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The Federal Emergency Employment Act of 1971: An Appraisal of Texas' Experience*

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On August 30, 1971, Governor Preston Smith announced the effective beginning of the Emergency Employment Act of 1971 in Texas. Labeling the new federal endeavor as "a meaningful program," the governor observed that it "can be a useful component to the state's manpower policy in dealing with problems of areas experiencing high unemployment and increasing welfare assistance." Thus, in a spirit of optimism, a new era in modern public policy was launched. For under this act, the federal government provides the funds for new public service jobs to be established by nonfederal levels of government. The newly created jobs were, according to the governor, "for unemployed and underemployed persons in Texas."

The provisions of the Act (more popularly referred to as the Public Employment Program, or PEP) stipulate that certain nonfederal units of government shall directly administer the Act. To be eligible, the state, county, or city government body must have a population of 75,000 or more who reside within its geographic boundaries. Of the funds allocated directly to each eligible city and county, a portion is set aside for the state government to administer within these localities. In such instances, the state's proportion of the funds

is based upon the ratio of state government employment to local government employment in the area. All cities of 75,000 inhabitants or more are eligible. When a city of at least 75,000 population is part of a county whose population (exclusive of the city) exceeds 75,000 people, the county is also eligible to become an independent sponsor. These units of government which are so described become "program agents." For those counties that do not have a total population of 75,000 or who do not have a residual population of that magnitude exclusive from any municipalities who qualify independently as a program agent, the State of Texas is the program agent for this collective "balance of state" sector. Originally, there were 33 program agents: 18 cities, 14 counties, and the Governor of Texas who has the "balance of state responsibility."

PEP, in these early days of its life, was touted by federal officials to Texas officials as being a pioneering form of revenue sharing in which the federal government would supply dollars with a minimum of federal restrictions. Flexibility at the local level was seen to be a key feature of PEP. As will be shown, however, the use of PEP as a prototype for other forms of federal revenue sharing has proven to be a myth. PEP has become yet another grant-in-aid program with all of the attendant administration and coordination problems that its presence adds to an already overburdened panoply of manpower endeavors. Moreover, uncertainties of future funding, recently culminating in President Nixon's recommendations for reduced appropriation in

the fiscal 1974 budget and eventual phasing out of the entire program, have adversely affected its implementation.

THE START-UP PHASE

When on August 12, 1971, the Department of Labor (DOL) announced the initial distribution of funds, the allocation method and the resulting paucity of funds became an immediate source of controversy in Texas. The initial grants from Section 5 of the Act totaled \$600 million to all of the states and trust territories. The distribution was based upon a two-pronged formula that gave equal weight to the number of unemployed (not the actual unemployment rate) and the severity of unemployment in each state. The two factors, in turn, are averaged to get the state allocation formula. Under this procedure for Section 5, Texas received a total of \$11.7 million (or roughly about 2 percent of the total). Apparently, the paltry sum received by Texas was due to the fact that it did not qualify for any money under the severity factor for Section 5 since the overall state unemployment rate was slightly below 4.5 percent at the time of the calculation. The small apportionment received by Texas raised strong feelings that the allocation was more in line with political considerations than economic needs. It has been estimated that had the Section 5 allotments been based simply upon the proportion of unemployment in Texas relative to the number of unemployed to the nation, Texas would have received \$22 million (a 100 percent increase).

A more serious problem was the rapid

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Comment

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alteration in the character of the program as perceived from the local and state levels. Because of the haste to begin, state officials were forced to make a number of decisions in the absence of any written guidelines. After many of the decisions were made, the guidelines—and then the rules, regulations, and issuances—were promulgated. The net effect of these was to change drastically the character of PEP. It became increasingly restrictive to the point that it could no longer be considered revenue sharing but rather another form of grant-in-aid. Hence, many early decisions made at the program agent level had to be reversed and produced attendant ill-will.

