be particularly beneficial for communities victimized by insurance red-lining practices.

Inevitably, some businesses will fail and others will relocate, but the costs of those changes can be distributed much more equitably than is currently the case. "Plant closing" legislation, which has been introduced in Congress and in several states, would assist residents of affected communities through such requirements as advance notice of any closing, relocation, or substantial reduction of business; job rights at other company locations or severance pay for workers who lose their jobs; extension of health and other benefits after the job has been terminated; payments to community development funds; and aid for employee groups who wish to purchase facilities that would otherwise be closed.

These efforts are illustrative of what communities can do if the political will exists. Such actions do not, in and of themselves, constitute an economic development plan. The first step toward such a plan, however, is the recognition that public officials and community organizations, as well as stockholders and corporate officers, can have a say in the nation's investment decisions. These decisions have long been considered the domain of private management, but the destructive dimensions of unrestrained private investment decision-making must be confronted.

Such management prerogatives have been the focus of earlier reform movements. When the Wagner Act was passed, our society decided that the right of workers to organize collectively took precedence over management's assumed right to make arbitrary employment decisions. In the 1960s, the United States determined that the right not to be held back by one's race or sex superseded other rights that property owners had assumed to be their prerogatives. And in the 1970s, environmental and occupational safety battles made further inroads into private privilege.

In the 1980s, private investment decisions themselves must be placed under the same kind of scrutiny and direction.

Surety Bonding and Minority Business

by Jack R. Marchbanks

(The author, formerly executive director of Ohio's Minority Development Financing Advisory Board, will be a senior analyst at the Federal Reserve Board in Washington, D.C., starting this fall.)

Advocates of government set-asides heralded the inclusion of a 10 percent minimum set-aside in the Surface Transportation Assistance Act of 1982 as a great victory. And it was. However, Congressman Parren J. Mitchell (D-MD), chief architect of the set-aside provision, has noted that the Surface Transportation Act has also cast a surgeon's light on a lingering ailment that has stunted the growth of minority contractors: limited access to surety bonding, caused by the surety industry's perception of minorities as high-risk clients.

A surety's business is to guarantee to a construction project's owner that the contractor will satisfactorily complete the project. In exchange for premiums paid by the contractor, the surety issues a "performance bond" and an accompanying "payment bond." A performance bond guarantees that the contractor will satisfactorily construct the project, and a payment bond guarantees that the contractor will pay his laborers and suppliers. If a contractor "defaults," which usually means he has failed, in the owner's estimation, to progress satisfactorily on the project or has failed to pay his workers and suppliers, the owner has the right to pursue completion of the project and payment of overdue bills at the surety's expense. In effect, a surety bond is a kind of insurance.

Although sureties charge contractors a substantial premium for bonds they write, it takes only a few defaults on sizable contracts to wipe out these earnings or, worse, drive even a large surety out of business.

The pervasive perception held by major companies is that minority contractors in general are poor risks with high default ratios—hence their reluctance to bond minority construction firms. Spokesmen for the surety industry defend this perception by citing various default "horror stories" and by pointing out that minority firms' weak balance sheets and feeble working capital leave them ill-prepared to handle the large contracts that are now being set aside by federal, state, and local governments. The perception is so entrenched that a major surety association's school offers, as a part of its curriculum, a case study in which a Hispanic subcontractor defaults and promptly skips town, leaving the prime contractor to finish the subcontract as best he can.

Actually, there is little statistical documentation of a higher-than-average default rate for minority contractors. In fact, neither the National Association of Surety Bond Producers nor the American Surety Association—nor, for that matter, the Small Business Administration—could even give an "average" default rate for all contractors. Granted, thin working capital and the propensity to take on too large a contract too soon are real issues to be addressed by minority contractors. But the inability to get bonding is making it difficult for some very solid minority firms to develop the capacity to handle larger projects.

Smaller Contractors Are Hurt Most

Minority construction firms whose new contract sales range annually from $500 thousand to $1.5 million are the contractors hurt most by the surety industry's wariness. Large minority contractors (those who annually write new business totaling at least $2.5 million) generally have better access to surety bonding.

For perspective, it is important to note that "larger" and "smaller" are relative terms. Turner Construction, Inc. of New York, one of the large nonminority general contractors, had new sales in 1982 totaling $1.4 billion. That gross revenue total is nearly 20 times the 1982 sales of Thacker Construction Company, the sixth largest black business in America, according to *Black Enterprise's* "Top 100 Black Businesses" survey (June 1983).