In addition to Section 5, \$250 million was made available nationally under Section 6 of the Act during the first year. Four-fifths of Section 6 funds were allocated on the basis of severity of unemployment. The criterion was that the unemployment rate in the target areas exceed 6 percent for three consecutive months prior to passage of the Act. Of the \$200 million actually distributed nationally, Texas received \$3,556,900 (or 1.7 percent of the total). No new program agents were designated. For those program agents in Texas which were eligible to receive funds because they had a 6 percent or higher unemployment rate, funds were made available directly to be used at their discretion for residents of their jurisdictions. For other program agents in which the unemployment rate was less than 6 percent, they were eligible for Section 6 funds if they had an "eligible area" within their boundaries. In this

latter instance, however, the Secretary of Labor designated who within the program agent's jurisdiction would receive Section 6 funds. Under Section 6, all the jobs established have to be with city, county, and local institutions. The state government cannot be an employing agency.

In response to criticism from Texas officials over the smallness of the PEP funds received by the state, Texas subsequently received additional grants of \$120,000 and \$1.4 million respectively from Section 5 and Section 6 special reserve funds distributed by the Secretary of Labor.

When all funds under the Act are accounted for, Texas received a meager 1.7 percent of the total national distribution. Considering the massive problems of poverty, underemployment, escalating welfare rolls, and pockets of severe unemployment in the state, it is obvious that PEP could exert only a peripheral influence upon these areas of social need. Thus, the criteria for evaluation of the program cannot be found in its aggregate performance. Rather one must probe deeper into PEP's presence at the various state, county, and city operational levels to discuss its conceptual validity and program impact.

FUNDS DISTRIBUTION

Of the \$11.7 million received by Texas under Section 5, \$7 million went directly to the 32 city and county program agents. The remainder went to the Governor of Texas who has two roles to play in the administration of the Act. The first pertains to the state agency jobs in the political jurisdictions of the other 32 program agents. The second responsibility refers to the "balance of state" responsibility. Under Section 5 the governor received slightly over \$1 million for the former and \$3.7 million for the latter.

With respect to the remaining \$3.7 million given to the governor and designated for "balance of state," it was immediately recognized that in a state as large as Texas the program could not be directly administered from the state capitol. In this instance, the governor's role is largely restricted to a rural responsibility which extends over 240 counties. Consequently, it was decided from the outset that the governor would implement his role through the 24 councils of government (COGs) that exist in Texas. The COGs are voluntary associations of local governments whose role has been largely one of planning on a multi-county basis. Not all counties have elected to affiliate with a COG. Prior to PEP, the COGs had

experienced little involvement with human resource programs. Rather, their role had been almost exclusively centered upon land use planning, natural resource planning, and "brick and mortar projects."

FEDERAL REGIONAL PERSPECTIVE

In recent years, the regional offices of the U.S. Department of Labor (DOL) have assumed a role of increasing prominence in the administration of the nation's manpower programs. PEP in Texas is administered through the Region VI offices in Dallas. Aside from Texas, there are four other states included within the region: Arkansas, Louisiana, New Mexico, and Oklahoma.

Region VI officials view the Emergency Employment Act of 1971 as having two basic objectives: (1) to combat unemployment and (2) to provide public service jobs to local governments who have desperate needs for additional employees but lack the funds to hire them. Although PEP is not seen as a "poverty-type program" by Region VI officials, a review of the characteristics of the PEP participants in Region VI for the first year reveal that it has reached a disproportionate segment of the poverty and minority group population in each of these five states. For example, the comparable national program figure for disadvantaged participants was 37 percent—a percentage that was exceeded by every state in Region VI except Oklahoma (35 percent). As for minority group participation, the national PEP figure was 33 percent of all participants. This percentage was surpassed in Louisiana (56 percent) New Mexico (75 percent), and Texas (58 percent). With respect to the pre-PEP wages of participants, about half of the participants in the region were earning below \$2.00 an hour. Almost all of the PEP jobs have been in nonprofessional job categories. Also, approximately a third of the PEP participants were unemployed for 15 weeks or more before the advent of the program. Hence, it is obvious that the program has provided jobs for a substantial number of people who would normally be considered members of the poverty population of the nation.

With regard to the types of jobs created for PEP participants, DOL regional officials observe two trends. In the "balance of state" sector, the jobs have tended toward those in the low skilled categories and have been heavily oriented toward maintenance work. Conversely, where directly funded program agents are involved, there has been a tendency to

branch away into more specialized and fewer maintenance category jobs.

The area which affords the greatest opportunity for diversity between states is the handling of the "balance of state" responsibilities. Largely a rural mission, the "balance of state" offers unique challenges to PEP. To reach the widespread rural populace, it is necessary to develop various methods of establishing sub-program agents. According to the regional DOL officials, "there is no best method" to cover the "balance of state." The chosen method, it seems, is best determined by the existing personal relationships between the governor and the local governmental bodies. Given the delicate nature of these political relationships, DOL has chosen not to dictate any single delivery system.

The need for separate guidelines, rules, and regulations for the operation of the "balance of state" function has been a repeated problem. Rural programs require a much more flexible administrative structure than do urban undertakings. The guidelines make no recognition of the basic fact of life that "what is good for people working in New York is not good for people working in south Texas and vice versa," observed one regional DOL spokesman.

With specific reference to the "balance of state" operations in Texas, DOL regional officials agree that the decision by the state to use the councils of governments was the only realistic choice. The vast geographic area to be covered, combined with the limited amount of time allowed for PEP to be launched, afforded no alternatives. On reviewing the overall operations of the COGs, the DOL regional office feels that the arrangement has worked well. Still, they note that there has been too wide a range in the degree of emphasis placed upon PEP by the different COGs. Optimally, it is felt that the state should drop some COGs and expand the activities of others.

Another observation about the Texas program as seen by the regional office deals with the way the COGs implemented their programs. Specifically, they question the wisdom of the decision to spread the money around to as many local governmental units as possible. Of the 448 employing agents in the "balance of state" jurisdiction, 266 employ only one PEP participant, and an additional 79 have only two PEP participants. In many of these rural areas, the PEP employee is the only budgeted municipal employee. Hence, it is feared that many of these PEP participants will not be picked up as permanent employees, since there was no city budget at the outset.

With respect to flexibility in program format and administration, the DOL regional office acknowledges that in the early stages of conception PEP was viewed as a form of revenue sharing. It was envisioned as a test of the capabilities of local government to administer manpower programs. As the various DOL guidelines, rules, and regulations were added, however, its format has been drastically changed. Consequently, "the simple act that passed Congress has become a very restricted program." Yet, even though "no one can say that PEP is revenue sharing today," the regional office believes that PEP still allows significant leeway to program agents. Specifically, they point to the fact that the program agents can determine the types of jobs they wish to fund; they can decide the wage to be paid (subject to a \$12,000 salary ceiling for any single job); and they can make changes in their plans and inform the regional office at a later date.

The diverse goals and numerous definitions used to categorize participants have caused reporting and monitoring problems. Misunderstandings over the veterans and the disadvantaged classifications were the most frequent source of errors. Rural programs—whose officials are less familiar with many standard definitions—have committed a disproportionate number of mistakes.

The effect of the hiring freeze imposed on PEP in August, 1972, after the President's veto of the DOL appropriation has had a serious impact on the program in Texas. All program agents have unfilled job openings. Transitions have virtually ceased. Regional officials of DOL state that although the program agents agreed to place people into jobs, they are no longer doing so. Because of the inordinately high number of disadvantaged participants in Region VI who have been placed into entry level jobs, there is greater normal turnover of participants (due to firing, quitting, etc.) than in higher paying jobs. Hence, because these positions cannot be filled, there is a natural reluctance to transit other people into permanent jobs. Yet despite their understanding attitude, federal regional officials have wisely counseled that placements will determine the life or death of PEP. If the employing agents stop placing people, they are only hurting themselves because they endanger the entire program's legislative future.

"BALANCE OF STATE" PERSPECTIVE

The State of Texas serves as the program agent for the "balance of state"

responsibility for PEP. "Balance of state" is defined as all geographic areas outside the political jurisdiction of other designated program agents who are participating in the PEP program. The governor's office assigned operational responsibility to the Department of Community Affairs (DCA).