Without access to increased surety bonding, smaller contractors cannot bid on the larger or multiple contracts necessary to boost their sales. Without bonding, minority firms are forced to pursue joint ventures or are compelled to lower their sights and seek subcontracts with majority contractors that do have sufficient bonding. And even subcontracting is a crumbling defense against not being bondable, as prime contractors are now requiring minority subcontractors to furnish them with bond on larger subcontracts.

The problem is clear: *without better access to increased levels of bonding, billions of construction dollars, including those specifically set aside for minority firms, will be either involuntarily "shared" or not received at all by minority contractors.*

Bonding Assistance Programs

The Small Business Administration has had a surety bond guarantee program for minority businesses since 1971, but, in the eyes of many, it has been very poorly managed. For example, minority subcontractors charge that lack of oversight by the SBA has allowed a deceptive practice to become widespread: the prime contractor claims that a subcontractor bonded under the SBA program is in default after a substantial portion of the subcontracted job has been completed. The prime contractor thus obtains payment in full for the bonded job even though 85 percent of the job may in fact be done. Such problems have led the Small Business Committee of the U.S. House of Representatives to conduct hearings on the management of the SBA and to seek tighter controls on its programs.

On the state level, there is a unique and innovative program operating in Ohio. In 1981, Ohio's black state legislators engineered a $10 million appropriation to fund a minority contractors bonding program. The Ohio program underwrites surety bonds for both private and public jobs to be performed by Ohio-based minority contractors. The funds can be used to bond prime contractors and subcontractors but have been used almost solely for prime contractors. Support services, such as

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. . . Black Family Income, 1960-1980

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pend on government assistance for survival. The fact that the economic status of blacks as a group showed little improvement between 1960 and 1980 can be attributed largely to the increasing proportion of black families headed by single women. That proportion grew by 90 percent during this period, while the proportion of families headed by black men decreased by 25 percent.

In 1980, female-headed families made up 42 percent of all black families and more than half (53 percent) of black female-headed families had incomes below the poverty level; of those with dependent children, nearly two-thirds lived in poverty. The median income for black female-headed families, $7,425, was 62 percent that of white families headed by single females and only 34 percent that of all white families.

Families in which both partners are in the labor force come closest of all black groups to achieving income parity with white families of similar make-up. Black families with both spouses working earned a median income, $22,795, that was 84 percent of the median for white families of similar make-up and 104 percent of the median for all white families. One-third of all black families were in this category.

While black married-couple families have a good chance of having upper-level incomes if both spouses work, when the wife in such a family did not work, the median income was only $12,419, which is 64 percent of the median income of similar white families. Families of this type accounted for 22 percent of all black families.

Black families living in the suburbs of large metropolitan areas and black families living in the western states had higher median incomes and higher income ratios to whites than black families in general.

Black families who lived in the suburban areas of major cities had the highest median income of any group of black families, but such families accounted for only 14 percent of all black families. By far the largest group of black families—56 percent—lived inside the central cities of the major metropolitan areas. Among such families, the median incomes in 1980 were $13,650 for those who lived in the largest cities and $11,521 for those who lived in the smaller cities.

Those black families who lived in the small towns and rural areas outside of metropolitan areas had a median income of only $10,257. Twenty-two percent of all black families live in such nonurban areas, and as a group, they are among the poorest black families.

When median income ratios are examined by region, several interesting patterns appear. In 1980, black families in the western states had the highest median income of blacks in any region ($17,135). This gave them 76 percent of the median income of whites in the West—the highest ratio of any region. But only about one-tenth of all black families live in the West, while more than half live in the South. For them, the median income was $11,629 in 1980, 56 percent of the $20,631 median income of white families in the South and less than the median income level of black families in any other region. Black families in the Northeast region and the North Central region had median incomes of $13,189 and $14,044, respectively.

The picture that emerges from the data is a complex one. Collectively, black families fare poorly when their median incomes are compared with those of whites. However, the gap betwen black and white median income varies among groups within the two populations; some segments of the black community have clearly come closer to attaining economic parity with whites than others.

If the economic schism within the black community continues to grow, policies designed to increase the economic status of blacks will have to be targeted more closely to specific segments within the community. Both scholars and policy makers must continue to look beyond summary statistics to get a clear understanding of the dynamics of change in the black population.