Actually, there are two aspects of the state's role. One deals with the state jobs *within* the political jurisdictions of the directly funded program agents in the state; the other pertains to the delegation of the administration of the act *outside* the political jurisdictions of the designated program agents to 24 councils of governments (COGs). The COGs' sphere coverage includes a vast geographical area embracing 240 counties which were not directly funded program agents. Essentially, the COG responsibility is a rural one. Even though not all counties are COG members, the COGs are required for PEP purposes to serve the non-COG members within their areas. Aside from being the most efficient administrative procedure, it was also hoped that the COGs could be moved from their previous preoccupation with planning and non-human programs toward program implementation and human resource projects. The need to develop manpower expertise at the local level was a prime consideration. All 24 COGs agreed to participate. As DOL guidelines, rules, and regulations are silent with respect to COGs there have been administrative complications.

The distribution of Section 5 money among the COGs was based upon a two-factor allocation formula similar to that used by DOL to distribute the money between the states. One factor related the absolute number of unemployed people in the county to the absolute number of unemployed in the state. The second factor was a severity factor that used 4 percent unemployment (rather than 4½ percent, as used in the federal distribution) as its index. The number of unemployed people in excess of 4 percent in the county was related to the number of unemployed people over 4 percent in the state to obtain the relevant factor.

The three most frequent problems that have arisen in the "balance of state" phase of PEP have been (1) the requirement that no PEP participant can be employed in an occupation in which any other employee is receiving less than the federal minimum wage; (2) the 3.2 percent limitation on the total amount of reimbursable funds for administration purposes; and (3) the restrictive limitations placed on indirect costs which are reimbursable.

The participation of Vietnam era veterans in the "balance of state" phase of PEP has lagged behind and been a subject of concern. They number considerably below the national PEP target of 40 percent Vietnam era veterans. According to DCA spokesmen, the quota is "unrealistic" when applied to a rural sector. In some areas there is a surplus of unemployed veterans, but the PEP program is too small to accommodate many of them. The usual pattern in the remainder of rural Texas, however, is one in which the number of unemployed Vietnam era veterans is small. Frankly stated, many rural areas of Texas offer few attractions to return once a person has seen the outer world. In addition, as the focus of the rural PEP has been on entry-level jobs that usually pay below \$2.00 per hour, these are not very enticing to many veterans.

Taken as a collective package, these complaints underwrite what is perhaps the most troublesome feature of the current administration of PEP: it is simply anti-rural as currently administered. As one state official observed: "The act does not fit the rural situation." All of these topics are either nonexistent or easily surmounted in urban areas, but in rural areas they present serious roadblocks. Recognition of this basic fact of life through more flexible administrative requirements could enhance PEP's attractiveness and its significance to a large portion of the needy populace.

The DCA feels strongly that the "balance of state" program requires separate guidelines and reporting time frames from those applicable to the other directly funded program agents. The DCA officials feel that the regional DOL officials have supported their views wholeheartedly but "Washington simply will not listen to either of us."

Although there are changes that need to be made, the benefits of PEP are seen as far outweighing the costs. DCA spokesmen exclaim that PEP is desperately needed in the rural sector of the Texas economy. The jobs that have been created reflect the needs of these local communities. There is no fear that PEP is a make-work venture.

COG PERSPECTIVE

In terms of the number of participants and the amount of funds received, the South Texas Development Council (STDC) has the largest PEP program of the 24 councils of governments in Texas. The predominantly Chicano population who reside within

the rural area contained within STDC jurisdiction has an incidence of poverty and an unemployment rate that are among the very highest in the United States.

The major city within the area embraced by STDC is Laredo. But as neither the official 1970 population of Laredo (69,000) nor the population of Webb County (72,000) in which Laredo is located met the 75,000 population criterion to qualify as a directly funded program agent, the city and the county fell under the "balance of state" responsibility of the governor's office. The relevant COG, in this instance, is the South Texas Development Council. In addition to Webb County, STDC also embraces Jim Hogg, Starr, and Zapata counties.

Having agreed to participate, however, STDC quickly encountered three problems that have lingered throughout the first year: the minimum wage question; the level of funds available for administrative costs; and the restrictions placed on reimbursable indirect costs. Tending to and living with the answer to these questions have diverted a disproportionate amount of staff time away from the actual problems of PEP itself.

In light of the high unemployment and the stagnant size of the public sector, STDC's prospects for attainment of the PEP goal of 50 percent transition is quite unlikely. Webb County offers the best opportunity for transition, but even in this case the maximum transition rate will be no higher than 25 percent of the participants. It is estimated that in the other three counties, the highest possible transition rate will be no more than 15 percent. Thus, the transition objective is viewed as "unrealistic as a goal and impossible as a requirement."

The hiring freeze has severely reduced the effectiveness of STDC's program. It has unfilled slots that cannot be filled despite the abundance of unemployed people available and seeking the opportunity to participate. In fact, the most significant aspect of the presence of PEP in the region is the opportunity it provides to demonstrate how many people there are who want to work but for whom few jobs are available. Despite the fact that most of these jobs pay only the federal minimum wage, the records of the Texas Employment Commission show that overall there have been over four applicants referred to every one opening. For many unskilled jobs, the ratios were much higher.

LARGE CITY PERSPECTIVE

The City of Houston was designated as

a program agent which was eligible for direct funding from the Department of Labor. Accordingly, the city received \$806,100 under Section 5 and an additional \$432,000 under Section 6 for the first year. As the city's unemployment rate was below 6 percent, the Section 6 money was designated by the Secretary of Labor to be spent exclusively on residents of the Model Cities neighborhoods. In late February, 1972, an additional \$1 million was awarded to the city from the Secretary of Labor's discretionary account from Section 6.

It was quickly determined by the mayor's office that both the Section 5 and Section 6 allocation of funds for Houston were too small to have any noticeable impact on the 17,300 unemployed people within his jurisdiction. Hence, he instructed his staff to focus upon highly visible jobs. It was decided "to concentrate the resources on the highest priority of unmet needs—the maintenance of public facilities for improving environmental quality." Priority was given to these low skilled jobs also because "jobs in this field can be staffed rapidly from the unemployed in the Houston area."

From the beginning, there has been concern in Houston as to why PEP was not administratively set up to conform to the recent manpower reform proposals, namely, as a movement toward bloc grants given to a single prime sponsor who would administer PEP throughout the manpower planning area. PEP runs counter to this thrust because it bypasses the Houston Cooperative Area Manpower Planning System (CAMPS). As matters now stand, the Houston CAMPS area has seven PEP program agent jurisdictions. Program agents, it is argued, should be able to hire people who live anywhere in the labor market. Yet, every effort to have them so classified has been rebuffed by DOL interpretations. Harris County, for example, has applied twice for a waiver for its "balance of county" responsibility in order to give all of its funds to the ghetto residents of Houston and Pasadena (both cities being within Harris County). It was felt by the county officials that the unemployment problem of the county was found within these two cities. Yet, both appeals were rejected. The county was told that it must hire PEP participants who do not reside within the land area of either city. A further complication resulted from the fact that there are 11 small municipalities within the borders of the city of Houston. It has been ruled that these municipalities are not part of the city,

and hence, they are the responsibility of Harris County and not of the Houston program agent. Houston officials argue that PEP, by its nature, defies coordination with other manpower programs and runs counter to the previous thrust toward greater responsibility of program effort at the local level.

There are mixed opinions in Houston as to the prospects of attaining the national goal of 50 percent placement of PEP participants into permanent jobs. All admit it will take "very positive efforts" to overcome the built-in inertia that characterizes normal employment practices. Assurance of desired placements requires staff attention to the issue and an understanding of the movement of personnel papers in the system. Existing personnel policies are designed to hamper turnover and to minimize job vacancies, but PEP encourages turnover among its participants and requires job vacancies if it is to succeed. Moreover, as a civil service spokesman said, "transition can only occur if openings occur, and since permanent positions are public jobs, they must be open to all seekers." On the other hand, the most positive feature of PEP is that it does provide on-the-job apprenticeship opportunities that should enhance the probability that the PEP participant will be hired should vacancies occur.