. . . Bonding and Minority Business

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engineering and accounting assistance, are an integral part of the program.

In the 18 months the bonding program has been in operation, it has suffered no defaults. Thus it has cost the state almost nothing; the income on the capital reserves has probably offset most of the expenses. And the influence of the program has extended beyond direct bonding: in several instances, when contractors sought bonds on minority subcontractors they were required to use, the administrators of the state bonding program were able to convince them to proceed without such bonding, on the strength of the subcontractors' previous bonding under the program.

Minority legislators in California, Michigan, and Pennsylvania are currently pursuing similar initiatives. But although Ohio's state-run minority contractors bonding program has sparked the hopes of many, Congressman Parren Mitchell, who chairs the Small Business Committee, warns that governments are fickle and advises that more dependable means of meeting the national surety bond shortage must be found. These means, to be effective in the long run, must be controlled by the minority community.

Mitchell suggests that minority insurance companies could diversify into surety bonding or black entrepreneurs could establish their own surety companies. The minimum capitalization for a U.S. Treasury-approved surety is $250 thousand. Requirements and guidelines governing the establishment and operation of a surety company can generally be obtained by contacting one's state department of insurance.

Legislative initiatives such as the Surface Transportation Assistance Act were intended to spur the growth of minority contractors. The fraternity of small but promising minority contractors is the seedbed from which new construction giants will spring. But without attention to the special obstacles faced by these contractors, the seeds will never take root.

Telescope

Governor Robb Creates Voter Registration Commission in Virginia

Governor Charles S. Robb issued an executive order in July creating a Governor's Commission to Increase Voter Registration in the state of Virginia. In an address to the NAACP national convention in New Orleans shortly after he signed the executive order, Governor Robb stated that there are more than 1 million eligible but unregistered citizens in Virginia. And the Joint Center has found that Virginia ranks seventh among states in number of unregistered blacks (see *Focus,* June 1983). At least 331,000 blacks—almost half of Virginia's black voting-age population—are unregistered. Thus, nearly one-third of Virginia's eligible but unregistered citizens are blacks.

The Commission to Increase Voter Registration will consist of 17 members, including a chairman and a vice chairman, all to be appointed by the governor. Commission members will study registration and registrar practices across the state and make recommendations to increase the number of Virginia's registered voters. The commission will report its interim findings to the governor by December 1, 1983 and issue its final report by December 1, 1984.

U.S. Court of Appeals Rules in Favor of Ohio MBE Act

The U.S. Court of Appeals for the Sixth Circuit recently reversed the ruling of the District Court in Columbus that the Ohio Minority Business Enterprise Act violates the equal protection clause of the Fourteenth Amendment.

The Ohio MBE Act, enacted in December 1980, permits set-asides of 5 percent of all state construction contracts and 15 percent of all state procurements for MBEs in Ohio. In April 1982, the Ohio Contractor's Association sued the director of administrative services and others for violation of the equal protection clause of the Fourteenth Amendment. In his decision, District Court Judge Kinneary concluded that the state's plan unduly limited the opportunities of non-minority businesses and impeded the ability of the state to conduct its governmental functions.

Defendants for the state appealed the case to the Sixth Circuit Court. In a 2-1 decision, the court ruled in favor of the state on July 12, 1983. Judges Lively and Engel concluded that the act did not place an undue burden on non-minority contractors and served to remedy "the results of invidious discrimination" rather than "just to prefer one group over another." In addition, the court found that the act had been passed because earlier remedies had been ineffective. Therefore, the court said, the act is constitutional although it differs somewhat from the federal MBE provisions.

Peace Corps Recruits Black Volunteers

The Peace Corps wants more black Americans to serve as volunteers and has begun a campaign to recruit them. Although the percentage of black Americans serving as volunteers has increased from five to eight percent over the past two years, it is still not representative of the overall black population.

The corps needs people with skills in virtually every discipline—from engineering to farming and auto mechanics. The average age of volunteers is 27, but there is no upper age limit. Some 300 volunteers are over 50 years old.

The Peace Corps provides a two-year tour of service and skills, language, and cross-cultural training. Volunteers receive a monthly stipend and, upon completion of the tour, a readjustment allowance.

For more information, write to Peola Spurlock, Minority Relations Coordinator, Peace Corps, 806 Connecticut Avenue, N.W., Washington, D.C. 20526.

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