Houston, like many other program agents in Texas, has found the 40 percent goal of Vietnam era veterans to be "unrealistic." As over half of PEP funds are restricted to the Model Cities neighborhoods of Houston, it is reported that "there are simply not that many unemployed Vietnam era veterans who reside in that section of town." Unemployment in the designated areas is estimated to be just barely above the 6 percent level needed to qualify for Section 6 funds. Furthermore, most of the PEP jobs are in low-wage, entry-level positions which require little skill. Vietnam era veterans in the city usually have better alternatives. "Thus," commented one city official, "the 40 percent Vietnam era quota is just another of the impossible regulations imposed on PEP. You do your best, but you just have to ignore the quota or else the program will flounder."

The imposition of the hiring freeze in August, 1972, has had a serious negative effect on the effectiveness of PEP. Every week since it began there have been fewer PEP participants than the preceding week. During the first week of August, there were over 500 PEP participants; as of the first week of November, 1972, there were 300 PEP participants. As

people have terminated—either through transition or quitting—they have been replaced only if an unemployed Vietnam era veteran could be found. One PEP official in the city complained that "the name of the program is to employ people, but we now have about 200 open job slots." The fact that only Vietnam era veterans can be hired until the freeze is lifted was cited as the explanation.

All PEP participants who are employed by the city are listed with the civil service, but all are carried as "temporary" under the city ordinances creating their positions. At no point do any of the current participants secure automatic claim to their jobs. The director of the civil service for the city states that "we are pleased with PEP, provided it can be fitted into our existing way of doing things." He added that "PEP does need to allow more discretion to the local civil service system," as he felt that "as things now stand, they are trying to put round pegs into square holes. We do not need any ivory tower approaches." Fear was expressed by the spokesman that restriction to the poverty neighborhoods for many of the participants had resulted in the "lower caliber" of participants in city employment. He added that "if any serious effort is made to move many of these PEP participants into permanent jobs, PEP will fail." It was admitted, however, that "in reality, whether the people are picked up as permanent employees depends on their job performance."

Houston officials did state that none of the PEP participants currently employed would have been hired without the program. It was a very tight budget year in Houston, with the prospects being the same for the foreseeable future.

CONCLUDING OBSERVATIONS

In Texas, the Public Employment Program has developed along historic lines. That is to say, it has focused upon meeting the labor market needs of people with few job alternatives. Whether it be in Houston (with its low unemployment rate), the south Texas area (with its very high unemployment rate), or the largely rural "balance of state" area (with its wide range of unemployment rates), the job placement and participant characteristics are strikingly similar. Most of the jobs are in low-wage occupations which have low educational and low skill requirements. As such, primary attention has been paid to a quantitative goal of serving as many people as possible. Considerations dealing with the qualitative aspects of the jobs are clearly secondary. Profes-

sional jobs have been very few in number. The participant characteristics, in turn, show rates for blacks, Chicanos, economically disadvantaged, and those with low educational attainment to be well in excess of the published national PEP rates. It is also likely that Texas—by administering its "balance of state" program through the COG network—has made a deeper rural penetration than achieved elsewhere. Hence, it is not really surprising that problems—such as the minimum wage issue; the lack of placement of participants who covered civil service jobs; the handling of indirect administrative costs; the absence of established personnel policies; and the unlikely prospect that 50 percent of the participants will be able to move into permanent positions—should occur.

Although there has been dissatisfaction with the small allocation of funds and difficulties with a number of administrative matters, all program agents highly praised the conceptual goals of the program. All felt that the PEP served a needed purpose and that it was a welcome policy addition to their manpower development programs. All officials were emphatic in their conclusion that the alternative for the PEP participants to their programs was usually unemployment. Moreover, they stated that the work performed was socially useful to their communities. Consequently, PEP was seen as a valuable program whose life should be prolonged indefinitely.

The program agents and sub-program agents are concerned that PEP has become increasingly a categorical grant program that is administratively indifferent to variation in community needs. With its multiple goals (i.e., its 20 assurances), it is difficult for many officials to believe that its primary goals are to relieve unemployment and to create additional nonfederal public jobs. To the degree that PEP has become simply another categorical grant program, the administrative guidelines, rules, regulations, and issuances have generated their own problems. One state spokesman concluded that "it would be impossible for members of Congress to recognize the Act they passed if they would examine what PEP has become." Thus, attention has too often been diverted away from opportunities to be creative and innovative or even to be sure that the proper course of program development for each locality has been chosen. Simply administering to the day-to-day operation of PEP commands the full attention of most staffs. As an official of the governor's office summed up: "Everyone likes the

program, but no one likes the guidelines." As administrative requirements have multiplied, the consensus opinion has developed among many program agents that DOL is more concerned with program administration than with program accomplishment.

A fair appraisal of the first year of PEP in Texas would conclude that the entire focus has been placed on the numerical goals of PEP: to create jobs and to reduce unemployment. In every instance, spokesmen for the separate programs or levels of program supervision stress the fact that the second year (1972-73) will be the period in which the substantive goals will assume the highest priority. That is to say, during the second year attention will center on the transitional nature of the PEP jobs and on assuring that the significant segments of the unemployed local populace are actually being served.

The imposition of the hiring freeze has adversely affected PEP operations. Since August, 1972, PEP in Texas has been in a state of suspended animation. Although this period does allow time for reflection on program objectives, the freeze undermines efforts for effective evaluation and planning. Participation levels and transition rates have fallen sharply. The fault is not with PEP itself, but with the administrative straitjacket clamped on its operations. Likewise, knowledge of the amount of funds to be made available to the program agents is the first requisite of planning. All program agents anticipated more funds to be available under Section 5,

because they knew that PEP was scheduled for a 25 percent increase in funds for the second year. On the other hand, the uncertainty of the Section 6 program in many of these localities meant that one could not be sure whether the net sum of funds from Sections 5 and 6 would be more or less than the first year. During the first year, planning was precluded by the haste to implement the program; during the second year, it is the hiring freeze and the complete uncertainty as to funding levels which are the obstacles. Superimposed upon these uncertainties is the growing suspicion mentioned by all program agents that PEP will not be renewed. It is hard for program agents to really take PEP seriously, if its very existence is in serious doubt.

Although PEP has been operational for over a year, it is difficult to devise the proper yardstick to judge its effectiveness. With the number of people unemployed in Texas in 1972 exceeding 170,000 persons, a program with slightly more than 1,700 approved job slots (which have served about 4,000 people) which are scattered across the entire state cannot hope to have a measurable impact. As for net job creation in the public sector, PEP seeks to transit its participants into already existing permanent jobs. So, most transitions are simply replacements. Moreover, since the hiring freeze, transitions have virtually ceased in Texas. Hence, all program agents have vacant slots which they are administratively forbidden or prohibited from filling.

How is it possible to appraise PEP accomplishments under such circumstances? Unlike virtually all other manpower programs, PEP has a general population focus. It is not primarily designed to serve the economically disadvantaged although this group has clearly been the beneficiary of PEP in Texas. Likewise, the goal is to serve the general population, how can the strong bias in favor of veterans avoid discrimination against women? It is hard to find a manpower program with a higher male-to-female ratio. Thus, the problem of a multiple-goal program is that the more goals there are, the greater the probability of conflict and contradiction.

PEP has not denied the unemployment and underemployment problems of Texas. Nor has it significantly increased the number of public employees needed to service the growing public demands of the state. But, after all, the story of David's conquest of Goliath is memorable only because it is atypical of the expected probable outcome. PEP is no David. It did not accomplish the impossible, but that does not mean that the effort should not have been expended. The lesson to be learned from PEP's first year in Texas is that public service employment is a viable concept and that there is a demonstrable need for such a program on a continuing basis. To achieve its espoused objectives, however, the funds available for PEP in Texas need to be increased, and many of the administratively imposed restrictions should be removed.

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